# FRANCHISE DISCLOSURE DOCUMENT

**InXpress, LLC**
a Utah limited liability company
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InXpress businesses provide shipping, consulting, customer service, logistics, and other business services using third party international, airfreight, express truck, and other transportation services through one or more domestic and international carrier companies ("InXpress Business(es)").

The total investment necessary to begin operation of an InXpress franchised business is between $86,900 and $169,290. This includes $65,000 to $65,990 that must be paid to the franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental 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 Chas Oliver, InXpress, LLC, 75 W. Towne Ridge Parkway, Suite 201, Sandy, Utah 84070; chas.oliver@inxpress.com; (801) 495-7894.

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

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

**Issuance Date: April 11, 2025, as amended on June 4, 2025**

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit B includes financial statements. Review these statements carefully. |
| **Is the franchise system stable, growing, or shrinking?** | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| **Will my business be the only InXpress business in my area?** | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| **Does the franchisor have a troubled legal history?** | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| **What's it like to be an InXpress franchisee?** | Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

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

2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

4. **Minimum Payments**. You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

## NOTICE REQUIRED BY STATE OF MICHIGAN

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

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

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 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 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

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

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

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

To simplify the language in this Franchise Disclosure Document, "IXL" and "we," "us," and "our" means InXpress, LLC, the franchisor. "You," "your," and "Franchisee" means the person, and its owners if the Franchisee is a business entity, who buys the franchise from IXL.

### The Franchisor

IXL is a Utah limited liability company formed in January 2006. We were originally organized as Allfreight Solutions, LLC and changed our name to InXpress, LLC in April 2006. We operate under the names InXpress, LLC and "InXpress" and no other name. Our principal business address is 75 W. Towne Ridge Parkway, Suite 201, Sandy, Utah 84070. We began offering franchises for InXpress Businesses in May 2006. We do not conduct business in any other line of business and we do not offer franchises in any other line of business. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document.

Our agent for service of process in Utah is Clinton Squadroni, 75 W. Towne Ridge Parkway, Suite 201, Sandy, Utah 84070. Our agents for service of process for other states are identified by state in Exhibit E. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed. We have not and do not operate any franchises like those described in this Franchise Disclosure Document, or in any other line of business. We have not offered franchises in any other line of business.

### Parents, Predecessors and Affiliates

Our parent is Salt US Holdco LLC, a Delaware limited liability company ("US Holdco") with its principal business address at 251 Little Falls Drive, Wilmington, DE 19808 c/o Corporation Service Company. US Holdco is a wholly owned subsidiary of Salt Bidco Limited, a limited company incorporated in England ("Bidco"). Bidco is a wholly owned subsidiary of Salt Midco Limited, a limited company incorporated in England ("Midco"). In turn, Midco is a wholly owned subsidiary of Salt Topco Limited, a limited company incorporated in England ("Topco"). Bidco, Midco and Topco share a principal business address of CityPoint, One Ropemaker Street, London, EC2Y 9AW United Kingdom, c/o Winston & Strawn London LLP.

Our affiliate, InXpress Global Ltd. ("IX Global"), is a limited liability company incorporated in England in August 2012. IX Global has a principal business address at 5, Blueberry Business Park, Wallhead Road, Rochdale, Lancashire, United Kingdom OL16 5DB. We have entered into a master franchise agreement ("Master Franchise Agreement") with IX Global to license the rights to use the InXpress system, trademarks, and InXpress software. This Master Franchise Agreement grants us the right to offer franchises in the United States. Since 2012, IX Global has granted master franchises in other countries. These master franchises are similar to the master franchise granted to us. IX Global does not, however, grant franchises directly to individuals or entities to operate a business similar to the type offered in this Franchise Disclosure Document and does not itself operate a business similar to the type offered in this Franchise Disclosure Document. IX Global does not provide products or services to our franchisees and has not and does not offer franchises in any other line of business.

Our affiliate, InXpress Ltd., operates a business similar to the type offered in this Franchise Disclosure Document, and has been offering franchises only in the United Kingdom under its previous name, Express Worldwide, Ltd., since its inception in May 2004. In May 2011, Express Worldwide, Ltd. changed its name to InXpress Ltd. In December 2013, InXpress Ltd. became a wholly owned subsidiary of IX Global. The principal business address for InXpress Ltd. is 5, Blueberry Business Park, Wallhead Road, Rochdale, Lancashire, United Kingdom OL16 5DB. Before incorporating Express Worldwide, Ltd., several of our principals conducted a similar business under the name Unishippers Ltd. InXpress Ltd. does not provide products or services to franchisees and has not and does not offer franchises in any other line of business.

Our affiliate, InXpress Australia Pty Ltd., operates a business similar to the type offered in this Franchise Disclosure Document, and has been offering franchises only in Australia since its inception in March 2012. InXpress Australia Pty Ltd. acquired the rights from a master franchisee business in July 2012. InXpress Australia Pty Ltd. is a wholly owned subsidiary of IX Global. The principal business address for InXpress Australia Pty Ltd. is Level 5, 116 Adelaide Street, Brisbane, QLD, 4000, Australia. InXpress Australia Pty Ltd. does not provide products or services to franchisees and has not and does not offer franchises in any other line of business.

Our affiliate, InXpress Franchising Ltd., operates a business similar to the type offered in this Franchise Disclosure Document, and has been offering master franchises and franchises in Europe (other than in the United Kingdom, France and Germany), the Middle East, and Africa since its inception in April 2013. In December 2013, InXpress Franchising Ltd. became a wholly owned subsidiary of IX Global. The principal business address for InXpress Franchising Ltd. is 5, Blueberry Business Park, Wallhead Road, Rochdale, Lancashire, United Kingdom OL16 5DB. InXpress Franchising Ltd. does not provide products or services to franchisees and has not and does not offer franchises in any other line of business.

Our affiliate, InXpress Canada ULC., operates a business similar to the type offered in this Franchise Disclosure Document, and has been offering franchises only in Canada since its inception in September 2014. It acquired the rights from a master franchisee business that was terminated in August 2014. InXpress CanadaULC is a wholly owned subsidiary of IX Global. The principal business address for InXpress CanadaULC is Suite 305, 700 Dorval Drive, Oakville, Ontario, L6K 3V3, Canada. InXpress Canada ULC does not provide products or services to franchisees and has not and does not offer franchises in any other line of business.

Our affiliate, InXpress New Zealand operates a business similar to the type offered in this Franchise Disclosure Document and has been offering franchises only in New Zealand since its inception on March 13, 2017. InXpress New Zealand is a wholly owned subsidiary of IX Global. The principal business address for InXpress New Zealand is 69 Rutherford Street, Hutt Central, Lower Hutt, 5010, New Zealand. InXpress New Zealand does not provide products or services to franchisees and has not and does not offer franchises in any other line of business.

Our affiliate, InXpress France SARL, operates a business similar to the type offered in this Franchise Disclosure Document, and has been offering franchises only in France since its inception on March 8, 2017. InXpress France SARL is a wholly owned subsidiary of IX Global. The principal business address for InXpress France SARL is 12 Rue Denis Papin, 59650 Villeneuve-d'Ascq, France. InXpress France SARL does not provide products or services to franchisees and has not and does not offer franchises in any other line of business.

Our affiliate, InXpress India Private Ltd., operates a business similar to the type offered in this Franchise Disclosure Document, and has been offering franchises only in India since its inception on June 12, 2017. InXpress India Private Ltd. is a wholly owned subsidiary of IX Global. The principal business

address for InXpress India Private Ltd. is 507 Windfall, Sahar Plaza, JB Nagar, Andheri-Kurla Road, Andheri (East), Mumbai-400059, Maharashtra, India. InXpress India Private Ltd. does not provide products or services to franchisees and has not and does not offer franchises in any other line of business.

Our affiliate, InXpress South Africa Pty Ltd., operates a business similar to the type offered in this Franchise Disclosure Document, and has been offering franchises only in South Africa since its inception on May 17, 2017. InXpress South Africa Pty Ltd. is a wholly owned subsidiary of IX Global. The principal business address for InXpress South Africa Pty Ltd. is Office 29, Co-Work @ Midstream, Midlands Office Park, Mount Quray Road, Midstream Estate, Centurion, Gauteng, South Africa, 1683. InXpress South Africa Pty Ltd. does not provide products or services to franchisees and has not and does not offer franchises in any other line of business.

Our affiliate, InXpress Vietnam Company Limited, operates a business similar to the type offered in this Franchise Disclosure Document, and has been offering franchises only in Vietnam since its inception on August 10, 2017. InXpress Vietnam Company Limited is a wholly owned subsidiary of IX Global. The principal business address for InXpress Vietnam Company Limited is 469 Dien Bien Phu Str. Wrd 3, District 3 Hochiminh City, Vietnam. InXpress Vietnam Company Limited does not provide products or services to franchisees and has not and does not offer franchises in any other line of business.

Our affiliate, InXpress Germany GmbH, operates a business similar to the type offered in this Franchise Disclosure Document, and has been offering franchises only in Germany since its inception on November 15, 2017. InXpress Germany GmbH is a wholly owned subsidiary of IX Global. The principal business address for InXpress Germany GmbH is Curiestraße 11, 55129 Mainz, Germany. InXpress Germany GmbH does not provide products or services to franchisees and has not and does not offer franchises in any other line of business.

## The Franchise

We offer franchises ("InXpress Franchise(s)" or "Franchise(s)") for the use of our "INXPRESS" trademarks, trade names, service marks, and logos ("Marks") for the operation of InXpress Businesses. InXpress Businesses are operated under our proprietary InXpress system ("System"). The System may be changed or modified by us throughout your ownership of the Franchise. InXpress Businesses promote, advertise, solicit, establish, maintain, and service customer accounts and provide them discount transportation services under the terms of contracts between us and various international, airfreight, express truck, and other transportation services ("Carriers"). You may operate your InXpress Business from your home, or you may choose to rent an executive suite office or other commercial office or retail space.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit A ("Franchise Agreement"). You may operate one InXpress Business for each Franchise Agreement you sign. You will operate your InXpress Business primarily in a designated primary franchise market area ("Primary Franchise Market Area").

## Market and Competition

InXpress Businesses offer logistics consulting services to persons, businesses, and organizations in need of international and/or domestic shipping options. The logistics services sector is well developed and highly competitive. InXpress Businesses are not seasonal in nature. InXpress Businesses compete with national, regional, and local businesses, including agents, representatives, and salespersons employed or otherwise paid by carrier companies, discount air carrier service promotional companies, including those under contract with us, that sell similar or competitive services within your locale, and other franchise systems in the same business.

**Industry-Specific Laws**

You must obtain all necessary permits, licenses, and approvals to operate your InXpress Business. Some states may have specific laws or regulations concerning the operation, pricing, packaging, transportation, shipment, taxation, or other aspects of the transportation promotion and sales industries. InXpress Businesses will not need additional permits or licenses when they use our primary shipping carrier. InXpress Businesses that offer freight and other transportation using other carriers may be required to obtain additional permits or licenses. For example, the Federal Highway Administration, the Federal Maritime Commission, and the Federal Aviation Administration have various laws and regulations regarding obtaining licenses and/or insurance if you sell, offer, or arrange ground, ocean, or air freight. There may be other regulations that establish certain standards, specifications, and requirements that must be followed by you. You are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and your InXpress Franchise. You should consult with a legal advisor about whether these and/or other requirements apply to your InXpress Business.

## ITEM 2. BUSINESS EXPERIENCE

**Chief Executive Officer: Clinton Squadroni**

Mr. Squadroni has been our and IX Global's Chief Executive Officer since March 2023 in Sandy, Utah. Prior to joining InXpress, Mr. Squadroni served as the Director of Small Business Sales Channel for Worldwide Express in South Bend, Indiana from March 2022 to March 2023. He also served as the Director of Sales at Worldwide Express in South Bend, Indiana from April 2016 to March 2022.

**Chief Product Officer: Andrew Dawson**

Mr. Dawson has been our Chief Product Officer in Sandy, Utah since December 2023. Prior to that, Mr. Dawson was our Vice President of Freight from February 2022 to December 2023. Previously, Mr. Dawson served on the leadership team at Southeastern Freight Lines from 2020 to February 2022 leading both an asset and non-asset logistics offering at its headquarters in Columbia, South Carolina. Mr. Dawson served as Vice President of LTL Pricing & Carrier Relations for Globaltranz in Scottsdale, Arizona from April 2018 to April 2020. Mr. Dawson led Globaltranz in a variety of leadership roles at its headquarters in Scottsdale, AZ as Manager, Director level, and Vice President beginning in 2013.

**VP of Finance: Andrew Ashurst**

Mr. Ashurst has been our VP of Finance in Sandy, Utah since March 2024. Previously, Mr. Ashurst served as our Chief Financial Officer from August 2022 to March 2024, Finance Lead from January 2022 to August 2022 and our Controller from April 2020 to December 2021. Mr. Ashurst was also the Controller for Candera in North Salt Lake, Utah from April 2019 to April 2020.

## ITEM 3. LITIGATION

*Harr Advisors, LLC, a Colorado limited liability company v. Mandalorian Industries, LLC a Colorado limited liability company*, dba InXpress 277; Third District Court of Salt Lake County, Salt Lake Department, State of Utah ("Utah Court") (Case No. 246901067). Mandalorian Industries, LLC a Colorado limited liability company ("Mandalorian Colorado") is not an InXpress franchise. However, the Plaintiff, Harr Advisors, LLC ("Harr") takes the position that Mandalorian Colorado is (or is affiliated with) and InXpress franchise. On December 6, Harr obtained a judgment against Mandalorian Colorado in the 20th

Judicial District Court, Boulder County, Colorado (Case No. 2023CV30626). On January 11, 2024, Harr filed papers in the Utah Court seeking to domesticate the Judgment in Utah for collection purposes. On February 22, 2024, Harr filed and serve a copy of a writ of continuing garnishment upon InXpress. Since receiving the writ of garnishment, InXpress has held the property for InXpress No. 277. As stated above, Harr contends that the Judgment applies to InXpress Franchise No. 277, which is Mandalorian Industries, LLC a Florida limited liability company ("Mandalorian Florida"). Mandalorian Florida disputes that the Judgment applies to its franchise. Both Harr and Mandalorian Florida have threatened action against InXpress if it releases the property to the other. Because neither Harr nor Mandalorian Florida have brought this dispute directly to the Utah Court, InXpress, on April 19, 2024, filed a motion to intervene or interplead in the Utah Court to protect its own interest and order that Harr and Mandalorian resolve the dispute whether the Judgment extends to InXpress No. 277. The parties will have an opportunity to respond. InXpress seeks and order from the Court regarding the rights and interests of Harr and Mandalorian Florida in the property. The motion remains pending. On September 11, 2024, the Court ordered that InXpress did not have to release any funds that it held related to Mandalorian Florida and that Mandalorian Florida was a stranger to Harr's Colorado lawsuit. Mr. Harr will likely have to return to the Colorado Courts to request that Mandalorian Florida be a defendant. Since the September 11th Order, there has been no activity in this case.

*InXpress LLC v. Mandalorian Industries, LLC, et. al.*, Civil No. 240903830, originally filed May 5, 2024. The Complaint included several causes of action against the Defendants, including (1) violation of Utah Uniform Trade Secrets Act; (2) Breach of the Franchise Agreement; (3) Breach of Covenant of Good Faith and Fair Dealing; and (4) Unjust Enrichment. On July 11, 2024, the Court granted InXpress's Motion for Preliminary Injunction prohibiting the Defendants from, among other things, disclosing or using any confidential customer information and enjoining Defendants from soliciting or influencing any InXpress customers and/or clients from terminating their business relationships with InXpress. Since obtaining the Preliminary Injunction, the Defendants have failed to participate in the case and never responded to the Complaint. The Court entered default against the Defendants for failing to respond to the Complaint. There are currently no scheduled hearings or deadlines in the case.

**Suit to Collect Amounts Due from Franchisee**

*InXpress v. XGS et al*, Civil No. 210904867 (3rd District, Utah), originally filed in 2021. The suit is pending InXpress's request for default judgment.

*InXpress v. Toth et al*, Civil No. 230903339, originally filed on 05/10/2023. InXpress obtained default certificates on April 10, 2024. The suit is pending InXpress's request for default judgment.

Other than these actions, no litigation is required to be disclosed in this Item.

## ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## ITEM 5. INITIAL FEES

***Initial Franchise Fee***

You must pay us an initial franchise fee ("Initial Franchise Fee") of $50,000 when you sign the Franchise Agreement. The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement,

is uniform (except as provided in the next paragraph) and is fully earned by us once paid. The Initial Franchise Fee is not refundable under any circumstances.

We participate in the VetFran program. Under this program, honorably discharged veterans of the United States armed forces receive a 15% discount on the Initial Franchise Fee. To receive the discount, you must submit a written request for the applicable discount at the same time that you submit all other information to prepare your franchise documents and you must be majority owner of the franchisee entity. Requests for discounts made after you sign the Franchise Agreement will not be granted.

Some states have imposed a fee deferral. Please refer to the "State Addenda" in Exhibit G to the Franchise Disclosure Document.

***Training***

You will be enrolled in our initial training program after you sign the Franchise Agreement, which consists of both online and in-person training (see Item 11). You will be required to pay us a training fee of $5,000 ("Training Fee") for up to two people to attend initial training. You may bring additional people for our then-current fee for such training, currently $495 per person. Generally, a franchisee will have between two and four individuals attend this initial training program. The Training Fee is due in full at the time you sign the Franchise Agreement, is fully earned by us once paid and is not refundable under any circumstances. The Training Fee does not include travel related expenses to attend any training program.

***Start-Up Marketing Fee***

You will be required to pay us a start-up marketing fee of $10,000 ("Start-Up Marketing Fee") when you sign the Franchise Agreement. The Start-Up Marketing Fee is fully earned upon execution of the Franchise Agreement and is not refundable under any circumstances. We will use the Start-Up Marketing Fee to cover the costs of conducting a local marketing plan for your InXpress Business. See Item 7 and Item 11 for more information regarding the Start-Up Marketing Fee. You will also be required to pay this fee if you are the transferee purchasing an InXpress Franchise as a result of a transfer.

## ITEM 6. OTHER FEES

| Type of Fee(1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty(2) | 30% of your Gross Margin | Weekly | While most franchisors charge a royalty on the gross revenue of the franchise business, we charge our "Royalty" on your "Gross Margin," which equals your gross revenue minus certain expenses. See Notes 2 and 3 for more details. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance. We may also refer to the Royalty as the "Managed Service Fee." |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Billing and Collection Services[3] | Included with the Royalty | Same as Royalty | We will perform most billing and collection services on behalf of your InXpress Franchise. We do not charge an additional fee for performing these services. |
| Brand Awareness Fund Contribution | Up to 3%, currently 1% of Gross Margin or a minimum of $100 per month per Franchise, whichever is greater | Same as Royalty | The "Brand Awareness Fund Contribution" will be used for a system-wide "Brand Awareness Fund" for our use in promoting and building the InXpress brand. We reserve the right to increase the Brand Awareness Fund Contribution percentage to up to 3% upon written notice to you. The Brand Awareness Fund is discussed in Item 11. |
| Unauthorized Advertising Fee | $500 per occurrence | Upon demand | This fee is payable to us, or if established, the Brand Awareness Fund, if you use unauthorized advertising in violation of the terms of the Franchise Agreement. |
| Insurance | You must reimburse our costs plus a 20% administrative fee | On demand | If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained, plus 20% of the premium as an administrative cost of obtaining the insurance. |
| Additional Training | Then-current fee (currently $495 per additional person for initial basic training and approximately $100 per attendee per day for additional training), plus our expenses | Payable in advance of the training or assistance | We may charge you for training additional persons, newly-hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. These fees will depend on the training required. |
| Additional Onsite Training or Assistance | Our then-current fee (currently $50 per hour), plus our personnel's per diem charges and travel and living expenses | Payable in advance of the training or assistance | We may charge you for additional training for you or additional persons, for refresher training courses, advanced training courses, and additional or special assistance or training you need or request. |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Convention Fee | The then-current fee (currently estimated to be a minimum of $500 per person) | Upon demand | Payable to us to help defray the cost of your attendance at the annual meeting that we choose to hold. This fee is due regardless of whether or not you attend our annual meeting in any given year. |
| Customer Issue Resolution | Varies; reasonable costs we incur for responding to a customer complaint | Upon demand | Payable if a customer of the InXpress Business contacts us with a complaint and we provide a refund, or other value to the customer as part of our addressing the issue. |
| Payment Service Fee | Up to 3% of total charge | As incurred | If payment is made to us or our affiliates by credit card for any fee required, we may charge a service charge of up to three percent (3%) of the total charge. |
| Late Payment Fee | $100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law | Upon demand | Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full. |
| Insufficient Funds Fee | The lesser of $100 per occurrence or the highest rate allowed by law | As incurred | Payable if any check or electronic funds transfer payment is not successful due to insufficient funds, stop payment, or any similar event. |
| Failure to Submit Required Financial Report Fine | $25 per occurrence, and $25 per week | Your bank account will be debited for failure to submit any requested report within five days of request | Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the Brand Awareness Fund, or if no longer established, to us. You will continue to incur this fee until you submit the required report. |
| Audit Expenses | Cost of audit and inspection, any understated amounts, and any related accounting and legal | On demand | You will be required to pay this if an audit reveals that you understated Gross Margin by more than two percent (2%) or you fail to submit required reports. You must pay the underpayment plus interest from the date such amount was due until paid at the |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| | fees | | rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less. |
| Indemnification | Will vary under circumstances | As incurred | You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your InXpress Business or Franchise. |
| Managed Service Program Fee (MSP Fee) | Then-current fee (currently $150 every week) | Same as Royalty | This fee may be increased upon a 30 day notice to you. This program includes access to and development of designated software programs, email accounts and website hosting, including InXpress Shipping System, Customer management system, Franchise website, Customer Relationship Management (CRM) Software, one InXpress email address, and eCommerce integrated solutions. Because this fee is partly determined by the fees charged by our vendors, it may be adjusted throughout the year and may fluctuate from year to year. We reserve the right to upgrade, modify, and add new software. You will be responsible for any increase in fees that result from any new suppliers, upgrades, modifications, or additional software. This fee begins on the last day of the month, four months after you sign your Franchise Agreement.<br><br>If you purchase an additional InXpress franchise from another InXpress franchisee and merge that franchise into your own, you must pay an MSP fee for each franchise consolidated, even following the merger. |
| Professional Fees and Expenses | Will vary under circumstances | As incurred | You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement, or payable for any fees we |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| | | | incur for any transfer that is not completed. |
| Successor Fee | $5,000 | At the time you sign the new franchise agreement | Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. |
| Transfer Fee | 50% of the then-current Initial Franchise Fee or $10,000; plus the Training Fee and Start- Up Marketing Fee | At the time of transfer and new Franchisee signs the Franchise Agreement | You must pay us 50% of the then- current Initial Franchise Fee. If you are transferring to another existing InXpress Franchisee, the transfer fee will be $10,000. See Item 5 for more information on the Training Fee (not applicable for existing franchisees who have already successfully completed training and are purchasing the franchise from another franchisee) and Start-Up Marketing Fee. The Start-up Marketing Fee must be paid by the transferee purchasing an InXpress Franchise as a result of a transfer.<br><br>If you purchase an additional InXpress franchise from another InXpress franchisee and merge that franchise into your own, you must pay an MSP fee for each franchise consolidated, even following the merger. |
| Franchise Development Lead Generation Fee | Then-current fee (currently $15,000) | At the time of transfer and new Franchisee signs the Franchise Agreement | In addition to the transfer fee, if you are transferring to a franchisee prospect that we referred you to, there will be a buyer finder fee to cover the marketing and recruitment expenses we incur ("Franchise Development Lead Generation Fee"). If a franchise broker provides the buyer, the broker's fee for doing so will be in addition to transfer fee. |
| Transfer to a Controlled Entity Fee | $500 | At the time of transfer | For convenience of ownership, you may transfer a franchise agreement to an entity you own. You must first obtain our written consent, pay all amounts due to us and provide us with any requested documents, and all owners must sign a |

| Type of Fee[1] | Amount | Due Date | Remarks |
|---|---|---|---|
| | | | personal guaranty. There will be no fee if you are a sole proprietor and assign to an entity owned solely by you, during the first year after signing the Franchise Agreement. |
| Licensing Fees and Surety Bonds[4] | Varies | As incurred | See Note 4. |
| Broker Fees | Our actual cost of the brokerage commissions, finder's fees, or similar charges | As incurred | If you transfer your InXpress Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges. |

*Notes:*

1. Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. "Gross Margin" means the total amount (excluding taxes) billed or charged to customers and the sale of other products and services from all sources in connection with the InXpress Business whether for check, cash, credit, or otherwise, less the franchisee's direct cost of any shipments. Gross Margin will not include all refunds made in good faith, any sales and equivalent taxes that you collect for or on behalf of, and pay to, any governmental taxing authority, and the value of any allowance issued or granted to any customer of the InXpress Business that you credit in full or partial satisfaction of the price of any products and services offered in connection with the InXpress Business. Gross Margin will also not be reduced for any airway bill that would have resulted in a negative gross margin due to courtesy or goodwill discounts provided by you.

3. Billing. We conduct most of your billing and collection services on behalf of your InXpress Business. We will invoice you for our fees, bank fees, credit card company fees, collection company fees and the franchise shipment costs. We will track the customer payments to you and the payments to us in a ledger ("Ledger"). You may request a withdrawal from available Ledger funds weekly. If you have a negative Ledger balance, you will be required to pay the difference through EFT within 48 hours after the balance of the Ledger becomes negative.

If any customers pay you directly for a product or service, after we have invoiced them for the fees we will either withhold any applicable Royalty fees, franchisee carrier costs, Brand Awareness Fund Contribution, and any other amounts due to us from the funds that we have collected from your Ledger or we will debit your account via an electronic funds transfer ("EFT"). You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit F-2) for direct debits from your business bank operating account.

4. Licensing Fees and Surety Bonds. If you choose for certain customers to offer or sell ground, ocean, or air freight services through certain carriers, you may be deemed a broker and be required to obtain and renew a license and/or permit and a surety bond according to the regulations established by the Federal Highway Administration, the Federal Maritime Commission, or the Federal Aviation Commission. The range of these fees varies dramatically and will depend on many factors. Most franchisees will not be required to obtain this bond. Franchisees are not required to offer these services and may do so if they choose. Consult an attorney in your state to verify whether these laws and regulations apply to you.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### Your Estimated Initial Investment

| Type of Expenditure | Amount | | Method of Payment | When Due | To Whom Payment is to be Paid |
|---|---|---|---|---|---|
| | Low | High | | | |
| Initial Franchise Fee[1] | $50,000 | $50,000 | Lump Sum | When you sign the Franchise Agreement | Us |
| Training Fee[2] | $5,000 | $5,990 | Lump Sum | When you sign the Franchise Agreement | Us |
| Office Expenses[3] | $0 | $3,000 | As Arranged | Before Opening | Third Parties |
| Licensing Fees and Surety Bonding[4] | $0 | $10,000 | As Arranged | Before Opening | Third Parties |
| Insurance[5] | $500 | $2,500 | As Agreed | Before Opening | Insurance Company |
| Office Equipment & Supplies[6] | $1,000 | $4,000 | As Arranged | Before Opening | Third Parties |
| Training Transportation and Expenses[2] | $1,500 | $7,500 | As Arranged | Before Opening | Third Parties |
| Business Licenses & Permits [7] | $100 | $2,000 | As Arranged | Before Opening | Licensing Authorities |
| Computer Hardware & Software – (per person) [6] | $1,000 | $3,000 | As Arranged | Before Opening | Third Parties |
| MSP Fees – (12 Months)[8] | $7,800 | $7,800 | As Incurred | As Incurred | Us |
| Professional Fees[9] | $0 | $2,000 | As Arranged | As Incurred | Your Attorneys, Advisors, CPA's and Other Professionals |
| Start-Up Marketing Fee[10] | $10,000 | $10,000 | As Agreed | Before Opening | Us |

| Type of Expenditure | Amount | | Method of Payment | When Due | To Whom Payment is to be Paid |
|---|---|---|---|---|---|
| | Low | High | | | |
| Additional Funds – (12 Months)[11] | $10,000 | $61,500 | As Arranged | As Incurred | Third Parties |
| **TOTAL ESTIMATED INITIAL INVESTMENT**[12] | **$86,900** | **$169,290** | | | |

*Notes*:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your InXpress Franchise. We do not offer direct or indirect financing for these items, except for limited circumstances outlined in Item 10 when we finance a portion of the initial fees. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for InXpress Franchises. All expenditures paid to us or our affiliates are uniform and not refundable under any circumstances once paid. All expenses payable to third parties are not refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. See Item 5 for more information on the Initial Franchise Fee. In certain limited circumstances, we may offer short-term financing for a portion of the initial fees. This financing is offered at our discretion and only to franchisees who have been pre-approved for financing from an outside lender but at the time of signing the Franchise Agreement have not closed on such financing. See Item 10 for additional information regarding the financing offered.

2. Training and Training Transportation and Expenses. This fee is described in Item 5. We provide training online and at our corporate headquarters in Sandy, Utah or at another location designated by us. All or a portion of the training many be held virtually as determined by us in our sole discretion, based on current circumstances. You will be required to pay us a Training Fee of $5,000 for up to two people to attend initial training. You may bring additional people for our then current-fee for such training, currently $495 per person. You must pay for transportation and expenses for food and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel, and the type of accommodations you choose.

3. Office Expenses. Most franchisees begin the operation of their InXpress Franchise out of their homes. Upon hiring sales staff, which is expected after the first 9-12 months of operation, you may need to rent and furnish an office space to accommodate your InXpress Business. The high estimate provides for three months of lease payments for an executive office space.

4. Licensing Fees and Surety Bonds. If you are deemed to be a broker because you offer or sell ground, ocean, or air freight services you may be required to obtain licensing and/or surety bonds.

5. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of an InXpress Business, your rates may be significantly higher than those estimated above.

6. Office Equipment and Supplies. You must purchase general office supplies, including stationery, business cards, and typical office equipment, such as a computer and printer. The software and hardware

that you purchase for your business must use, provide or be compatible with the minimum specifications in the table below. Please see "*Software and Computer Equipment*" in Item 11 for more information.

| Technology | Minimum | Recommended |
|---|---|---|
| OS | Windows 11 64-bit<br><br>macOS Montery (version 12) | Windows 11 64-bit<br><br>macOS 15 Sequoia |
| Processor | 8th Gen intel i5 | 10th-14th Gen intel i5 |
| Memory | 8 GB ddr4 | 16-32 GB ddr5 |
| Storage | 256 GB SSD | 512 GB M.2 SSD |
| ISP (Internet Service Provider) | 50 Mbps | 100 Mbps – 300 Mbps |

7. Business Licenses and Permits. Local government agencies typically charge fees for business licenses. Depending on your local laws, you may also have to obtain licenses to perform certain services such as transporting medical supplies, for example. Your actual costs may vary from the estimates based on the requirements of local government agencies.

8. MSP Fee. This fee is described in Item 6. The estimate provides for 12 months of payments that begin four months after you sign the Franchise Agreement and after you are open for business.

9. Professional Fees. You may need to employ an attorney, accountant, and other consultants to assist you in establishing your InXpress Business. These fees may vary from location to location, depending upon the prevailing rate of attorneys', accountants', and consultants' fees.

10. Start-Up Marketing Fee. Item 5 contains more information regarding the Start-Up Marketing Fee.

11. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial 12-month start-up phase of your InXpress Business. They include payroll costs during the first 12 months of operation, but not any draw or salary for you. These figures do not include standard pre-opening expenses, Royalties, or advertising fees payable under the Franchise Agreement or in the Manuals (defined in Item 8), or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be 12 months from the date your InXpress Business opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your InXpress Business. Our estimates are based on our experience in the shipping and logistics industry, the experience of our affiliates, our current requirements for InXpress Franchises, and information supplied by franchisees. Additional funds for the operation of your InXpress Franchise will be required after the first 12 months of operation if sales produced by the InXpress Franchise are not sufficient to produce positive cash flow.

12. This is an estimate of your initial start-up expenses for one InXpress Franchise.

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

Standards and Specifications

To ensure the highest degree of quality and service is maintained, you must operate your InXpress Business according to our System, methods, standards, and specifications. This includes purchasing or leasing all goods, services, supplies, equipment, inventory, and computer hardware and software related to establishing and operating the InXpress Franchise under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent; or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. Our confidential manuals ("Manuals") state our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your InXpress Franchise, and approved vendors for these products and services. The Manuals may exist in various parts, locations, and formats, and may include a combination of electronic materials, websites, and other written materials.

We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Manuals or through other written communication (including electronic communication such as email or through a system-wide intranet).

You must purchase, promote, and market certain products and services from Carriers designated by us and subject to the Carrier contracts and supplier agreements. You must utilize the transportation services of any Carriers designated by us. We will provide you with a list of designated Carriers and suppliers in the Manuals. You must place orders for all services ordered for your customers through our system directly with the appropriate Carriers.

You must use the computer hardware and software that we periodically designate to operate your InXpress Franchise. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services for your computer system that meet our specifications from the suppliers we specify.

You must obtain and maintain insurance coverage and bonds in the types and amounts of coverage and deductibles specified in the Manuals as well as those required by applicable law which shall in each instance designate Franchisor and its designated affiliates as additional named insureds (except for employment liability insurance policies), with an insurance company we approve, which approval shall not be unreasonably withheld. We currently require you to maintain the following insurance: (a) property insurance coverage up to the full replacement cost on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the InXpress Business; (b) workers' compensation insurance that complies with the statutory requirements of the state in which the InXpress Business is located and employer's liability coverage with a minimum limit of $500,000 per accident for bodily injury by accident, $500,000 policy limit by disease, and $500,000 per employee for bodily injury by disease or higher coverage as required by law in your state; (c) comprehensive general liability insurance with a minimum liability limit of $1,000,000 per occurrence and $2,000,000 aggregate or, if higher, the statutory minimum limit required by state law, and including the follow sub-limits: $1,000,000 personal and advertising injury, $2,000,000 products and completed operations aggregate, $300,000 damage to rented premises, and $10,000 medical expense; (d) professional liability insurance with a minimum liability limit of $1,000,000 per occurrence and $1,000,000 aggregate or, if higher, any statutory minimum limit required by state law; (e) owned (if applicable), hired and non-owned automobile liability insurance with a minimum $1,000,000 combined single limit each accident or, if higher, the statutory minimum limit required by state law; (f) business interruption insurance in an amount sufficient to cover salary or wages for key employees, any rent, and other fixed expenses, including, without limitation, fees payable to us; and

(g) any other insurance not listed here, but required by applicable law, rule, regulation, ordinance or licensing requirements. In the event that the operation of the InXpress Business is suspended due to a force majeure event such as strikes, lockouts, casualties, acts of God, war, pandemics, governmental regulation or control or other causes beyond the reasonable control of the parties, royalties, brand awareness fund contributions and MSP Fees will be calculated as an average of your previous 12 months and will be included as a fixed expense in your business interruption insurance claim and any such proceeds shall be paid to us.

You must purchase all of your required advertising and other printed materials from our approved or designated printer supplier. It is a material breach of your Franchise Agreement to use printed advertising and other materials from anyone other than our approved printer suppliers without our prior written approval.

You must use our billing services, and we are the only supplier of billing services. Some of our officers own an equity interest in IXL, which is an approved supplier. We are also the only approved supplier of software support services for our web-based accounts receivable management software.

Purchases from Approved Suppliers

You must purchase all products, equipment, supplies, and materials only from approved suppliers (including manufacturers, wholesalers, and distributors). We will provide you with a list of our designated and approved suppliers in our Manuals. We estimate that approximately 40% to 50% of purchases required to open your InXpress Business and 80% to 90% of purchases required to operate your InXpress Business will be from us or from other approved suppliers and under our specifications.

We have entered into contracts with Carriers ("Carrier Contracts") and suppliers ("Supplier Agreements") to supply specified products and services. You must comply with the Carrier Contracts and Supplier Agreements, including any code of ethics or sales guidelines ("Code of Ethics") required by the Carriers. The current form of Code of Ethics is attached to the Franchise Agreement. You must also comply with Carrier Contracts and Supplier Agreements (and amendments, addenda, etc.) signed by us in the future. We have the right to sign, modify, and/or eliminate any and all existing or future Carrier Contracts or Supplier Agreements in our business judgment.

You must pay us for the Carrier shipments, products, or services. We will deduct your carrier costs from customer payments and make payment to Carriers each week based on activity reports processed through our software. During our 2024 fiscal year, we derived $3,260,674 in revenue from the sale or lease of products or services to franchisees. This revenue represents approximately 24% of our total revenue of $13,563,968. Some suppliers provide us with payment discounts and/or rebates based on a percentage of the volume of purchases by our franchisees. Our affiliates did not receive any revenue from the sale or lease of products or services to our franchisees in 2024.

We do not have any purchasing or distribution cooperatives as of the Issuance Date of this Franchise Disclosure Document. We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees, and we reserve the right to receive rebates or volume discounts from our purchase of products and supplies that we resell to you. We and our affiliates may receive rebates or other consideration from suppliers in consideration for goods or services that we require or advise you to obtain from approved suppliers, and we reserve the right to do so in the future. Our revenue or other consideration received may include promotional allowances, volume discounts, and other payments. There are no caps or limitations on the maximum rebates we may receive from our suppliers as the result of franchisee purchases. We do not provide material benefits, such as renewing or granting additional Franchises to franchisees based on their use of designated or approved suppliers.

Approval of New Suppliers

If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications, and samples we request. We will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. If we do not approve such request within 30 days of submission, then the supplier or printer shall be deemed disapproved. We do not charge a fee to evaluate the proposed product, service, or supplier. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product, or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product, or service. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

## 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 | Section 5.1 | Item 11 |
| b. | Pre-opening purchases/leases | Section 5.3 | Item 7 |
| c. | Site development and other pre-opening requirements | Sections 5.2 and 13.6 | Items 5, 7 and 11 |
| d. | Initial and ongoing training | Sections 8 | Item 11 |
| e. | Opening | Section 5.3 | Item 11 |
| f. | Fees | Sections 3, 4.2.5, 8.1, 8.4, 8.5, 18.2.8 and 18.3.1.8 | Items 5, 6 and 7 |
| g. | Compliance with standards and procedures and policies/manuals | Sections 9, 10, and 13 | Items 8, 11 and 14 |
| h. | Trademarks and proprietary information | Sections 6, 7, and 9 | Items 13 and 14 |
| i. | Restrictions on products/services offered | Section 13.1 | Items 8 and 16 |
| j. | Warranty and customer service requirements | Sections 2.5, 13.8, 13.9 and 13.10; Attachment 4 | Item 16 |

| Obligation | | Section in Franchise Agreement | Item in Disclosure Document |
|---|---|---|---|
| k. | Territorial development and sales quotas | Sections 2.2 and 2.4 | Item 12 |
| l. | Ongoing product/service purchases | Sections 6.8, 11.1, 12.4 and 13.1 | Item 8 |
| m. | Maintenance, appearance and remodeling requirements | Sections 13.3 and 14.3 | Item 11 |
| n. | Insurance | Section 15 | Items 6 and 8 |
| o. | Advertising | Sections 6.7, 11 and 14.4 | Items 6, 7 and 11 |
| p. | Indemnification | Sections 6.4, 13.13.3, 15, 21.2, 21.3 and Attachment 3 (Section 4.3) | Item 6 |
| q. | Owner's participation/ management/staffing | Sections 13.4 and 13.11 | Item 15 |
| r. | Records and reports | Section 12 | Item 6 |
| s. | Inspections and audits | Sections 12.5, 12.7, and 13.2 | Item 6 |
| t. | Transfer | Section 18 | Item 17 |
| u. | Renewal | Section 4.2 | Item 17 |
| v. | Post-termination obligations | Section 17 and Attachment 4 | Item 17 |
| w. | Non-competition covenants | Sections 7.4 and 17.2; Attachment 3 (Section 3) | Item 17 |
| x. | Dispute resolution | Section 23 | Item 17 |
| y. | Other: Guarantee of franchisee obligations | Section 22.5; Attachment 3 | Item 15 |

## ITEM 10. FINANCING

In certain limited circumstances, we may offer short-term financing for a portion of the initial fees. This financing is offered at our discretion and only to franchisees who have been pre-approved for financing from an outside lender but at the time of signing the Franchise Agreement have not closed on such financing. If approved for this financing option, you must pay $25,000 upon signing of the Franchise Agreement and the remaining balance of the initial fees due, not to exceed $40,000, must be repaid by the agreed upon maturity date, which will in no case be later than 90 days after signing the Franchise Agreement. You may repay the principal at any time without penalty, but no payments are required before

the maturity date. You must sign a promissory note for the financed portion of the initial fees. The promissory note will not bear interest, however, if you do not repay the entire amount by the maturity date, interest will accrue on the outstanding balance at the default rate of 18% per annum or the highest amount allowed under applicable law, whichever is less. In addition to the franchisee, all owners of your business entity, if applicable, must sign a personal guaranty of the obligations under the Franchise Agreement, including all initial fees. You are not required to grant any security interest related to the promissory note, but failure to pay may result in termination of the franchise agreement. You must waive any defenses of diligence, presentment, protest, demand and notice of every kind. We do not intend to sell assign, or discount to any third party any right under this financing arrangement.

Except as noted above, we do not offer any other direct or indirect financing to you. We do not guarantee your note, lease, or other obligation.

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

**Except as listed below, IXL is not obligated to provide you with any assistance.**

*Pre-opening Obligations*

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

1. Provide an initial training program online and/or in Sandy, Utah or another location designated by us ("New Franchise Business Training") (See Franchise Agreement – Sections 8.1, 8.2 and 8.3).

2. Loan to you, or make available to you on our website, one copy of the Manuals. The Manuals contain approximately 216 pages. The tables of contents for the Manuals are attached to this Franchise Disclosure Document as Exhibit D (See Franchise Agreement – Section 9).

3. Because you do not have to locate a site from which to operate your InXpress Business, we do not provide you with assistance in doing so. You may open an office, but it is not required. You will not need our approval of a site if you choose to open an office (See Franchise Agreement – Section 5). We will not provide you with any assistance related to any equipment, signs, fixtures, inventory or supplies that you purchase, although any use of the InXpress name and logos with respect to such items must conform with our style guide.

4. Designate your Primary Franchise Market Area (See Franchise Agreement – Attachment 1).

5. Provide you with a list of designated Carriers and information regarding products and services that you must purchase from designated Carriers (See Franchise Agreement – Section 13.1).

*Schedule for Opening*

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of the InXpress Business is approximately 45 days. This estimate assumes that you will initially be working from your home or already have a site for the InXpress Business or that you will identify one shortly after signing the Franchise Agreement. Some factors which may affect this timing are your ability to secure any necessary financing, your ability to obtain any necessary permits and certifications, the time to complete required online and in-person training, the timing of the delivery of any inventory or

equipment and hiring and training of your staff. You are required to open your InXpress Business within four months of signing the Franchise Agreement. Failure to open in this timeframe may result in the termination of your Franchise.

We may not allow you to open your InXpress Business until: (1) all of your pre-opening obligations have been fulfilled; (2) you have completed the New Franchise Business Training to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request; (5) you notify us that all approvals and conditions stated in the Franchise Agreement have been met; (6) you have received all required permits and licenses; and (7) you have ordered, received, and installed any equipment, supplies, inventory, and related materials. You must be prepared to open and operate your InXpress Business immediately after we state your InXpress Business is ready for opening.

*Continuing Obligations*

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

1. Continue to loan you, or make available to you on our website, one copy of the Manuals. The Manuals contain mandatory and suggested standards, specifications, operating procedures, and rules ("System Standards"). We may modify the Manuals periodically to reflect changes in System Standards (See Franchise Agreement – Section 9).

2. Upon reasonable request, provide advice regarding your InXpress Business operations based on your reports and our inspections. Advice will be given during our regular business hours and via written materials, electronic media, telephone, or other methods in our discretion. We also will guide you on standards, specifications, and operating procedures and methods that InXpress Businesses use; advertising and marketing materials and programs; employee training; and administrative, bookkeeping, accounting, and inventory control procedures (See Franchise Agreement – Section 14).

3. Make templates available for purchase promotional brochures, advertising and marketing materials, and business forms (See Franchise Agreement – Section 11.1).

4. Maintain and administer a "System Website" (See Franchise Agreement – Section 11.3).

5. Allow you to continue to use confidential materials, including the Manuals and the Marks (See Franchise Agreement – Sections 6, 7, and 9).

6. Provide you revised and updated information regarding products and services that you must purchase from Carriers designated by us (See Franchise Agreement – Sections 13.1).

7. Perform billing and administrative services for your InXpress Business (See Franchise Agreement – Section 14.5).

8. Provide you with access to any designated software that we may provide for use in your InXpress Business (See Franchise Agreement – Sections 6.8, 6.9, 6.10 and 12.4).

*Optional Assistance*

During the term of the Franchise Agreement, we (or our affiliates or designee(s)) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques (See Franchise Agreement – Section 10.2).

2. Make periodic visits to the InXpress Business for the purpose of assisting in all aspects of the operation and management of the Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges (See Franchise Agreement – Section 14.2).

3. Maintain and administer a Brand Awareness Fund. We may dissolve the Brand Awareness Fund upon written notice (See Franchise Agreement – Section 11.2).

4. Hold periodic national or regional conferences to discuss business and operational issues affecting IXL franchisees (See Franchise Agreement – Section 8.5).

5. Provide you with general guidance and training on how to set competitive pricing, but you may set your own prices, except where prices are required by Carriers (See Franchise Agreement – Section 14.1).

*Marketing*

You will be required to pay us a $10,000 Start-Up Marketing Fee prior to opening your InXpress Business for marketing materials, support, and other items to promote the opening of your InXpress Business. This is in addition to the Brand Awareness Fund Contribution described below.

*Brand Awareness Fund*

We maintain a Brand Awareness Fund for InXpress Businesses. Currently, the Brand Awareness Fund Contribution will be an amount equal to one percent (1%) of Gross Margin or a minimum of $100 per month per Franchise, whichever is greater. We reserve the right to increase the Brand Awareness Fund Contribution to up to three percent (3%) of your Gross Margin upon written notice to you. The Brand Awareness Fund may allocate resources to advertise locally, regionally, and/or nationally, in printed materials, on radio, on television, and/or on the Internet, in our sole discretion.

Your contribution to the Brand Awareness Fund will be in addition to all other advertising requirements set out in this Item 11. Certain franchisees may contribute on a different basis depending on when they signed their franchise agreement. InXpress Businesses owned by us or our affiliates will be obligated to contribute this same amount to the Brand Awareness Fund monthly.

The Brand Awareness Fund will be administered by us, or our affiliate or designees, at our discretion. All creative concepts, materials, and media used in these programs and their placement and allocation will be created by our in-house marketing department or by an outside third party. We may use a professional advertising agency or media buyer to assist us. The Brand Awareness Fund will be in a separate bank account, commercial account, or savings account. We have complete discretion on how the

Brand Awareness Fund will be utilized. We may use the Brand Awareness Fund for local, regional, or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System, and any other purpose to promote the InXpress brand. We may reimburse ourselves, our authorized representatives, or our affiliates from the Brand Awareness Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes, and all other direct or indirect expenses associated with the programs funded by the Brand Awareness Fund. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Awareness Fund Contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing or include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Brand Awareness Fund. We typically disseminate advertising in electronic media. The Brand Awareness Fund periodically may give you samples of advertising, marketing, and promotional formats and materials at no cost.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Awareness Fund or to maintain, direct, or administer the Brand Awareness Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Awareness Fund on any terms we deem reasonable. The Brand Awareness Fund may allocate in any fiscal year more or less than the total Brand Awareness Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on Brand Awareness Fund Contributions to pay costs before spending the Brand Awareness Fund's other assets. We may use collection agents and institute legal proceedings to collect Brand Awareness Fund Contributions at the Brand Awareness Fund's expense. We may also forgive, waive, settle, and/or compromise all claims by or against the Brand Awareness Fund. We may at any time defer or reduce a franchisee's Brand Awareness Fund Contributions and, upon 30 days' prior written notice to you, reduce or suspend Brand Awareness Fund Contributions and operations for one or more periods of any length and terminate and reinstate the Brand Awareness Fund. If we terminate the Brand Awareness Fund, we will distribute all unused contributions to contributing franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding 24-month period.

The Brand Awareness Fund is not audited. We will provide an annual accounting for the Brand Awareness Fund that shows how the Brand Awareness Fund proceeds have been spent for the previous year upon written request. During our most recent fiscal year ending December 31, 2024, we did collect Brand Awareness Fund Contributions and used 100% on creating and distributing social media content and blog posts for corporate and franchisee use.

Other than the Brand Awareness Fund, we do not require that franchisees participate in local or regional advertising cooperatives.

*Local Marketing*

We do not require you to spend any minimum amounts on local advertising for your InXpress Business. We will provide general guidelines for conducting local marketing. You must furnish us, upon request, an accurate accounting of the expenditures for local marketing.

*Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing*

Subject to prior written approval, you may develop, at your own cost, advertising and promotional materials for your own use. You must use our supplier or receive approval to use an alternate supplier as set forth in Item 8, for any such materials. Use of the Marks and other name identification materials must

follow our approved standards and the Manuals. All advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we may require from time to time. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. You may not use Carrier or vendor logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. Before you conduct any advertising or marketing, you must send us or our designated agency samples of your proposed materials for review. You may not use any advertising, promotional, or marketing materials that we have not approved of in writing. You may not advertise via the Internet or a worldwide web page, including websites such as Groupon, Twitter, and Facebook, unless we have authorized you to do so in writing. We will notify you of whether or not the advertising is approved within 20 days of receiving the advertisement from you. If we do not notify you within 20 days, the advertisement is deemed to be disapproved. If you use unauthorized advertising materials, you must pay a fee of $500 per occurrence to the Brand Awareness Fund, if established, or to us.

*System Website*

We have established a System Website for InXpress Businesses. As long as we maintain a System Website, we will have the right to use the Brand Awareness Fund assets to develop, maintain, and update the System Website. If you wish to advertise online, you must follow our online policy, which is contained in our Manuals. Our online policy may change as technology and the Internet changes. Under our online policy, we retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through the System Website.

We are only required to reference your InXpress Business on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your InXpress Business from the System Website until you fully cure the subject default(s). You may not, without our prior written approval, develop, maintain, or authorize any website that mentions or describes you, your InXpress Business, or displays any of the Marks. If we approve your use of a website, including social media websites, we will reserve the right to require you to obtain our written approval of its initial content and as it is updated or modified from time to time. If we develop a template or other standardized format and/or content for franchisee websites, you must agree to use our mediums and to use any supplier that may be designated in the Manuals.

*Advisory Council*

We have formed an advisory franchisee association, the InXpress brand development council ("BDC"). You will be a participating member of the BDC. Each member gets one vote. You must comply with the BDC's bylaws and requirements. Upon the majority vote of its members, the BDC may engage in promotional and educational activities, adopt operating rules including the election of a board of directors or officers, and levy assessments for its expenses. All activities and expenses will be subject to our prior approval. The BDC is governed by bylaws approved by us. We will seek input from the BDC on issues and topics occasionally. You agree to comply with, participate in and actively support the BDC.

You will be required to pay any fees or assessments adopted by the BDC. We will have the power to change or dissolve the BDC, in our sole discretion.

*Software and Computer Equipment*

You are required to purchase or obtain a computer system that consists of the following hardware and software:

(a) Desktop or laptop computer that meets the following minimum requirements:
- Intel i5 processor, AMD equivalent or Apple M1 processor
- 8 GB Memory (16 GB recommended)
- 250 GB Hard Drive
- Wi-fi or 100/1000 Network Connectivity
- Uninterruptable Power Supply (UPS) recommended

(b) Peripheral Hardware:
- Laser printer/scanner with scan to email capability
- Backup solution sufficient to store all critical files
    - One Drive, Google Drive, SharePoint, Drop Box, etc.
- High Speed Internet Access (25 Mbps download minimum, 100 Mbps+ recommended)
    - The following types of internet access are acceptable:
        - Cable Modem
        - Fiber Optic
    - The following will not be sufficient or acceptable
        - A dial-up modem connection
        - Online service
        - Satellite
        - DSL

(c) Software:
- Windows 10 Pro (support end date 10/14/25) or Mac OS
    - Windows 11 Pro (recommended)
- Supported Browsers: Google Chrome, Microsoft Edge, and Safari
- Microsoft Office 365 (current version)
- QuickBooks Online or Pro-Accounting software
- Reputable Computer/Internet Security (Bitdefender, Webroot, etc.)

The above hardware and software systems are collectively referred to in this Disclosure Document as the "Computer System". (Franchise Agreement – Section 12.4). We estimate the cost of purchasing the Computer System will be $1,000 to $3,000 per person. We do not anticipate any maintenance or upgrade costs for the Computer System during the initial term of the Franchise Agreement. You are required to pay us the MSP Fee (currently $150 every week). The Computer System will manage the InXpress Business and coordinate the customer ordering experience and other information. You must record all sales on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. We may require that you use our designated vendor for your telephone system and may require you follow the procedures set forth in the Manuals for telephone reception services and telephone use. You must use any credit card vendors and accept all credit cards and debit cards that we determine. The term "credit card vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the Computer System. You must arrange for installation, maintenance and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding

the costs of such required support, maintenance repairs or upgrades relating to the Computer System. We cannot estimate the cost of maintaining, updating or upgrading the Computer System or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time. We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation.

You must pay any and all, annual or otherwise, software fees, or other fees, as required by software vendors to maintain your Computer System and software. Software vendors have the right to increase or decrease the software fees at any time, in their sole discretion, upon written notice to you. We reserve the right to change our approved suppliers, including any software suppliers, at any time and in our sole discretion. If you are in default of any obligations under the Franchise Agreement, we may temporarily inhibit your access to all or part of the Computer System, including any InXpress software, until you have cured such default completely.

You will have sole responsibility for: (1) the operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our Computer System and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

We (or our designee(s)) have the right to independently access the electronic information and data relating to your InXpress Franchise, and to collect and use your electronic information and data in any manner, including promoting the System. This may include posting financial information of each franchisee on an intranet website and using the financial information in Item 19 of this Disclosure Document. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your InXpress Business, or from other locations.

*Training*

***New Franchise Business Training***

You (or your Designated Owner if you are an entity) and your Designated Manager (if applicable) (each defined in Item 15) must each attend and complete New Franchise Business Training to our reasonable satisfaction prior to opening the InXpress Business. You will be required to pay us a Training Fee of $5,000 for up to two people. Additional people can attend New Franchise Business Training for our then-current fee for such training, currently $495 per person. The Training Fee is due in full at the time you sign the Franchise Agreement and is deemed fully earned by us once paid and is not refundable under any circumstances. You are also responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's or Designated Owner's attendance at such training.

The New Franchise Business Training will be conducted virtually through our e-learning platform or, at our option, at our headquarters in Sandy, Utah or another location designated by us. Virtual only training consists of systems software setup, financial software setup, e-learning modules, lead generation and field training.

You may, in your discretion, have your sales representatives attend New Franchise Business Training (you will be required to pay an additional fee as described in Item 6). You will not receive any compensation or reimbursement for services or expenses for participation in the New Franchise Business Training program. You are solely responsible for all expenses incurred to attend any training session, including but not limited to, travel costs, lodging and employee's salaries, including if the program is

conducted in-person. We may charge a fee for all persons, including your employees and any replacement Designated Manager or Designated Owner, to attend New Franchise Business Training after the opening of the InXpress Business. We also reserve the right to require you to pay the then-current fee for any training of sales or office personnel outside the regularly scheduled training programs.

We plan to provide the training listed in the table below. We may modify the New Franchise Business Training programs and duration depending on the number and experience of the attendees. The current schedule for the New Franchise Business Training is once every other month but may be changed on an as-needed basis based on Franchise sales. The New Franchise Business Training is broken down into two separate categories: Business Owner and Designated Manager Training Program. The charts below show the e-learning and the in-person or virtual classroom/on-the-job training portions of the training:

**TRAINING PROGRAM**

**VIRTUAL ONLY**

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|---|---|---|
| Carriers | 10-15 | N/A | Virtual |
| Proprietary Software | 10-15 | N/A | Virtual |
| Freight/Sales | 10-15 | N/A | Virtual |
| Selling Techniques | 30-55 | N/A | Virtual |
| Business Planning | 10-20 | N/A | Virtual |
| Finance | 10-20 | N/A | Virtual |
| **Total** | **80-140** | **N/A** | |

**VIRTUAL OR IN-PERSON (AS DETERMINED BY INXPRESS)**

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|---|---|---|
| Carriers | 5-8 | 0 | Virtual or Sandy, Utah |
| Proprietary Software | 12-18 | 2-4 | Virtual or Sandy, Utah, and during field meetings |
| Freight/Sales | 4-6 | 2-3 | Virtual or Sandy, Utah |
| Selling Techniques | 16-24 | 40-60 | Virtual or Sandy, Utah, and during field meetings |
| Business Planning | 4-8 | 6-12 | Virtual or Sandy, Utah and during field meetings |
| Finance | 2-6 | 0 | Virtual or Sandy, Utah |

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|---|---|---|
| Customer Service | 5-9 | 0 | Virtual or Sandy, Utah |
| **Total** | **48-79** | **50-79** | |

*Notes*:

1. Hayden Snow, our Director of Franchise Development, currently oversees the InXpress training and onboarding program. Mr. Snow has over six years of industry experience and six months of experience with us or our affiliates. All pre-training and pre-work will be completed online or in the field with a field trainer. Instructor led training will include Greg Camasta, Global Training Manager, who has over ten years of industry experience and two years with the franchisor or affiliate, Steve Chisholm, Director of Freight, who has over fifteen years of industry experience and fifteen years with the franchisor or affiliate, as well as other franchise coaches in providing the franchisee the knowledge, skills and ability to become successful in InXpress.

2. Other instructors will have between approximately six months and ten years or more of experience in the field and with us.

3. We will use the Manuals and instructor-led training and our training handbooks and guides as the primary instruction materials during the New Franchise Business Training.

4. This New Franchise Business Training, and any additional training provided by us, is provided to protect the System, the InXpress brand, and the Marks, and not to control the day-to-day operations of the InXpress Business. You will have sole authority and control over the day-to-day operations of the InXpress Business and its employees. You will be solely responsible for recruiting and training the persons you employ to operate the InXpress Business. You will also be responsible for their wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline and terminations, and for compliance with all workplace related laws. At no time will you or your employees be deemed to be employees of InXpress or our affiliates. We have no right or obligation to direct your employees.

***Ongoing Training***

From time to time, we may require that you, designated managers, and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new Designated Manager, that person must attend and successfully complete our New Franchise Business Training before assuming responsibility for the management of your InXpress Business. If we conduct an inspection of your InXpress Business and determine you are not operating in compliance with the Franchise Agreement or System Standards, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your InXpress Business).

You must attend a business review ("Business Review") at our offices in Sandy, Utah, or at a location designated by us, once a year as determined by us. You agree to bring all records and information as requested by us and to have a representative at the Business Review with decision making authority. Failure to do so will result in a breach of your Franchise Agreement. You are responsible for the costs of airfare, ground transportation, lodging, meals, personal expenses, salary, and benefits for all of your personnel that attend the Business Review. You must also attend Business Reviews and weekly coaching, as requested by

us by additional telephonic or videoconference not requiring travel to our head office.

In addition to participating in ongoing training, you will be required to attend an annual meeting of all United States franchisees at a location we designate and pay a convention fee if we hold an annual meeting of all franchisees (see Item 6). You are responsible for all travel and expenses for your attendees.

The Franchise owners and Designated Managers are required to attend advance carrier training in at a location designated by us within the United States within the first year of operation. We recommend, but do not require, sales representatives and office personnel to attend advance carrier training. You are responsible for the cost of airfare, ground transportation, lodging, meals, personal expenses, salary, and benefits for all of your personnel that attend advance carrier Training. In addition, you, your Designated Owners, Designated Managers and sales representatives are required to attend at least 80% of the weekly "Vital Factor Accountability" calls held in the first 12 months of operation. You are responsible for training your own employees and other management personnel. We reserve the right to require you to pay the then-current fee for all ongoing training, which is currently $495 per person. At this time, we do not require any additional training programs, other than those above, but reserve the right to do so in the future.

## ITEM 12. TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We reserve the right, in our sole discretion, and in accordance with the standards, policies, and/or procedures that we may specify in the Manuals, to grant you the exclusive right to sell to and service customers you have initially developed ("Exclusive Customers"). Exclusive Customer status is only available for customers who are primarily sold and serviced by one franchisee over a period of time. You may lose exclusivity on an Exclusive Customer based on the number of orders in a given timeframe. We may reassign an Exclusive Customer if we receive a request from that customer. Exclusive Customer status policies may be updated, modified or removed at any time by us by updating these policies in the Manuals.

You will receive a designated Primary Franchise Market Area in which you should direct your primary marketing efforts. You may operate out of a home office or open an office. You will not need our approval of a site if you choose to open an office. The InXpress Franchise is a non-exclusive license only and does not grant you any exclusive area or territorial rights. Franchisees are not prohibited from seeking customers in any geographic area provided they follow the policies and procedures in the Manuals, which may be modified over the term of your Franchise Agreement. Other franchisees may market and provide services in your Primary Franchise Market Area.

In the event your marketing efforts interfere with existing franchisees, we may restrict your tele-prospecting, electronic marketing, direct marketing, and direct mail marketing activities to certain potential customers located in areas defined by designated postal zip codes. We restrict your use of the Internet to promote your business to sites which we own, prescribe, or approve.

If the InXpress Business does not meet the monthly minimum sales quota, listed below and in the Franchise Agreement each month during the term of the Franchise Agreement, we may terminate your Franchise Agreement. The sales figures identified in this Item are not, and should not be considered, an earnings claim or financial performance representation for your InXpress Business.

| | |
|---|---|
| Months 1-6 | $2,000 Gross Margin Total |
| Months 7-12 | $2,000 Gross Margin per Month |

| | |
|---|---|
| Months 13-24 | $4,000 Gross Margin per Month |
| Months 25-36 | $6,000 Gross Margin per Month |
| Months 37-48 | $9,000 Gross Margin per Month |
| Months 49-60 | $13,000 Gross Margin per Month |
| Months 61+ | $18,000 Gross Margin per Month or 5% greater than the monthly average in the same calendar quarter the previous year, whichever is greater. The 5% growth requirement shall not apply at any time the franchise produces over $250,000 in Gross Margin over the most recent three month period. |

We may award Franchises to persons in any location we deem advisable. We may, in the future, authorize all franchisees to offer products and services from retail store locations.

We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise, or operate InXpress Franchises at any location, even if doing so will or might affect the operation of your InXpress Business;

2. to use the Marks and the System to sell any products or services similar to those which you will sell through any alternate channels of distribution within or outside of the Primary Franchise Market Area. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce;

3. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering transportation services and related products and services, at any location, including within the Primary Franchise Market Area, which may be similar to or different from the InXpress Business operated by you;

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

5. to acquire and convert to the System operated by us any businesses offering services and products similar to those offered by InXpress Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the Primary Franchise Market Area, provided that in such situations the newly-acquired businesses may not operate under the Marks in the Primary Franchise Market Area; and

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

If you want to relocate the business office you must first submit a request in writing to us. We are not required to pay you if we exercise any of the rights specified above within your Primary Franchise Market Area. We do not pay compensation for soliciting or accepting orders inside your Primary Franchise Market Area.

You do not have the right to acquire additional InXpress Franchises within the Primary Franchise Market Area. You are not given a right of first refusal on the sale of existing InXpress Franchises.

If you wish to purchase an additional InXpress Franchise, you must apply to us, and we may, at our discretion, offer an additional InXpress Franchise to you. We consider a variety of factors when determining whether to grant additional InXpress Franchises. Among the factors we consider, in addition to the then-current requirements for new InXpress Franchisees, are whether or not the franchisee is in compliance with the requirements under their current franchise agreement.

## ITEM 13. TRADEMARKS

The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to use the System, which includes the use of the proprietary Marks. You may also use other future trademarks, service marks, and logos we approve to identify your InXpress Franchise.

The Marks and the System are owned by IX Global and are licensed exclusively to us for use in the United States. IX Global has granted us an exclusive license ("Trademark License") to use the Marks to franchise the System around the world. The Trademark License was initially for ten years and began on April 1, 2008, when we entered into the master franchise agreement for the rights to franchise the InXpress system in the United States. It was automatically renewed on April 1, 2018 and will automatically renew for subsequent ten-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License is terminated, IX Global has agreed to license the use of the Marks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated.

IX Global has registrations with the United States Patent and Trademark Office ("USPTO") for the following Marks:

| Registered Mark | Registration Number | Registration Date | Register |
|---|---|---|---|
| InXpress | 5,951,579 | December 31, 2019 | Registered on the Principal Register |
| InXpress | 5,951,580 | December 31, 2019 | Registered on the Principal Register |
| INXPRESS | 3,407,142 | April 1, 2008<br><br>Renewed June 10, 2017 | Registered on the Principal Register |

| Registered Mark | Registration Number | Registration Date | Register |
|---|---|---|---|
| YOUR PROMISE. OUR BUSINESS. | 6,038,529 | April 21, 2020 | Registered on the Principal Register |
| YOUR PROMISE. OUR BUSINESS. | 6,081,280 | June 16, 2020 | Registered on the Principal Register |

All required affidavits and renewals have been filed for the registered marks. There are no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. Except for the Trademark License Agreement, no agreement significantly limits our right to use or license the Marks in a manner material to your Franchise. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must follow our guidelines and requirements when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public, using language that we may specify from time to time, in any contract, advertisement, and with a conspicuous sign in your InXpress Business that you are an independently owned and operated licensed franchisee of InXpress, LLC. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the Franchise or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us. If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue, or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

Your right to use the Marks is derived solely from your Franchise Agreement and is limited to conducting business in compliance with the Franchise Agreement and all applicable standards, specifications, and operating procedures we prescribe. Any unauthorized use of the Marks by you will constitute an infringement of our rights in the Marks. Your use of the Marks and any goodwill established by them will be for our exclusive benefit, and your Franchise Agreement does not confer any goodwill or other interests in the Marks upon you. All provisions of your Franchise Agreement applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by, and licensed to you under, your Franchise Agreement. You may not at any time during or after the term of your Franchise Agreement contest or assist any other person in contesting the validity or ownership of any of the Marks.

You must prominently display the Marks on or with franchise posters and displays, service contracts, stationery, other forms we designate, and in the manner we prescribe; to give any notices of trade and service mark registrations and copyrights that we specify; and to obtain any fictitious or assumed name registrations that may be required under applicable law.

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

## ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patents pending are material to the Franchise. We claim copyrights in the Manuals, which contains trade secrets, advertising and marketing materials, and similar items used in operating InXpress Businesses. We have not registered these copyrights with the United States Registrar of Copyrights but need not do so at this time to protect them. You may use these items only as we specify while operating your InXpress Business (and must stop using them if we so direct you).

There are currently no effective adverse determinations of the USPTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state. You must notify us immediately when you learn about an infringing or challenging use of our copyrighted materials. If you are in compliance with the Franchise Agreement and System Standards, we will defend you against any claim brought against you by a third party that your use of our copyrighted materials in accordance with the Franchise Agreement infringes upon that party's intellectual property rights. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our copyrighted materials. We have no obligation to pursue any infringing users of our copyrighted materials. If we become aware of an infringing user, we will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted.

Our Manuals and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria; training and operations materials; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating InXpress Businesses; marketing and advertising programs for InXpress Businesses; any computer software or similar technology that is proprietary to us or the System; knowledge of, specifications for, and suppliers of operating assets and other products and supplies; and knowledge of the operating results and financial performance of InXpress Businesses other than your InXpress Business.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure and non-competition agreements with those having access to such information. We may regulate the form of Confidentiality

Agreement(s) that you use, and must be included as a third party beneficiary with independent enforcement rights in that agreement.

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

The InXpress Franchise shall be managed by you, or if you are an entity, one shareholder, partner, or member who is a natural person designated in writing to us as the person to make all decisions for the franchisee entity ("Designated Owner"). We may allow you to appoint a manager ("Designated Manager") to run the day-to-day operations of the InXpress Franchise. You shall keep us informed, in writing, at all times of the identity of your Designated Manager. You (or your Designated Owner, if you are an entity) and your Designated Manager, if you have one), must successfully complete our training program which is discussed in Item 11. We do not require that a Designated Manager have an ownership interest in the Franchisee. You, your owners (if you are an entity) and the Designated Manager cannot have any interest in, or business relationship with, any business competitor of your Franchise. If you replace a Designated Owner or Designated Manager, the new Designated Owner or Designated Manager must satisfactorily complete our training program at your own expense.

All of your employees, independent contractors, agents, or representatives that may have access to our confidential information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document as Exhibit F-1. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owner's Agreement guarantying the obligations of the entity (which is attached to the Franchise Agreement as Attachment 4). Any entity used to operate the InXpress Franchise must be used solely for operating the InXpress Franchise and for no other purpose.

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

You must sell or offer for sale only those products and services authorized by us and which meet our standards and specifications (see Item 8). You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services at our discretion with prior notice to you (see Item 8) and you are required to comply with or offer all such changes or additions. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any products or services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter, or any other social or professional networking site or blog) or mention or discuss the InXpress Franchise, us, or our affiliates, without our prior written consent and as subject to the online policies contained in our Manuals. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use.

Other than Exclusive Customers of other franchisees, you are not limited in the customers you may sell to, except as limited by the Carrier Contracts and as stated in the Manuals. Unless you have the consent of the Carriers, you may not solicit that Carrier's existing active customer accounts, or active customer

accounts of another sales and marketing business contracting with the Carriers, as stated in the Carrier Contracts. Failure to meet minimum performance or other requirements is grounds for termination of your rights under the Franchise Agreement.

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

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

| Provision | Section in Franchise Agreement or other Agreement | Summary |
|---|---|---|
| a. Length of the franchise term | Section 4.1 | Five years. |
| b. Renewal or extension of the term | Sections 4.2 and 4.3 | If you are in good standing and you meet other requirements, you may renew for one additional, successive five-year term; provided, however, that we may, at our option purchase your franchise at the end of the term instead of renewing the Franchise Agreement. |
| c. Requirements for franchisee to renew or extend | Section 4.2 | The term "renewal" refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchisee after the initial term of your Franchise Agreement expires. Requirements include: you must allow us to inspect the records of the Franchise Business; make capital expenditures to maintain uniformity with any System modifications; satisfy all monetary obligations owed to us; show proof that no key employee have been the subject of a criminal investigation, civil proceeding, or administrative proceeding; not be in default of any provision of the Franchise Agreement; give advance written notice to us; compliance with your Franchise Agreement; sign a release of claims (subject to state law); pay us the successor fee; and sign the then-current form of franchise agreement and any ancillary documents for the successor term, and this new franchise agreement may contain terms and conditions that are materially different from your original Franchise Agreement. |
| d. Termination by franchisee | Section 16.1 | You may terminate the Franchise Agreement if you are in compliance with it and we are in material breach, and we fail to cure that breach within 30 days of receiving written notice, |

| Provision | Section in Franchise Agreement or other Agreement | Summary |
|---|---|---|
| | | subject to applicable state law. |
| e. Termination by franchisor without cause | Not Applicable | We may terminate the Franchise Agreement if the Carrier Contracts are terminated and we cannot replace them with equivalent agreements. We may also purchase your franchise at the end of the term instead of renewing the Franchise Agreement. |
| f. Termination by franchisor with cause | Section 16.2 | We can terminate upon certain violations of the Franchise Agreement by you. |
| g. "Cause" defined – curable defaults | Section 16.2.3 | Curable defaults include: failure to pay money when due, failure to meet sales quotas, and other defaults under Section 16.2.3 of the Franchise Agreement. You have five days to cure a monetary default and 30 days to cure a non-monetary default. |
| h. "Cause" defined - non-curable defaults | Section 16.2.2 | Non-curable defaults: the defaults listed in Section 16.2.2 of the Franchise Agreement. |
| i. Franchisee's obligations on termination/non-renewal | Section 17 | Obligations include complete de-identification, return of proprietary materials, and payment of amounts due (also, see Item "r," below). |
| j. Assignment of contract by franchisor | Section 18.1 | No restriction on our right to assign. |
| k. "Transfer" by franchisee – defined | Section 18.2 | Includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in the Franchise Agreement, the Franchise, or interest in the Franchise. |
| l. Franchisor approval of transfer by franchisee | Section 18.2 | All transfers must be approved by us, but we will not unreasonably withhold approval. |
| m. Conditions for franchisor approval of transfer | Sections 18.2 and 18.3 | New franchisee must qualify, complete training, pay initial Training Fee and Start-Up Marketing Fee, obtain all necessary permits, consents and approvals and sign our then-current franchise agreement. You must sign a general release agreement, pay all amounts then-due to us, provide us with all documents related to the transfer, disclose to us all material information that we request regarding the transferee, the purchase price, the terms of transfer and the purchase agreement, must not be in default of the Franchise Agreement, offer |

| Provision | Section in Franchise Agreement or other Agreement | Summary |
|---|---|---|
| | | us an opportunity to exercise our right of first refusal, pay a transfer fee, Franchise Development Lead Generation Fee, and reimburse us for any expenses we incur in connection with the transfer including attorney fees and broker fees and obtain all necessary permits, consents and approvals, complete the transfer on the final day of your weekly payment and Royalty reporting period.<br>With our written consent you may transfer a franchise agreement to an entity you own for convenience of ownership. You must pay all amounts then-due to us, all owners must sign a personal guaranty, provide us with all requested documentation concerning the controlled entity and pay us a transfer fee of $500. There will be no fee if you are a sole proprietor and assign to an entity owned solely by you, during the first year after signing the Franchise Agreement |
| n. Franchisor's right of first refusal to acquire franchisee's business | Section 19 | We can purchase assets of your business at fair market value or can match any offer for your assets. |
| o. Franchisor's option to purchase franchisee's business | Sections 4.3, 17.4 and 18.8 | We may, beginning 180 days before the end of the then-current term, we may purchase your InXpress Business at a price determined by us based on a multiple of either gross margin or earnings before interest, taxes, depreciation and amortization, less amounts owed to us, our affiliates or other vendors.<br>We have the right (but not the duty), for a period of 30 days after termination or expiration of the Franchise Agreement, to purchase any or all assets of your InXpress Business.<br>If we receive an offer to purchase our assets, a majority of InXpress franchises, to merge, go public or any similar transaction, we may, at our option, purchase your InXpress Business at a price determined by us based on a multiple of either gross margin or earnings before interest, taxes, depreciation and amortization. |
| p. Death or disability of franchisee | Section 18.7 | Franchise must be assigned by estate to approved buyer within 180 days. |

| Provision | Section in Franchise Agreement or other Agreement | Summary |
|---|---|---|
| q. Non-competition covenants during the term of the franchise | Section 7.4 | Subject to applicable state law, neither you, your principal owners, nor any immediate family members of you or your principal owners may participate in a diverting business, have no owning interest in, loan money to, or perform services for a competitive business anywhere; you may not interfere with our or our other franchisees' InXpress Franchise(s). |
| r. Non-competition covenants after the franchise is terminated or expires | Section 17.2 | Subject to applicable state law, you are restricted from having an interest in a similar business for two years within: (i) a 50- mile radius from your InXpress Business (and including the premises of the InXpress Business); and (ii) a 50-mile radius from all other InXpress Businesses that is either operating or has signed a franchise agreement. Subject to applicable state law, Owners may not solicit any customer of the Franchisor for two years. |
| s. Modification of the agreement | Sections 9.2 and 22.8 | No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Manuals are subject to change at any time in our discretion. Modifications are permitted on renewal. |
| t. Integration/merger clause | Section 22.7 | Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state, FTC, or federal law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | Section 23.7 | Except for certain claims, all disputes must be arbitrated in Salt Lake City, Utah. You must first mediate all disputes arising out of or related to the Franchise Agreement. The parties waive trial by jury of claims not subject to arbitration. (Subject to state law.) |
| v. Choice of forum | Section 23.2 | Litigation, arbitration, and mediation must be in Salt Lake City, Utah, subject to applicable state law (See Exhibit G). |
| w. Choice of law | Section 23.1 | Utah law, subject to applicable state law. |

## ITEM 18. PUBLIC FIGURES

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

## ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, and/or affiliate-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 performance at a particular location or under particular circumstances.

As of December 31, 2024, we had 56 InXpress Businesses in operation for at least 12 months ("2024 Reporting Group"). The 2024 Reporting Group represents 94.9% (56 of 59) of our total franchisees as of December 31, 2024. The 2024 Reporting Group does not include any InXpress Businesses that were terminated prior to December 31, 2024, that merged with another existing franchise during 2024, or that were operating for less than 12 months as of December 31, 2024. Table Two below includes financial information about the 2024 Reporting Group for the 2024 calendar year.

Table Five includes financial information for all InXpress Businesses that were sold or transferred between January 1, 2024 and December 31, 2024.

**Table One**

Table 1 sorts the reporting groups into three categories based on how long they have been in operation: 60+ months; 37 to 60 months; and 12 to 36 months. Table 1 shows the average, median, low and high "Total Revenue" and "Gross Margin" (defined in the general notes at the end of the tables) for each group within the 2024 Reporting Group for 2024.

**Total Revenue and Gross Margin For the 2024 Reporting Group**
**January 1, 2024 to December 31, 2024**

| Months in Operation | # of Locations | Average Total Revenues | Median Total Revenue | Low Total Revenues | High Total Revenues | Average Gross Margin | Median Gross Margin | Low Gross Margin | High Gross Margin |
|---|---|---|---|---|---|---|---|---|---|
| 60+ Months | 38 | 2,303,565 | 799,921 | 157,280 | 14,332,627 | 569,753 | 196,499 | 34,164 | 2,948,360 |
| 37 - 60 Months | 9 | 810,426 | 559,870 | 114,197 | 1,913,080 | 180,065 | 184,088 | 26,847 | 386,398 |
| 12 - 36 Months | 9 | 555,761 | 112,682 | - | 3,190,841 | 114,039 | 13,668 | - | 649,771 |

*Table 1 Notes:*

1. For InXpress Businesses with 60+ months of operation, there were 13 (34%) that met or exceeded Average Total Revenues and 15 (39%) that met or exceeded Average Gross Margin. There were 19

(50%) InXpress Business that met or exceeded the Revenue median. There were 19 (50%) InXpress Business that met or exceeded the Gross Margin median.

2. For InXpress Businesses with 37 to 60 months of operation, there were 4 (40%) that met or exceeded Average Total Revenues and 5 (50%) that met or exceeded Average Gross Margin. There were 5 (50%) InXpress Business that met or exceeded the Revenue median. There were 5 (50%) InXpress Business that met or exceeded the Gross Margin median.

3. For InXpress Businesses with 12 to 36 months of operation, there were 2 (2%) that met or exceeded Average Total Revenues and 2 (22%) that met or exceeded Average Gross Margin that met or exceeded the averages. There were 5 (56%) InXpress Business that met or exceeded the Revenue median. There were 5 (56%) InXpress Business that met or exceeded the Gross Margin median.

## Table Two

Tables 2A-C separate those franchisees in the 2024 Reporting Group into three categories based on their overall performance in 2024: Top 20%; Middle 60%; and Bottom 20%. The data is sorted from highest to lowest gross margin during 2024. The 2023 Total Revenue and Gross Margin are also listed for year over year comparison but are not sorted based on 2023 values.

### *Table 2A*

**Total Revenue and Gross Margin**
**For the Top 20% of the 2024 Reporting Group**

**January 1, 2024 to December 31, 2024**

| Top 20 % - Eleven (11) Franchises | | | | |
|---|---|---|---|---|
| Franchise Number | 2024 Total Revenue | 2024 Gross Margin | 2023 Total Revenue | 2023 Gross Margin |
| 147 | $ 14,332,627 | $ 2,948,360 | $ 9,741,074 | $ 2,443,686 |
| 162 | $ 11,118,498 | $ 2,627,775 | $ 7,157,118 | $ 1,165,071 |
| 349* | $ 10,847,446 | $ 2,204,414 | $ 5,250,678 | $ 1,448,303 |
| 276 | $ 5,203,430 | $ 1,411,643 | $ 3,806,823 | $ 869,089 |
| 208 | $ 4,919,303 | $ 1,373,357 | $ 4,499,906 | $ 1,294,521 |
| 168 | $ 2,712,115 | $ 1,124,328 | $ 3,154,193 | $ 1,267,591 |
| 192 | $ 3,249,036 | $ 1,113,955 | $ 3,062,655 | $ 1,095,039 |
| 109 | $ 3,267,259 | $ 998,746 | $ 3,180,387 | $ 1,012,484 |
| 125 | $ 1,680,261 | $ 740,208 | $ 1,484,155 | $ 659,623 |
| 212 | $ 2,734,835 | $ 727,275 | $ 2,189,652 | $ 628,300 |
| 345 | $ 3,190,841 | $ 649,771 | $ - | $ - |
| **Median** | $ 3,267,259 | $ 1,124,328 | $ 3,180,387 | $ 1,095,039 |
| **Average** | $ 5,750,514 | $ 1,447,257 | $ 3,956,967 | $ 1,080,337 |
| **Low** | $ 1,680,261 | $ 649,771 | $ - | $ - |
| **High** | $ 14,332,627 | $ 2,948,360 | $ 9,741,074 | $ 2,443,686 |
| | **Revenue Number** | **Revenue Percentage** | **Margin Number** | **Margin Percentage** |

| | | | | |
|---|---|---|---|---|
| **Number / Percentage At or Above Average** | 3 | 27% | 3 | 27% |
| **Number / Percentage At or Above Median** | 5 | 45% | 5 | 45% |

*In 2024, two franchisees that each had been in operation for 12 months or longer were purchased by a new franchisee that is an affiliate of the Franchisor.

***Table 2B***

**Total Revenue and Gross Margin**
**For the Middle 60% of the 2024 Reporting Group**
**January 1, 2023 to December 31, 2024**

| Middle 60% - Thirty-Four (34) Franchises | | | | |
|---|---|---|---|---|
| Franchise Number | 2024 Total Revenue | 2024 Gross Margin | 2023 Total Revenue | 2023 Gross Margin |
| 150 | $ 2,084,014 | $ 621,401 | $ 2,294,329 | $ 752,052 |
| 131 | $ 2,434,596 | $ 619,293 | $ 2,540,723 | $ 708,790 |
| 172 | $ 3,819,782 | $ 613,280 | $ 3,145,973 | $ 509,778 |
| 287 | $ 2,368,730 | $ 562,172 | $ 2,050,934 | $ 431,795 |
| 155 | $ 2,924,612 | $ 550,809 | $ 3,233,023 | $ 635,795 |
| 141 | $ 1,518,096 | $ 492,249 | $ 4,173,889 | $ 1,571,449 |
| 213 | $ 1,913,080 | $ 386,398 | $ 1,668,170 | $ 361,474 |
| 313 | $ 1,286,681 | $ 294,702 | $ 1,095,280 | $ 230,008 |
| 314 | $ 1,572,466 | $ 294,180 | $ 555,713 | $ 110,798 |
| 204 | $ 808,839 | $ 239,475 | $ 952,172 | $ 294,771 |
| 307 | $ 443,306 | $ 209,107 | $ 215,715 | $ 89,700 |
| 221 | $ 614,307 | $ 204,539 | $ 540,516 | $ 157,559 |
| 140 | $ 791,002 | $ 199,570 | $ 838,431 | $ 207,924 |
| 159 | $ 812,586 | $ 193,429 | $ 892,867 | $ 214,120 |
| 342 | $ 626,262 | $ 191,394 | $ 29,214 | $ 1,844 |
| 210 | $ 1,155,689 | $ 190,645 | $ 1,361,167 | $ 223,257 |
| 334 | $ 783,815 | $ 184,088 | $ 679,289 | $ 162,327 |
| 242 | $ 702,402 | $ 161,546 | $ 1,064,492 | $ 254,424 |
| 226 | $ 353,963 | $ 157,898 | $ 360,326 | $ 155,848 |
| 186 | $ 719,344 | $ 154,270 | $ 607,398 | $ 140,088 |
| 286 | $ 659,959 | $ 147,085 | $ 666,945 | $ 131,634 |
| 230 | $ 492,097 | $ 146,578 | $ 859,396 | $ 253,645 |
| 263 | $ 779,777 | $ 144,439 | $ 737,077 | $ 153,647 |
| 341 | $ 870,822 | $ 136,043 | $ 874,378 | $ 271,246 |
| 181 | $ 494,972 | $ 120,679 | $ 626,872 | $ 161,875 |
| 291 | $ 719,481 | $ 116,720 | $ 696,348 | $ 140,825 |
| 308 | $ 559,870 | $ 115,885 | $ 705,052 | $ 155,784 |

| Middle 60% - Thirty-Four (34) Franchises | | | | |
|---|---|---|---|---|
| Franchise Number | 2024 Total Revenue | 2024 Gross Margin | 2023 Total Revenue | 2023 Gross Margin |
| 157 | $ 448,984 | $ 111,077 | $ 505,939 | $ 127,733 |
| 301 | $ 495,397 | $ 101,649 | $ 158,311 | $ 34,230 |
| 253 | $ 543,935 | $ 101,229 | $ 563,225 | $ 110,509 |
| 237 | $ 459,042 | $ 98,553 | $ 534,601 | $ 75,352 |
| 146 | $ 352,094 | $ 88,298 | $ 332,213 | $ 70,019 |
| 241 | $ 212,458 | $ 85,803 | $ 429,107 | $ 169,439 |
| 214 | $ 369,961 | $ 70,817 | $ 354,564 | $ 71,347 |
| **Median** | $ 719,413 | $ 172,817 | $ 700,700 | $ 162,101 |
| **Average** | $ 1,035,071 | $ 238,391 | $ 1,068,931 | $ 268,855 |
| **Low** | $ 212,458 | $ 70,817 | $ 29,214 | $ 1,844 |
| **High** | $ 3,819,782 | $ 621,401 | $ 4,173,889 | $ 1,571,449 |

| | Revenue Number | Revenue Percentage | Margin Number | Margin Percentage |
|---|---|---|---|---|
| **Number / Percentage At or Above Average** | 10 | 29% | 10 | 29% |
| **Number / Percentage At or Above Median** | 17 | 50% | 17 | 50% |

## *Table 2C*

### Total Revenue and Gross Margin
### For the Bottom 20% of the 2024 Reporting Group

### January 1, 2024 to December 31, 2024

| Bottom 20 % - Eleven (11) Franchises | | | | |
|---|---|---|---|---|
| Franchise Number | 2024 Total Revenue | 2024 Gross Margin | 2023 Total Revenue | 2023 Gross Margin |
| 267 | $ 390,710 | $ 59,656 | $ 307,887 | $ 66,759 |
| 219 | $ 157,280 | $ 52,893 | $ 314,697 | $ 85,515 |
| 324 | $ 229,708 | $ 49,723 | $ 121,260 | $ 37,893 |
| 303 | $ 177,264 | $ 34,164 | $ 298,774 | $ 58,790 |
| 338 | $ 126,427 | $ 28,954 | $ 581,570 | $ 71,870 |
| 306 | $ 114,197 | $ 26,847 | $ 108,334 | $ 29,187 |
| 319 | $ 112,682 | $ 13,668 | $ 414,714 | $ 64,403 |
| 350 | $ 70,714 | $ 6,454 | $ - | $ - |
| 352 | $ 4,098 | $ 70 | $ - | $ - |
| 336 | $ - | $ - | $ 63,818 | $ 14,539 |
| 351 | $ - | $ - | $ - | $ - |
| **Median** | $ 114,197 | $ 26,847 | $ 121,260 | $ 37,893 |
| **Average** | $ 125,735 | $ 24,766 | $ 201,005 | $ 38,996 |
| **Low** | $ - | $ - | $ - | $ - |

| | | | | |
|---|---|---|---|---|
| **High** | $ 390,710 | $ 59,656 | $ 581,570 | $ 85,515 |

| | Revenue Number | Revenue Percentage | Margin Number | Margin Percentage |
|---|---|---|---|---|
| **Number / Percentage At or Above Average** | 5 | 45% | 6 | 55% |
| **Number / Percentage At or Above Median** | 5 | 45% | 5 | 45% |

**Table Three**

Table 3 shows the following information for the entire 2024 Reporting Group during 2024: the total number of unique customers; the Total Revenue and average, median, low, and high Total Revenue per customer; and the total Gross Margin and average, median, low, and high Gross Margin per customer.

**Selected Total Revenue and Gross Margin Statistics**
**For the 2024 Reporting Group**
**January 1, 2024 to December 31, 2024**

| Unique Customers | Total Revenue | Average Total Revenue Per Customer | Median Total Revenue Per Customer | Low Total Revenue Per Customer | High Total Revenue Per Customer |
|---|---|---|---|---|---|
| 9,442 | $ 104,686,533 | $ 11,087 | $ 2,146 | $ (66,242) | $ 2,035,052 |

| Gross Margin | Average Gross Margin Per Customer | Median Gross Margin Per Customer | Low Gross Margin Per Customer | High Gross Margin Per Customer |
|---|---|---|---|---|
| $ 25,538,985 | $ 2,705 | $ 499 | $ (66,242) | $ 320,058 |

*Table 3 Notes*:

1. For the 2024 Reporting Group, there were 20 (36%) InXpress Businesses that met or exceeded Average Total Revenue Per Customer and 20 (36%) InXpress Businesses that met or exceeded Average Gross Margin Per Customer.

**Table Four**

Table 4 shows the total number shipments and the average, median, low, and high number of shipments per customer for the customers of the entire 2024 Reporting Group for 2024.

**Shipment Statistics**
**For the 2024 Reporting Group January 1, 2024 to December 31, 2024**

| Unique Customers | Total Shipments | Average Shipments per Customer | Median Shipments Per Customer | Low Shipments per Customer | High Shipments per Customer |
|---|---|---|---|---|---|
| 9,442 | 1,035,439 | 109.66 | 8 | 1 | 126,217 |

*Tables 3 and 4 Notes:*

1. "Unique Customer" means the number of distinct individuals doing business with InXpress and its franchisees.

**Table Five**

In 2024, six InXpress franchisees sold their InXpress Business. Tabel 5A shows the trailing 12 months Total Revenue and Gross Margin and purchase price for these six InXpress franchisees. In 2023, six InXpress franchisees sold their InXpress Business. Table 5B shows the trailing 12 months Total Revenue and Gross Margin and purchase price for these six InXpress franchisees. In 2022, eleven InXpress franchisees sold their InXpress Business. Table 5C shows the trailing 12 months Total Revenue and Gross Margin and purchase price for these eleven InXpress franchisees.

***Table 5A***

| Franchise Number | Trailing 12 Month Revenue | Trailing 12 Month Margin | Purchase Price | Date of Transfer |
|---|---|---|---|---|
| 249 | $ 1,412,028 | $ 370,948 | $ 640,000 | 2/23/2024 |
| 300 | $ 81,531 | $ 9,777 | $ 15,000 | 4/15/2024 |
| 303 | $ 283,561 | $ 56,367 | $ 30,000 | 5/6/2024 |
| 305 | $ 113,715 | $ 19,997 | $ 13,045 | 6/7/2024 |
| 349 | $ 4,295,250 | $ 558,000 | $ 1,058,000 | 9/17/2024 |
| 153 | $ 5,250,678 | $ 1,448,303 | $ 3,100,000 | 8/2/2024 |

***Table 5B***

| Franchise Number | Trailing 12 Month Revenue | Trailing 12 Month Margin | Purchase Price | Date of Transfer |
|---|---|---|---|---|
| 130 | $ 909,969 | $ 187,000 | $ 350,000 | 2/1/2023 |
| 243 | $ 263,092 | $ 65,877 | $ 156,800 | 2/4/2023 |
| 294 | $ 942,808 | $ 133,024 | $ 316,195 | 2/13/2023 |
| 134 | $ 581,567 | $ 133,727 | $ 185,000 | 5/1/2023 |
| 143 | $ 470,752 | $ 108,633 | $ 175,000 | 6/9/2023 |
| 293 | $ 96,950 | $ 20,401 | $ 25,640 | 10/12/2023 |

***Table 5C***

| Franchise Number | Trailing 12 Month Revenue | Trailing 12 Month Margin | Purchase Price | Date of Transfer |
|---|---|---|---|---|
| 289 | $ 67,890 | $ 11,891 | $ 10,000 | 2/25/2022 |
| 175 | $ 393,232 | $ 137,138 | $ 420,820 | 5/18/2022 |
| 101 | $ 1,379,619 | $ 253,104 | $ 480,560 | 7/1/2022 |
| 196 | $ 862,836 | $ 193,822 | $ 96,000 | 7/26/2022 |
| 296 | $ 1,457,124 | $ 208,940 | $ 400,000 | 8/15/2022 |
| 122 | $ 663,913 | $ 147,741 | $ 193,000 | 8/16/2022 |
| 182 | $ 2,424,007 | $ 583,083 | $ 1,100,000 | 8/23/2022 |
| 149 | $ 2,107,141 | $ 804,828 | $ 1,050,000 | 9/2/2022 |
| 329 | $ 1,210,123 | $ 146,657 | $ 182,250 | 11/4/2022 |
| 273 | $ 989,249 | $ 190,528 | $ 86,000 | 12/1/2022 |
| 227 | $ 1,027,727 | $ 233,871 | $ 375,000 | 12/12/2022 |

*General Notes:*

1. "Total Revenue" means the total amount (excluding taxes) billed or charged to customers, and the sales of other products and services from all sources in connection with the InXpress Business, whether for check, cash, credit, or otherwise, but excluding all refunds made in good faith, any sales and equivalent taxes collected for or on behalf of, and paid to, any garnishment taxing authority, and the value of any allowance issued or granted to any customer of the InXpress Business that is credited in full or partial satisfaction of the price of any products or services offered in connection with the InXpress Business. Total Revenue is not reduced for any airway bill that would have resulted in negative revenue due to courtesy or goodwill discounts provided by you.

2. "Gross Margin" means the Total Revenue minus the franchisee's direct cost of any shipments.

3. The Total Revenue figures in this Item 19 do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Total Revenue figures to obtain your net income or profit. The Gross Margin figures deduct only the franchise's direct cost of any shipments. There are additional operating expenses and other costs or expenses that must be deducted from the Gross Margin figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information (see Exhibit C).

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

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

Other than the preceding financial information, IXL does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Clinton Squadroni, 75 W. Towne Ridge Parkway, Suite 201, Sandy, Utah 84070; (801) 495-7894, the

Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

### Table No. 1

**System-wide Outlet Summary**
For Years 2022 - 2024

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2022 | 95 | 82 | -13 |
| | 2023 | 82 | 75 | -7 |
| | 2024 | 75 | 59 | -16 |
| Company-Owned | 2022 | 1 | 1 | +0 |
| | 2023 | 1 | 1 | 0 |
| | 2024 | 1 | 1 | 0 |
| **Total Outlets** | 2022 | 96 | 83 | -13 |
| | 2023 | 83 | 76 | -7 |
| | 2024 | 76 | 60 | -16 |

### Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**
For Years 2022 - 2024

| State | Year | Number of Transfers |
|---|---|---|
| Arizona | 2022 | 3*^ |
| | 2023 | 0 |
| | 2024 | 0 |
| California | 2022 | 6^ |
| | 2023 | 0 |
| | 2024 | 0 |
| Colorado | 2022 | 0 |
| | 2023 | 1^ |
| | 2024 | 1^ |
| Florida | 2022 | 0 |
| | 2023 | 1^ |
| | 2024 | 1^ |
| Idaho | 2022 | 0 |
| | 2023 | 0 |

| State | Year | Number of Transfers |
|---|---|---|
| | 2024 | 1^ |
| Illinois | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 1^ |
| Massachusetts | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 1^~ |
| Minnesota | 2022 | 1^ |
| | 2023 | 0 |
| | 2024 | 0 |
| New York | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 1^ |
| Ohio | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 1^ |
| Pennsylvania | 2022 | 0 |
| | 2023 | 1^ |
| | 2024 | 1^ |
| Tennessee | 2022 | 0 |
| | 2023 | 1^ |
| | 2024 | 0 |
| Texas | 2022 | 1^ |
| | 2023 | 3^~ |
| | 2024 | 1^ |
| Utah | 2022 | 1^ |
| | 2023 | 0 |
| | 2024 | 0 |
| Vermont | 2022 | 0 |
| | 20233 | 0 |
| | 2024 | 0 |
| Virginia | 2022 | 1^ |
| | 2023 | 0 |
| | 2024 | 0 |

| State | Year | Number of Transfers |
|---|---|---|
| **Totals** | 2022 | 13 |
| | 2023 | 7 |
| | 2024 | 9 |

* In 2022, a franchise in Arizona was transferred to the same franchisee and is now operated as one franchise.

^ In 2024, a franchise in the following states were transferred to another existing franchisee, and the two franchises now operate as one franchise: one franchise in Colorado, one franchise in Florida, one franchise in Idaho, one franchise in Illinois, one franchise in Massachusetts, one franchise in New York, one franchise in Ohio, one franchise in Pennsylvania, and one franchise in Texas. In 2023, a franchise in the following states were transferred to another existing franchisee, and the two franchises now operate as one franchise: one franchise in Colorado, one franchise in Florida, one franchise in Pennsylvania, one franchise in Tennessee, and two franchises in Texas. In 2022, a franchise in the following states were transferred to another existing franchisee, and the two franchises now operate as one franchise: two franchises in Arizona; six franchises in California; one franchise in Minnesota; one franchise in Texas; one franchise in Utah; and one franchise in Virginia.

~ In 2024, a franchisee in Massachusetts moved to California and the franchise is now listed in the state where the franchisee is located. In 2023, a franchisee in Texas moved to California and the franchise is now listed in the state where the franchisee is located.

## Table No. 3

Status of Franchised Outlets

For Years 2022 - 2024

| State | Year | Outlets at Start of the Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired by Franchisor | Ceased Operations-Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Arizona | 2022 | 6 | 0 | 0 | 0 | 0 | 3^+ | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| Arkansas | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| California | 2022 | 11 | 2 | 1 | 0 | 0 | 6^ | 6 |
| | 2023 | 6 | 1 | 0 | 0 | 0 | 1~ | 6 |
| | 2024 | 6 | 2* | 2 | 0 | 0 | 0 | 6 |
| Colorado | 2022 | 6 | 0 | 1 | 0 | 0 | 0 | 5 |
| | 2023 | 5 | 0 | 1 | 0 | 0 | 1^ | 3 |
| | 2024 | 3 | 0 | 2 | 0 | 0 | 1^ | 0 |

| State | Year | Outlets at Start of the Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired by Franchisor | Ceased Operations-Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Florida | 2022 | 8 | 1 | 2 | 0 | 0 | 0 | 7 |
| | 2023 | 7 | 0 | 2 | 0 | 0 | 1^ | 4 |
| | 2024 | 4 | 0 | 0 | 0 | 0 | 1^ | 3 |
| Georgia | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Idaho | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1^ | 0 |
| Illinois | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| | 2024 | 5 | 0 | 2 | 0 | 0 | 1^ | 2 |
| Indiana | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Iowa | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| 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 |
| Maryland | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Massachusetts | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1^+ | 0 |
| Minnesota | 2022 | 2 | 1 | 0 | 0 | 0 | 1^ | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 1 | 0 | 0 | 0 | 1 |
| Missouri | 2022 | 3 | 0 | 1 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Nevada | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| State | Year | Outlets at Start of the Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired by Franchisor | Ceased Operations-Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| New Hampshire | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New Jersey | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| New York | 2022 | 6 | 1 | 2 | 0 | 0 | 0 | 5 |
| | 2023 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2024 | 5 | 0 | 0 | 0 | 0 | 1^ | 4 |
| North Carolina | 2022 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2023 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2024 | 5 | 1 | 1 | 0 | 0 | 0 | 5 |
| Ohio | 2022 | 3 | 0 | 1 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1^ | 0 |
| Pennsylvania | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 2 | 1 | 0 | 0 | 1^ | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 1^ | 1 |
| South Carolina | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| South Dakota | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Tennessee | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 1^ | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Texas | 2022 | 15 | 0 | 1 | 0 | 0 | 1^ | 13 |
| | 2023 | 13 | 0 | 1 | 0 | 0 | 3^~ | 9 |
| | 2024 | 9 | 1 | 1 | 0 | 0 | 1^ | 8 |
| Utah | 2022 | 6 | 1 | 0 | 0 | 0 | 1^ | 6 |
| | 2023 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 0 | 1 | 0 | 0 | 0 | 5 |
| Virginia | 2022 | 2 | 0 | 0 | 0 | 0 | 1^ | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Washington | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |

| State | Year | Outlets at Start of the Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired by Franchisor | Ceased Operations-Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2 | 1˜ | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 1 | 0 | 0 | 0 | 2 |
| Washington, DC | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Wisconsin | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **Total Outlets** | 2022 | 95 | 9 | 9 | 0 | 0 | 13 | 82 |
| | 2023 | 82 | 8 | 7 | 0 | 0 | 8 | 76 |
| | 2024 | 76 | 6 | 14 | 0 | 0 | 9 | 59 |

^ As noted in Table 2, franchises in the following states were transferred to existing franchisees and the transferred franchises have been merged into the existing franchisee's current franchise.

2024: One franchise in Colorado; one franchise in Florida; one franchise in Idaho; one franchise in Illinois; one franchise in Indiana; one franchise in Massachusetts; one franchise in New York; one franchise in Ohio; one franchise in Pennsylvania; and one franchise in Texas.

2023: One franchise in Colorado; one franchise in Florida; one franchise in Pennsylvania; one franchise in Tennessee; and two franchises in Texas.

2022: two franchises in Arizona; six franchises in California; one franchise in Florida; one franchise in Minnesota; one; one franchise in Utah; and one franchise in Virginia.

+ In 2024, one franchise in Massachusetts and one franchise in Florida transferred their franchise to an affiliate of the Franchisor. These stores continue to operate as a single franchise unit. As noted below, the Massachusetts franchise moved to California following the transfer.

For purposes of this Table 3, each of the transferred franchises listed above are listed as having ceased operations in the state of the transferor.

* In 2024, one franchisee in Massachusetts moved to California and the franchise is now listed in California.

~ In 2023, one franchisee in California moved to Washington and the franchise is now listed in Washington and one franchisee in Texas moved to California and the franchise is now listed in California. In 2021, franchisees in the following states moved from one state to another state and the franchise is now listed in the state where the franchisee is now located: two franchises moved from Iowa to Arizona; one franchise moved from California to Missouri; one franchise moved from California to Texas; one franchise moved from Texas to California; one franchise moved from Connecticut to North Carolina; two franchises moved from Florida to Colorado; and one franchise moved from Nevada to Utah. In addition to these franchises being listed as ceasing operations in the prior state, they are listed as opening in the current state of operation.

+ In 2022 one franchise in Arizona was a multi-unit franchisee operating under multiple franchise agreements and has merged the franchises, which are now operated under one agreement. In 2021, franchises in the following states were multi-unit franchises operating under multiple franchise agreements that have merged the franchises, which are now operated under one agreement: one franchise in Minnesota; one franchise in New Jersey; and two franchises in Utah.

## Table No. 4
## Status of Company-Owned Outlets

For Years 2022 - 2024

| State | Year | Outlets at Start of the Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| Utah | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total Outlets | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |

## Table No. 5
Projected Openings as of December 31, 2024

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| Arizona | 0 | 1 | 0 |
| California | 1 | 1 | 0 |
| Georgia | 0 | 1 | 0 |
| Illinois | 0 | 1 | 0 |
| Indiana | 0 | 1 | 0 |
| Iowa | 0 | 1 | 0 |
| Minnesota | 0 | 1 | 0 |
| Missouri | 0 | 1 | 0 |
| New Jersey | 0 | 1 | 0 |
| Tennessee | 0 | 1 | 0 |
| Texas | 0 | 2 | 0 |
| Virginia | 0 | 1 | 0 |
| Wisconsin | 0 | 1 | 0 |
| Totals | 1 | 14 | 0 |

The names, addresses, and telephone numbers of all franchisees as of December 31, 2024 are listed in Exhibit C to this Franchise Disclosure Document. The name and last known address and telephone number of every franchisee that has had a Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one year period ending December 31, 2024, or who has not communicated with us within ten weeks of the

Issuance Date of this Franchise Disclosure Document, is listed on Exhibit C to this Franchise Disclosure Document. You may wish to speak with current and former franchisees but know that not all such franchisees can communicate with you. In the last three fiscal years franchisees have signed confidentiality clauses. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the InXpress Franchise System. 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. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

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

## ITEM 21. FINANCIAL STATEMENTS

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document, including audited financial statements for the years ending December 31, 2024, December 31, 2023, and December 31, 2022 and unaudited interim financial statements as of and through February 28, 2025. Our fiscal year end is December 31.

## ITEM 22. CONTRACTS

The following exhibits contain proposed agreements regarding the Franchise:

| | |
|---|---|
| Exhibit A | Franchise Agreement |
| Exhibit F | Contracts for use with the InXpress Franchise<br>Exhibit F-1 – Confidentiality Agreement<br>Exhibit F-2 – Automated Clearing House Payment Authorization Form<br>Exhibit F-3 – Approval of Requested Assignment<br>Exhibit F-4 – Software Lease Agreement<br>Exhibit F-5 – Promissory Note |
| Exhibit G | Franchise State Addenda and Agreement Riders |

By signing the Franchise Agreement, you will acknowledge certain facts pertaining to the offer of this franchise. The acknowledgements are listed in Section 24 of the Franchise Agreement. NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

## ITEM 23. RECEIPT

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in

duplicate. Please detach, sign, date, and return one copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

# EXHIBIT A

## FRANCHISE AGREEMENT

# INXPRESS, LLC FRANCHISE AGREEMENT

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ATTACHMENTS:


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| Attachment 1 | Franchise Data Sheet |
| Attachment 2 | Form of Ownership |
| Attachment 3 | Owners Agreement |
| Attachment 4 | Code of Ethics |

# INXPRESS, LLC

## FRANCHISE AGREEMENT

This Franchise Agreement **(**this **"Agreement")** is by and between InXpress, LLC, a Utah limited liability company, having its principal place of business at 75 W. Towne Ridge Parkway, Suite 201, Sandy, Utah 84070 **("Franchisor," "we," "our," or "us"),** and the franchisee identified on the signature page of this agreement and listed in **Attachment 1 ("Franchisee," "you," or "your")** made effective as of the date listed in **Attachment 1**.

**WITNESSETH:**

WHEREAS, Franchisor has developed and is in the process of further developing a System identified by the trademark "InXpress®" relating to the establishment, development and operation of businesses that offer international, air freight, express truck and other transportation services by one or more domestic and international carrier companies, logistics and other business services; and

WHEREAS, the distinguishing characteristics of the System include, among other things, standards and procedures for business operations; proprietary software; procedures and strategies for sales, marketing, advertising and promotions; business techniques; the Marks; the Manuals; training courses, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor grants to certain qualified persons the right to own and operate one or more Franchised Businesses under the System and using the Marks; and

WHEREAS, Franchisee desires to operate a Franchised Business, has applied for a Franchise and such application has been approved by Franchisor in reliance upon all of the representations made by Franchisee; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, operations and service and the necessity of operating the Franchised Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

### 1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

**"Affiliate"** means any person or entity that controls, is controlled by, or is under common control with Franchisor;

**"Agreement"** means this agreement entitled "InXpress, LLC Franchise Agreement" and all instruments supplemental to it or in amendment or confirmation of it;

**"Anti-Terrorism Laws"** means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws,

ordinances, regulations, orders, policies, lists and any other requirements of any governmental authority (including, without limitation, the President of the United States, the United States Department of Treasury Office of Foreign Assets Control and any government agency outside the U.S.) addressing or in any way relating to economic sanctions, terrorist acts and/or acts of war;

**"BDC"** has the meaning set forth in Section 13.12;

**"Brand Awareness Fund"** has the meaning given to such term in Section 3.3.3;

**"Brand Awareness Fund Contribution"** has the meaning given to such term in Section 3.3.3;

**"Branch Location"** means the site for an additional business office for the Franchised Business selected by Franchisee;

**"Business Plan"** has the meaning set forth in Section 12.8;

**"Carrier"** means the international, airfreight, express truck and other transportation services domestic and international carrier companies with whom the Franchisor does business;

**"Carrier Contracts"** has the meaning set forth in Section 10.2;

**"Closing Date"** has the meaning set forth in Section 4.3.3;

**"Competitive Business"** means any business that offers (or grants franchises or licenses to others to operate a business that offers) international, airfreight, express truck and other transportation services the same as or similar to those provided by Franchised Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a franchise agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

**"Confidential Information"** means any trade secret and any information or matter that (a) is or may be used to gain a competitive advantage over Franchisor or any of its Affiliates or derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is not generally known by the public or is the subject of efforts that are reasonable under the circumstances to maintain its secrecy, whether or not in written or tangible form and regardless of the media (if any) on which it is stored, relating to the System (including know-how, knowledge and experience in operating a Franchised Business, methods, formats, specifications, policies, procedures, information, standards, business management and operating systems and techniques, record keeping and reporting methods, accounting systems, management techniques, personnel recruitment, screening and training techniques, sales and promotion techniques, specifications for signs, displays, business forms and stationery, the Manuals, ideas, research and development, lists of franchisees, suppliers, employees and customers, and suggested pricing and cost information), and any other information or material identified to Franchisee by Franchisor as confidential;

**"Confidentiality Agreement"** has the meaning set forth in Section 6.10.5;

**"Controlled Entity"** has the meaning set forth in Section 18.3;

**"Customer Data"** has the meaning set forth in Section 13.14;

**"Designated Manager"** means the person designated by Franchisee and approved by Franchisor who has primary responsibility for managing the day-to-day affairs of the Franchised Business and who has successfully completed Franchisor's designated training programs; if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee; and if Franchisee is a business entity, the Designated Manager shall be a person designated by Franchisee who may be one of Franchisee's owners, partners or members, as the case may be;

**"Designated Owner"** has the meaning set forth in Section 13.4;

**"Effective Date"** means the date set forth on **Attachment 1**, thereby commencing its effectiveness and term;

**"EFT"** has the meaning set forth in Section 3.5;

**"Exclusive Customer"** has the meaning set forth in Section 2.5.3;

**"Fair Market Value"** for purposes of the Option outlined in Section 18.8 means the value assigned to comparable InXpress franchises sold in the past 12 months using a multiple that can be commonly applied to either (i) gross profit margin or (ii) EBITDA (earnings before interest, taxes, depreciation and amortization). The multiple may be adjusted by Franchisor, in its reasonable discretion, based on the maturity of franchise, size of the franchise, the quality of margin at the time of exercise of the Option, the percentage of customer credit card payments, shared account revenue and self-service freight, and other reasonable factors differentiating Franchisee from comparable InXpress franchises;

**"Franchise"** means the right granted to Franchisee by Franchisor to use the System and the Marks in operation of the Franchised Business;

**"Franchise Development Lead Generation Fee"** has the meaning set forth in Section 18.2.8;

**"Franchise Fee"** has the meaning given to such term in Section 3.2;

**"Franchised Business"** means the franchised business to be established and operated by Franchisee under this Agreement;

**"Franchisee"** means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement and listed in **Attachment 1**, and if Franchisee is a business entity, such term also includes all holders of a legal or beneficial interest in the entity (each of whom is identified in **Attachment 2** and has executed the supplemental signature page with respect to his or her individual obligations hereunder);

**"Franchisor"** means InXpress, LLC, a Utah limited liability company;

**"Franchisor Indemnitees"** has the meaning set forth in Section 21.2;

**"Full-time"** means the expenditure of at least 35 hours per week, excluding vacation, sick leave and similar absences;

**"Gross Margin"** means the total amount (excluding taxes) billed or charged to customers through the sale of other products and services from all sources in connection with the Franchised Business whether

for check, cash, credit, or otherwise, less Franchisee's direct cost of any shipments. Gross Margin does not include all refunds made in good faith, any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid to them, and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business. Gross Margin will not be reduced for any airway bill that would have resulted in a negative gross margin due to courtesy or goodwill discounts provided by you.;

**"Home Office"** has the meaning set forth in Section 5.1;

**"Identifiers"** has the meaning set forth in Section 17.1.8;

**"Incapacity"** means the inability of Franchisee (if Franchise is an individual and not a business entity) to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

**"Initial Term"** has the meaning set forth in Section 4.1;

**"Intellectual Property"** means any registered and common law copyrights, trade secrets (including without limitation, customer lists), patents, software, manuals, processes or other intangible rights created, owned or licensed by Franchisor for use in the System.

**"Interim Period"** has the meaning set forth in Section 4.2.11.

**"InXpress Software"** means any and all computer software, platforms, websites, applications, software solutions, programs, source codes, object codes, executable codes and related items created by the employees of Franchisor or its Affiliates, acquired by Franchisor by purchase assignment, license, from third parties or other means, or otherwise designated as "InXpress Software" by Franchisor and which Franchisor designates as operating solutions for the InXpress System; and all data and information stored in electronic, digital or other forms of media associated with the foregoing or the Franchised Business for use in or related to the operation of the Franchised Business, including but not limited to computer software, programs, data and information designated by Franchisor.

**"Internet"** means any one or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

**"Ledger"** has the meaning set forth in Section 3.5;

**"Local Advertising"** has the meaning given to such term in Section 11.1;

**"Location"** means the site for the business office for the Franchised Business selected by Franchisee, which may be Franchisee's home office, including any Branch Location;

**"Manuals"** means the InXpress Operations Manual, the InXpress Franchise Business Training Manual, and the InXpress Growth Program Manual, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor; -

**"Marks"** mean the trademark "InXpress®" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, copyrights, drawings and other commercial symbols as Franchisor may designate to be used in connection with Franchised Businesses;

**"MSP Fee"** has the meaning set forth in Section 3.3.2;

**"National Accounts Program"** has the meaning set forth in Section 2.5.5;

**"Net Proceeds"** is the money collected by Franchisor on behalf of Franchisee, to which Franchisee is entitled, after Franchisor deducts the Royalty Fee and all other amounts Franchisor is entitled to deduct under this Agreement;

**"New Franchise Business Training"** has the meaning set forth in Section 8.1;

**"Office Complex"** has the meaning given to such term in Section 5.1;

**"Option"** has the meaning set forth in Section 18.8.

**"Primary Franchise Market Area"** means the area set forth in **Attachment 1**.

**"Purchase Option"** has the meaning set forth in Section 4.3.1;

**"Purchase Option Price"** has the meaning set forth in Section 4.3.2;

**"Representative"** has the meaning set forth in Section 4.3.5;

**"Royalty Fee"** has the meaning given to such term in Section 3.3.1;

**"Sales Quota"** has the meaning set forth in Section 2.4;

**"Start-Up Marketing Fee"** has the meaning set forth in Section 3.3.5;

**"System"** means the standards, methods, procedures and specifications developed by Franchisor (including any modifications made by any Franchised Business or franchisee, all of which shall be the property of Franchisor as described in Section 10.2), and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of a Franchised Business;

**"Successor Franchise Agreement"** has the meaning set forth in Section 4.2.8;

**"Successor Franchise Fee"** has the meaning set forth in Section 4.2.5;

**"Successor Term"** has the meaning set forth in Section 4.2;

**"Supplier Agreements"** has the meaning set forth in Section 13.1.2;

**"Training Fee"** has the meaning set forth in Section 3.3.4; and

**"UPS Revenue Requirement"** has the meaning set forth in Section 3.3.6.

## 2. LICENSE/LOCATION/TERRITORY

### 2.1 Grant

Franchisor grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions contained in this Agreement, a revocable, limited, non-exclusive license to operate a Franchised Business using the System and Marks directed primarily within the Primary Franchise Market Area.

### 2.2 Location

The Location of the Franchised Business is the address set forth in **Attachment 1**. If the Location of the Franchised Business is not determined as of the Effective Date, then Franchisee shall select a location for the Franchised Business as provided in Section 5.1.

### 2.3 Sub-franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity to perform any part of Franchisee's rights or obligations licensed hereunder, or to grant any person or entity the right to act as Franchisee's agent to perform any part of Franchisee's rights or obligations hereunder.

### 2.4 Sales Quota

In order to maintain the Franchised Business, Franchisee must meet the following minimum monthly Gross Margin Revenue **("Sales Quota")** during the periods indicated**:**

| | |
|---|---|
| Months 1-6 | $2,000 Gross Margin Total |
| Months 7-12 | $2,000 Gross Margin per Month |
| Months 13-24 | $4,000 Gross Margin per Month |
| Months 25-36 | $6,000 Gross Margin per Month |
| Months 37-48 | $9,000 Gross Margin per Month |
| Months 49-60 | $13,000 Gross Margin per Month |
| Months 61+ | $18,000 Gross Margin per Month or 5% greater than the monthly average in the same calendar quarter the previous year, whichever is greater. The 5% growth requirement shall not apply at any time the franchise produces over $250,000 in Gross Margin over the most recent three-month period. |

The Sales Quota must be met each month of the indicated period. The amounts shown are not cumulative from one month to the next and must be achieved independently each month, with the exception of months 1-6. The months above indicate the number of months after the opening of the Franchised Business and will not change for renewal, name change or assignment, even if this Agreement is replacing a previously existing franchise agreement or if this Agreement is the renewal of a prior franchise agreement. Franchisor may increase the Sales Quota in a Successor Franchise Agreement (as defined below) consistent with the then-current Sales Quota for an

existing InXpress Business. Failure to meet the Sales Quota shall be cause for termination of this Agreement.

## 2.5 Marketing and Solicitation Restrictions

2.5.1 With the exceptions listed below, Franchisee may call on any potential customer in the United States other than any existing Carrier customer with an established account number and/or service agreement with such Carrier or any existing InXpress customers as defined in Franchisor's agreement with a Carrier or as defined by the Franchisor in the Manuals. Similarly, Franchisor may grant franchises to whomever Franchisor wishes, regardless of where the franchisees are located or will do business, and such franchisees may call on any prospective customers they wish, subject to the above exceptions.

2.5.2 Franchisor may establish restrictions on where, to whom or by what media Franchisee may sell products and services Franchisee is authorized to sell through the Franchised Business. If Franchisor has established such restrictions, Franchisor will not stop Franchisee from servicing any customers Franchisee was serving when Franchisor adopts the changes, except for any customer that Franchisor has designated as an "Exclusive Customer" (as defined in Section 2.5.3).

2.5.3 An "**Exclusive Customer**" is any customer that is primarily sold and serviced by one franchisee within the InXpress System over a period of time. Franchisor may designate or remove a customer from being an Exclusive Customer in accordance with the Manuals. If Franchisor designates a customer as an Exclusive Customer, only the franchisee responsible for generating most of the business from that customer will be authorized by the Franchisor to deal with the customer. Franchisor's purpose in granting franchises is to increase the number of customers that buy from the InXpress System, not to increase the number of franchisees selling to the same customers.

2.5.4 In the event Franchisee's marketing efforts interfere with existing franchisees, Franchisor may restrict Franchisee's teleprospecting, electronic marketing, direct marketing and direct mail marketing activities to certain potential customers located in areas defined by designated Postal Zip Codes, and you should direct your marketing efforts in the Primary Franchise Market Area.

2.5.5 National account programs may be established through other franchisees (**"National Accounts Programs"**). Under these National Account Programs, conditions for dealing with customers having multiple locations may be set by the Franchisor.

2.5.6 Franchisor may establish national sales representative to offer the InXpress program to customers under the InXpress tradename, trademark or similar mark.

## 2.6 Franchisor's Rights

Except to the extent provided in Section 2.5, Franchisor retains all of its rights and discretion with respect to the System and Marks, including the right to:

2.6.1 establish, own or operate, and license others to establish, own or operate, Franchised Businesses at any location, even if doing so will or might affect the operation of your Franchised Business;

2.6.2 to use the Marks and the System to sell any products or services similar to those which you will sell through any alternate channels of distribution within or outside of the Primary Franchise Market Area. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. Subject to Section 11.3, Franchisor exclusively reserves the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce;

2.6.3 to use and license the use of other proprietary and non-proprietary Marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering freight and transportation services and related products and services, at any location, including within the Primary Franchise Market Area, which may be similar to or different from the Franchised Business operated by you;

2.6.4 to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Franchised Business, wherever located;

2.6.5 to acquire and convert to the System operated by us any businesses offering services and products similar to those offered by Franchised Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the Primary Franchise Market Area;

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

2.6.7 engage in any activities not expressly forbidden by this Agreement.

**2.7 Customer Accounts**

As material consideration to Franchisor for entering into this Agreement, Franchisee acknowledges and agrees that (a) all InXpress customers and customer accounts, whether developed by Franchisee or another party, are owned solely by Franchisor and were developed under the InXpress name and Marks, (b) all customer lists and information related to such customers and customer accounts are trade secrets and confidential information owned by Franchisor, (c) Franchisee is granted the rights to service such customers and accounts solely to operate the Franchised Business as part of the Franchise granted pursuant to this Agreement, (d) upon termination or expiration of this Agreement for any reason, any and all rights to past and current customers or account serviced by Franchisee with regard to the Franchised Business , and information related to such customers, and any goodwill associated with such customers are the sole property of InXpress; and (e) Franchisee has no rights to service any customers or accounts and Franchisor may itself or through another franchisee service any customers or accounts previously serviced by Franchisee and, if required by Franchisor, Franchisee will sign and return to InXpress any and all documentation required to give effect to this Section 2.7.

### 2.8 Anti-Terrorism Laws

2.8.1 Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any Anti-Terrorism Laws.

2.8.2 Franchisee and its owners certify that none of them, their respective employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

2.8.3 Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

2.8.4 Franchisee is solely responsible for ascertaining what actions Franchisee must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities in this Agreement pertain to its obligations under this Section 2.8.

2.8.5 Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of Franchisor's Affiliates.

## 3. FEES

### 3.1 Acknowledgments

Franchisee understands and acknowledges that through the services and materials to be provided to Franchisee under this Agreement prior to the opening of the Franchised Business (such as training, guidance and other assistance), as well as other aspects of the System, the Marks, the Manuals, and other services to be made available to Franchisee, Franchisor will provide Franchisee with a substantial portion of the consideration flowing to Franchisee under this Agreement prior to the date when the Royalty Fees are due to Franchisor. Franchisee also understands and acknowledges that such consideration is substantially greater in value than the Franchise Fee. Therefore, Franchisee and Franchisor agree that both the Franchise Fee and the Royalty Fees hereunder will be earned by Franchisor prior to the date when the Royalty Fees are due to Franchisor.

### 3.2 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee **("Franchise Fee")** to Franchisor equal to $50,000. The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is not refundable under any circumstances. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing pre-opening assistance that we provide to

allow you to open the Franchised Business and our lost or deferred opportunity to enter into this Agreement with others, and it offsets some of our expenses for franchisee recruitment.

### 3.3 Payment of Fees

3.3.1 Royalty Fee. Franchisee shall pay Franchisor a fee **("Royalty Fee")** equal to thirty percent (30%) of Gross Margin. The Royalty Fee is fully earned by us when paid and is not refundable under any circumstances. We sometimes refer to the Royalty Fee as the Managed Service Fee.

3.3.2 Managed Services Program Fee. Franchisee shall pay Franchisor a managed services program fee **("MSP Fee")**. You shall pay us the then-current MSP Fee at such frequencies or on such dates as we require, which begins on the last day of the month, four months after the Effective Date and continues through the term of this Agreement. The MSP Fee includes access to designated software programs, e-mail accounts, and website hosting. Franchisor reserves the right to increase the MSP Fee upon 30 days' written notice and to upgrade, modify and add new services and vendors. The MSP Fee is fully earned by us when paid and is not refundable under any circumstances. If you purchase an additional InXpress franchise from another InXpress franchisee and merge that franchise into your Franchise as part of the Franchised Business, you must pay an MSP fee for each franchise consolidated, even following the merger.

3.3.3 Brand Awareness Fund Contribution. Franchisor has established and administers a System-wide marketing, advertising and promotion fund **("Brand Awareness Fund")**, also known as Marketing Fund & Brand Fund**.** Franchisee shall contribute to the Brand Awareness Fund an amount equal to one percent (1%) of Gross Margin or a minimum of $100 per month, whichever is greater **("Brand Awareness Fund Contribution"),** also known as Marketing Fund Contribution & Brand Fund Contribution, which shall be collected by Franchisor in the same manner as the Royalty Fee. Franchisor reserves the right to increase the Brand Awareness Fund Contribution, to up to 3% of Gross Margin.

3.3.4 Training Fee. Upon execution of this Agreement Franchisee shall pay a fee **("Training Fee")** to Franchisor equal to $5,000 for initial training for up to two people as detailed in Section 8.1. The Training Fee is fully earned upon execution of this Agreement and is not refundable under any circumstances. The Training Fee does not include travel related expenses to attend any training program, which are the sole responsibility of Franchisee.

3.3.5 Start-Up Marketing Fee. Upon execution of this Agreement Franchisee shall pay a fee **("Start-Up Marketing Fee")** to Franchisor equal to $10,000. The Start-Up Marketing Fee is used to cover the costs to conduct a local marketing plan for the Franchised Business. The Start-Up Marketing Fee shall be deemed fully earned upon execution of this Agreement and is not refundable under any circumstances.

3.3.6 In the event operation of the Franchised Business is suspended due a force majeure event as set forth in Section 22.10, Royalty Fees, MSP Fees and Brand Awareness Fund Contributions, as applicable, will be calculated as an average of Franchisee's previous 12 months and such fees will be included as a fixed expense in Franchisee's business interruption insurance claim and such amounts received from insurance proceeds shall be paid to Franchisor.

### 3.4 Taxes

Franchisor shall have the right to withhold all sales taxes, use taxes and similar taxes imposed on the fees payable to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

### 3.5 Billing and Payment

We conduct most billing and collection services on behalf of your Franchised Business. We will invoice you for our fees, bank fees, credit card company fees, collection company fees and the franchise shipment costs. We will track the amounts collected from customers in a ledger ("**Ledger**"). Upon request from you, no more than weekly, we will remit to you the Ledger balance of the amount we collect from customers, less any fees owed to us (including, but not limited to, Royalty Fees, MSP Fees, and Brand Awareness Fund Contributions), bank fees, credit card company fees, collection company fees, and the franchisee Carrier costs. If a customer makes payment for services before the associated Carrier or other costs or posted to the Ledger and Franchisee withdraws amounts from its Ledger account, Franchisee acknowledges and agrees that the Ledger may have a negative balance for which Franchisor may debit your account via an electronic funds transfer ("**EFT**") or seek to collect from Franchisee as set forth herein.

If any of your customers pay you directly for a product or service, after we have invoiced them for the fees we will either withhold any applicable Royalty Fees, franchisee Carrier costs, Brand Awareness Fund Contribution, and any other amounts due to us from the funds that we have collected to be reflected on your Ledger or we will debit your account via an EFT. You are required to complete the EFT authorization (in the form attached to the Franchise Disclosure Document as Exhibit F-2) for direct debits from your business bank operating account. If the receipts on your behalf (and not previously withdrawn) do not exceed the expenses you are obligated to pay and you have a negative Ledger balance, you will be required to pay the difference through EFT within 48 hours after the balance of the Ledger becomes negative. We reserve the right to charge a service fee of up to three percent (3%) for any payment paid to us or any of our Affiliates by credit card.

### 3.6 Late Payments

If any amounts due to us or our Affiliates (including any Royalty Fees, Communication & MSP Fees, and Brand Awareness Fund Contributions) are not made by the due date, you will be required to pay us $100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law. You will incur this fee from the original due date until you make the required payment. We may debit your bank account automatically or deduct from amounts we owe you. You will be required to pay us $100 for any transaction that generates an insufficient funds fee or returned check fee from any payment that we collect from you. You shall also pay us all costs we incur in the collection of any unpaid and past due amounts due to use or our Affiliates, including reasonable accounting and attorney fees.

### 3.7 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for franchisee Carrier costs, Royalty Fees, MSP Fees, Brand Awareness Fund Contributions, purchases from

Franchisor or any other amount owed to Franchisor.

## 4. TERM AND SUCCESSOR TERM

### 4.1 Initial Term

This Agreement shall be effective and binding for an initial term **("Initial Term")** of five years from the Effective Date, unless sooner terminated under Section 16.

### 4.2 Successor Term

So long as Franchisee continues to meet the conditions below, Franchisee has the right to extend its rights to operate the Franchised Business at the expiration of its Initial Term for one additional five year term **("Successor Term")**. To qualify for the extension of Franchisee's rights to operate the Franchised Business, each of the following conditions shall have been fulfilled and remain true as of the last day of the Initial Term of this Agreement:

4.2.1 Franchisee has permitted Franchisor to inspect the Franchised Business and the records of the Franchised Business;

4.2.2 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.3 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate);

4.2.4 Franchisee or Franchisee's key employees have not been the subject of any criminal investigation, civil proceedings or administrative proceedings arising from services provided through the Franchised Business;

4.2.5 Franchisee has paid the fee **("Successor Franchise Fee")** of $5,000;

4.2.6 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor, or any standards set forth in the Manuals and must have complied with all such agreements and the Manuals since the Effective Date;

4.2.7 Franchisee has given written notice of its intent to extend its rights to operate the Franchised Business to Franchisor not less than six months nor more than twelve months prior to the end of the Initial Term and each Successor Term;

4.2.8 No later than the end of the Initial Term, Franchisee has executed, and returned to Franchisor, Franchisor's then-current form of franchise agreement and any related documents, including owners' agreements or guarantees (collectively "**Successor Franchise Agreement**" which shall be effective at the end of the Initial Term), or has executed documents relating to the extension of Franchisee's rights to operate the Franchised Business at Franchisor's election (with appropriate modifications to reflect the fact that the franchise agreement relates to the grant of a Successor Term), which Successor Franchise Agreement shall supersede this Agreement in all respects, the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee, MSP Fee,

Brand Awareness Fund Contribution, or minimum Sales Quota, provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee and the Successor Franchise Agreement shall be for a term of not less than five years;

4.2.9 Franchisee has complied or agrees to comply with Franchisor's then-current qualifications for a new franchisee and any training requirements;

4.2.10 Franchisee has executed a general release, in, or substantially similar to, the form attached to the Franchise Disclosure Document, of any and all claims against Franchisor, its Affiliate(s) and its officers, directors, shareholders and employees, except to the extent prohibited by the laws of the state where the Franchised Business is located; and

4.2.11 If Franchisee does not sign a Successor Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated as either: (a) expired as of the expiration date and Franchisee operating without a franchise to do so and in violation of Franchisor's rights; or (b) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period, or both parties have executed a Successor Franchise Agreement. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

## 4.3 InXpress Option to Purchase Franchise

4.3.1 Purchase Option. Beginning 180 days prior the end of the Initial Term or any Successor Term, Franchisor has the right, but not the obligation, directly or indirectly through an affiliate or otherwise, to purchase the Franchised Business on at least 60 days prior written notice to Franchisee ("**Purchase Option**"). If Franchisor exercises the Purchase Option and consummates the purchase transaction, Franchisee acknowledges and agrees that the Franchisee will not receive a Successor Term and, at the closing of the purchase, the Agreement will be terminated. Notwithstanding the end of the Initial Term and provided that Franchisor has given written notice of its intent to exercise the Purchase Option and the parties are working diligently and in good faith toward the execution of a purchase agreement, then the term of the Agreement may be extended by Franchisor to the closing date of the purchase agreement.

4.3.2 Option Price. Subject to the adjustments described below, the amount due to Franchisee upon consummation of the purchase transaction after exercising the Purchase Option (the "**Purchase Option Price**") will be the value assigned to comparable InXpress franchises sold in the past 12 months using a multiple that can be commonly applied to either (i) gross profit margin or (ii) EBITDA (earnings before interest, taxes, depreciation and amortization), LESS any amounts owed by Franchisee to Franchisor, its affiliates, subsidiaries, any Carriers or any other vendors or creditors under this Agreement or any other agreement between the parties as of the Closing Date (as defined below), as reasonably determined by Franchisor, and subject to reduction should any earnout requirements not be satisfied. The multiple may be adjusted by Franchisor, in its reasonable discretion, based on the maturity of the respective franchise, size of the franchise, the quality of margin at the time of exercise of the Purchase Option, the percentage of customer credit card payments, shared account revenue

and self-service freight, and other reasonable factors differentiating Franchisee from comparable InXpress franchises. Franchisor's good faith determination of the adjustments described above will be binding on the parties.

4.3.3 Closing. Unless otherwise agreed by the parties in writing, the closing of the Purchase Option will take place no later than 180 days after the date the Option Price is determined or the date that Franchisor receives all information needed from Franchisee to prepare the closing documents, whichever is later ("**Closing Date**"). Franchisee and each direct or indirect interest holder in Franchisee, as applicable, will sign and agree to be bound by all documents reasonably required by Franchisor, including without limitation, a general release, and all representations, warranties, and pre- and post-closing indemnifications as are necessary in Franchisor's sole discretion, to fully document the transaction.

4.3.4 Payment. The Option Price will be paid to Franchisee as follows:

4.3.4.1 67% of the Option Price will be paid in cash on the Closing Date; and

4.3.4.2 33% of the Option Price will be paid one year from the Closing Date, subject to and reduced (i) adjustments due to any earnout requirements that are not satisfied; and (ii) by any and all indemnification claims.

4.3.5 Customer Transitions. If Franchisor exercises the Purchase Option described above, Franchisee will designate one authorized representative, to be agreed upon by the parties (the "**Representative**"), who will be available to work with Franchisor for up to 90 days following the Closing Date. The Representative shall take all reasonable steps and cooperate fully with Franchisor or Franchisor's designated representative to assist with continued customer retention, support and the smooth transition of Franchisee's business to Franchisor or its assignee. Reasonable steps include, but are not limited to, forwarding customer communications, working collaboratively with accounting regarding customer payments, meeting or otherwise communicating with existing and prospective customers as necessary, enforcing and assisting in the enforcement of any restrictive covenants against former employees, agents or independent contractors, and generally using best efforts to assist in any way reasonably requested by Franchisor or its designated representative to seek to retain the business of all Franchisee's former customers.

## 5. LOCATION

### 5.1 Selection of Site

Franchisee shall promptly select a site, the Location, for the Franchised Business's office and shall notify Franchisor of such selection. Franchisee's Business office may be located in Franchisee's home ("**Home Office**") or in an office complex ("**Office Complex**") that is not open to the public. Franchisor approval of the site is not required. Franchisee is solely responsible for finding and selecting the Location. If Franchisee wishes to move the Location of the Franchised Business, Franchisee must notify Franchisor in writing prior to moving.

## 5.2 Development of Location

Franchisee shall cause the Location to be appropriately developed and equipped for the operation of the Franchised Business within 90 days after the Effective Date. In connection with the development of the Location, Franchisee shall:

5.2.1 obtain all business permits and licenses, any other permits and licenses required for the operation of the Franchised Business, and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained; and

5.2.2 obtain at least one telephone number, one fax number and a high-speed Internet connection (of at least 10 Mbps) solely dedicated to the Franchised Business.

## 5.3 Opening

5.3.1 Before opening the Franchised Business and commencing business, Franchisee must:

5.3.1.1 fulfill all of the obligations under the other provisions of this Section 5 and notify us that all required pre-opening conditions have been satisfied and that all required pre-opening approvals have been received;

5.3.1.2 complete the New Franchise Business Training (defined in Section 8.1) to the satisfaction of Franchisor;

5.3.1.3 recruit, perform background and references checks on, hire and train any personnel required for the operation of the Franchised Business;

5.3.1.4 obtain or require its employees to obtain any applicable license or certification required by any municipality, county, state or other governmental division in which the Franchised Business is located;

5.3.1.5 furnish Franchisor with copies of all insurance policies and bonds required by this Agreement or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.3.1.6 pay in full all amounts due to Franchisor; and

5.3.1.7 have purchased, ordered, received, and installed all fixtures, furnishings, equipment, supplies, inventory, signage and related materials we require (or as otherwise set forth in the Manuals).

5.3.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within four months of the Effective Date. Time is of the essence.

## 5.4 Branch Location

If Franchisee desires to operate a Branch Location, Franchisee shall select a site for an additional business office for the Franchised Business and notify Franchisor of the desired location

for such additional business office. Franchisee shall not establish a Branch Location without the prior written approval of Franchisor.

## 6. MARKS AND OTHER INTELLECTUAL PROPERTY

### 6.1 Ownership

Franchisee acknowledges that Franchisor or its Affiliates are the exclusive owners of the Marks and other Intellectual Property and that Franchisee's right to use the Marks and other Intellectual Property is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee under, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks or other Intellectual Property by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks and other Intellectual Property. Franchisee's use of the Marks and other Intellectual Property, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire rights in the Marks or other Intellectual Property by virtue of any use it may make of the Marks or other Intellectual Property. This Agreement does not confer any goodwill, right, title or interest in the Marks and other Intellectual Property to Franchisee. Franchisees shall not, at any time during the Initial Term of this Agreement, any Successor Term or Interim Period or after its termination or expiration, contest the validity or ownership of any of the Marks and other Intellectual Property or assist any other person in contesting the validity or ownership of any of the Marks and other Intellectual Property.

### 6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name or trade name, with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form, without the prior written consent of Franchisor. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. In all public records, relationships with other persons and on letterheads, forms, cards and such other identification Franchisee shall display, a prominent notice stating that the Franchised Business "Each Office is Independently Owned and Operated."

### 6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor as soon as Franchisee becomes aware of any infringement of the Marks or other Intellectual Property or challenge to its use of any of the Marks, other Intellectual Property or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks or other Intellectual Property. Franchisee shall execute any and all

instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks and other Intellectual Property.

### 6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark and other Intellectual Property, provided that Franchisee has timely notified Franchisor of such proceeding and has complied, and is in compliance, with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark and other Intellectual Property. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks or other Intellectual Property. This indemnification shall not apply to litigation between Franchisor and Franchisee where Franchisee's use of the Marks or other Intellectual Property is disputed or challenged by Franchisor. Franchisor shall have the right to offset any such reimbursement against any amounts owed to Franchisor for Royalty Fees, MSP Fees, Brand Awareness Fund Contributions, or any other obligation of Franchisee. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks and other Intellectual Property.

### 6.5 Discontinuance of Use

In Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks or other Intellectual Property, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, or any copyrights, patents or software, Franchisee shall comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark, other Intellectual Property or any loss of goodwill associated with any modified or discontinued Mark, other Intellectual Property or for any expenditures made by Franchisee to promote a modified or substitute Mark or other Intellectual Property.

### 6.6 Right to Inspect

Franchisor has the right to inspect Franchisee's use of the Marks and other Intellectual Property under Section 13.2 of this Agreement.

### 6.7 Domain Name Usage & Online Policies

Subject to Section 11.3, Franchisee shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator (URL) containing the Marks or other Intellectual Property or the words "InXpress" or any variation thereof or any domain name that would be confusingly similar or which has the same or similar look and feel as the InXpress Marks or other InXpress Intellectual Property. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manuals.

Franchisee must conduct all online advertisements in accordance with Franchisor's online policy, which is contained in the Manuals. Franchisor's online policy may change as technology and the Internet changes. Under Franchisor's online policy, it may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. Franchisor may restrict Franchisee's use of social media. Franchisor may not allow Franchisee to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks.

### 6.8 InXpress Software

Franchisee agrees to use the InXpress Software or other third-party software or technology approved by Franchisor in the operation of the Franchised Business and to purchase any hardware designated by Franchisor that is needed to use the InXpress Software or other third-party software or technology approved by Franchisor. Franchisee will maintain valid licenses for third-party software. Franchisee shall use the InXpress Software only in connection with the operation of the Franchised Business and in the form provided by Franchisor, as modified from time to time by Franchisor or its designee, but without modification or changes by Franchisee or any other person not approved by Franchisor. Franchisee agrees to be trained to use the InXpress Software prior to commencing operation of the Franchised Business and thereafter as directed by Franchisor. Such training may be at the Location, any Branch Location, at Franchisor's location or any other place designated by Franchisor.

### 6.9 Ownership of InXpress Software

Nothing in this Agreement shall be construed as an assignment or grant to Franchisee of any right, title or interest in the InXpress Software. Franchisee understands and acknowledges that all rights relating to the InXpress Software are reserved by Franchisor. Franchisee agrees to use the InXpress Software in full compliance with the rules prescribed by Franchisor, which Franchisor may modify from time-to-time in Franchisor's sole discretion. Franchise agrees that every use of the InXpress Software shall inure to the benefit of Franchisor and that Franchisee shall not acquire any rights to the InXpress Software or any data or information created by the use of the InXpress Software by virtue of its use of the InXpress Software. Franchisee agrees that during the term of this Agreement and at any time thereafter, Franchisee will not challenge any of Franchisor's rights in and to the InXpress Software or do anything to diminish or jeopardize Franchisor's rights to the InXpress Software. Franchisor shall not be responsible for any malfunction, nonperformance or degradation of the InXpress Software or any injuries or losses caused directly or indirectly from Franchisee's use of the InXpress Software.

### 6.10 Protection of InXpress Software

Franchisee shall immediately notify Franchisor of any infringement or challenge to Franchisee's or Franchisor's use of the InXpress Software or claim by any person or entity of any rights to the InXpress Software. Franchisee acknowledges and agrees that the InXpress Software is proprietary and confidential, that the InXpress Software is a trade secret of Franchisor and is being disclosed to Franchisee solely on the condition that Franchisee has agreed that during the term of this Agreement and thereafter Franchisee will:

6.10.1 Not use the InXpress Software in any other business or capacity;

6.10.2 Maintain the absolute confidentiality of the InXpress Software;

6.10.3 Not make unauthorized copies of any portions of the InXpress Software;

6.10.4 Adopt and implement all procedures prescribed from time-to-time by Franchisor to prevent unauthorized use or disclosure of the InXpress Software, including without limitation, restrictions on disclosure of the InXpress Software to and by officers, directors, employees, agents, contractors, sales persons and similar persons of Franchisee; and

6.10.5 Require each such person who has access to the InXpress Software or any Confidential Information to execute a confidentiality agreement, the current form of which is attached to the Franchise Disclosure Document ("**Confidentiality Agreement**").

## 7. CONFIDENTIAL INFORMATION

### 7.1 Requirement of Confidentiality

Franchisor shall disclose Confidential Information to Franchisee during training, through the Manuals, and as a result of guidance furnished to Franchisee during the Initial Term of this Agreement, Successor Term, and any Interim Period. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing its duties during the Initial Term of this Agreement, any Successor Term, and any Interim Period. Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Confidential Information is proprietary, includes Franchisor's trade secrets and is disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers, members of the professional staff and employees of Franchisee) (a) shall not use the Confidential Information in any other business or capacity or for any other reason other than performing under this Agreement; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the Initial Term, any Successor Term, and any Interim Period of this Agreement; (c) shall not make any unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Confidential Information by any of them.

### 7.2 Additional Developments

All ideas, concepts, techniques, processes or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and

exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefor. Franchisee shall be solely responsible for compensating any third-party hired by Franchisee whose employment or service rendered results in the creation or modification of such items. At Franchisor's discretion, such items may be incorporated into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

**7.3 Exclusive Relationship**

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among franchisees if owners of Franchised Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the Initial Term of this Agreement, any Successor Term, and any Interim Period, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System;

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located;

7.3.3 Loan money to, or perform services for any Competitive Business anywhere; or

7.3.4 Otherwise interfere with Franchisor's or Franchisor's other franchisees' InXpress Franchise(s).

**7.4 Confidentiality Non-disclosure and Non-Compete Agreements with Certain Individuals**

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager, sales representative, or member of the professional staff or employee of Franchisee to execute the Confidentiality Agreement and to require that all such persons sign a non-compete agreement containing covenants against competition that are similar to the in-term and post-term covenants in this Agreement**,** upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor

with copies of all agreements to be signed under this Section. These agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise detailed in this Agreement. Franchisor shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.

### 7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion; Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms detailed in this Agreement, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks.

## 8. TRAINING AND ASSISTANCE

### 8.1 Training

As part of the Training Fee, Franchisor shall make an initial training program available to up to two persons **("New Franchise Business Training")**. The New Franchise Business Training may take place virtually or in-person, as we determine in our sole discretion. You (or your Designated Owner, as such term is defined in Section 13.4, if you are an entity) and your Designated Manager (if applicable) must each attend and complete this New Franchise Business Training to our reasonable satisfaction prior to opening the InXpress Business. You may, in your discretion, also have your sales representatives attend and complete New Franchise Business Training. If you wish to have additional employees attend New Franchise Business Training or if you have more than two persons, you shall pay us our then-current fee for each additional person.

Franchisor may charge a fee for all persons, including any replacement Designated Manager or Designated Owner, to attend New Franchise Business Training after the opening of the Franchised Business. Franchisor also reserves the right to require Franchisee to pay the then-current fee for any training of sales or office personnel outside the regularly scheduled training programs.

You are solely responsible for all expenses incurred by such persons that attend any training sessions, including the New Franchise Business Training, including, but not limited to, travel costs, room and board expenses and employees' salaries.

This New Franchise Business Training and any additional training provided by us is provided to protect the InXpress System, the InXpress brand, the Marks and not to control the day-to-day operations of the Franchised Business.

### 8.2 Failure to Complete Initial Training Program

If Franchisor determines, in Franchisor's sole discretion, that the Franchisee (or the Designated Owner, if the Franchisee is an entity) or its Designated Manager is unable to satisfactorily complete the New Franchise Business Training, Franchisor has the right to terminate this Agreement. If Franchisee is a business entity and the Designated Manager or Designated Owner fails to complete the New Franchise Business Training to Franchisor's reasonable satisfaction, in Franchisor's sole discretion, Franchisee may be permitted to select a substitute Designated Manager or Designated Owner, as applicable, and such substitute Designated Manager

or Designated Owner must complete the New Franchise Business Training to Franchisor's reasonable satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing this initial training. Franchisee shall also be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's or Designated Owner's attendance at such training

### 8.3 New Designated Manager or Sales and Office Personnel

If Franchisee names a new Designated Owner or Designated Manager or adds new sales or office personnel, the new Designated Manager, Designated Manager, and sales representatives and office personnel must attend and complete, to Franchisor's satisfaction, the next- available New Franchise Business Training within 120 days at Franchisee's sole cost. Franchisee shall be responsible for all expenses and employees' salaries incurred in connection with any such person's completion of such training.

### 8.4 Ongoing Training

From time to time Franchisor may provide and, if it does, has the right to require that Franchisee, Designated Owner, if franchisee is an entity (or any of Franchisee's owners with 10% or more ownership), any Designated Manager, and any sales and office personnel or other employees attend, ongoing training programs or seminars during the Initial Term of this Agreement or any Successor Term. Franchisor may charge a fee for any mandatory ongoing training. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with this training. Franchisee, and all of its Designated Owners, Designed Managers, sales representatives, and office personnel are required to attend advance carrier training, which is presently offered in Cincinnati, OH within the first year of operation. Franchisee, and all of its Designated Owners, Designated Managers, and sales representatives must attend at least 80% of the weekly VFA (Vital Factor Accountability) calls hosted in the first year of the Franchised Business's operation. We do not currently require any additional training programs other than above, but we reserve the right to do so in the future. Franchisor reserves the right to require Franchisee to pay the then-current fee for all ongoing training. The fee is currently $495 but may change in Franchisor's sole desecration.

### 8.5 Attendance at Annual Convention

At least one Franchise owner, or the Designated Manager if an owner is not the Designated Manager, must attend the annual convention. You must pay all salary and other expenses of each person attending, including our then-current convention fees, travel expenses, meals, living expenses, and personal expenses. Any convention fee we may charge will be due regardless of whether or not you attend the InXpress Annual Convention; your failure to attend the InXpress Annual Convention will result in a breach of this Agreement. We may preclude you from attending an InXpress Annual Convention in our sole discretion if you are in default of this Agreement at the time of the convention or conference.

## 9. MANUALS

### 9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall loan to Franchisee one copy of the Manuals, or, if the Manuals are accessible through a computer system, Franchisor shall allow

Franchisee access to the Manuals. Franchisee shall conduct the Franchised Business in strict accordance with the provisions in the Manuals. The Manuals may consist of one or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manuals shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement.

### 9.2 Revisions to the Manuals

Franchisor has the right to add to or otherwise modify the Manuals from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes.

### 9.3 Confidentiality of Manuals

The Manuals contain proprietary information of Franchisor and shall be kept confidential by Franchisee both during the Initial Term of the Franchise, any Successor Term, any Interim Period and subsequent to the expiration or termination of this Agreement. If the Manuals are distributed in paper form or as an electronic file, Franchisee shall at all times ensure that its copies of the Manuals are available in a current and up-to-date manner. Franchisee shall not disclose, duplicate or otherwise use any portion of the Manuals or any electronic file or computer media containing the Manuals in an unauthorized manner. Franchisee shall maintain the Manuals (whether in paper form or electronic) in a locked receptacle or in a password-protected file on Franchisee's computer system, as appropriate, and shall only grant authorized personnel, as defined in the Manuals, access to the key or combination of such receptacle, the password to any file, program or Internet site or the computer or computers on which it is stored. If a dispute as to the contents of the Manuals arises, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's headquarters shall be controlling.

## 10. FRANCHISE SYSTEM

### 10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules in this Agreement, the Manuals or other communications supplied to Franchisee by Franchisor. Franchisee agrees that, unless otherwise authorized in advance in writing by Franchisor, neither Franchisee nor any of its officers, directors, employees, agents, salesperson or other persons acting on its behalf shall directly or indirectly promote, market, sell to customers products or services not authorized by Franchisor as part of the System.

### 10.2 Modification of the System

Franchisor has the right to change or modify the System, Manuals, Carriers, Carrier partners or Carrier contracts ("**Carrier Contracts**") from time to time including, without limitation, the addition of new products or services, the adoption and use of new or modified Marks or copyrighted materials, and new or additional computer hardware, software, equipment, supplies or techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures or such changes, additions or modifications in the System as Franchisor may reasonably require in addition

to expenditures for repairs and maintenance as required in Section 13.3.

### 10.3 Variance

Franchisor has the right, in its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition that Franchisor deems to be of importance to the successful operation of any particular franchised business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

## 11. MARKETING AND PROMOTIONAL ACTIVITIES

### 11.1 Local Advertising

11.1.1 Franchisee shall continuously promote the Franchised Business in the Primary Franchise Marketing Area **("Local Advertising").** Expenditures for the promotion of the Franchised Business shall be made directly by Franchisee, subject to the approval and direction of Franchisor. Franchisor will provide general guidelines for conducting Local Advertising. Upon request by Franchisor, Franchisee shall furnish to Franchisor, on forms or in a format specified by Franchisor, an accurate accounting of the expenditures for Local Advertising.

11.1.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, fliers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within 20 days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials within 20 days, such materials shall be deemed disapproved. Franchisee shall not use any marketing or promotional material prior to written approval by Franchisor.

11.1.3 Franchisee shall purchase printed materials and other items bearing the Marks and the name or logo of Carriers including advertising, business cards, letter head, invoices and other printed items in accordance with Franchisor's specifications and requirements.

11.1.4 You may not use advertising or promotional materials without obtaining our prior written approval. Use of the Marks and other name identification materials must follow our approved standards and the Manuals. We also shall have the right at any time after you commence use of such material to prohibit further use, effective immediately upon your receipt of written notice from us. If you violate the provisions of this Section or Section 11.3, in addition to all other remedies available to us, you shall pay a $500 unauthorized advertising fee to the Brand Awareness Fund to offset the brand damage caused by your breach.

### 11.2 Brand Awareness Fund

Franchisor has established a Brand Awareness Fund, as defined in Section 3.3.3. Franchisee shall make Brand Awareness Fund Contributions equal to one percent (1%) of Gross Margin or a minimum of $100 per month, whichever is greater. We reserve the right to increase the Brand Awareness Fund Contribution to up to three percent (3%) of Gross Margin upon written notice to you. Franchisor shall notify Franchisee at least 30 days before implementing or changing

Brand Awareness Fund Contribution requirements. The Brand Awareness Fund shall be maintained and administered by Franchisor or its designee as follows:

11.2.1 Franchisor shall oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or pro rata from expenditures by the Brand Awareness Fund. The program(s) may be local, regional or System-wide. Franchisee's Brand Awareness Fund Contributions may be used to meet the costs of, or reimburse Franchisor for its expenses related to, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist in the above; providing promotional brochures and other marketing materials to franchisees; and to develop, maintain, and update Franchisor's website). All Brand Awareness Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Brand Awareness Fund.

11.2.2 Franchisor has the right to suspend (and subsequently reinstate) or terminate the Brand Awareness Fund at any time. The Brand Awareness Fund shall not be terminated, however, until all Brand Awareness Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a pro rata basis.

11.2.3 Each Franchised Business operated by Franchisor, or any Affiliate of Franchisor, shall make Brand Awareness Fund Contributions at the same rate as InXpress franchisees. We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Awareness Fund or to maintain, direct, or administer the Brand Awareness Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Awareness Fund on any terms we deem reasonable.

11.2.4 An accounting of the operation of the Brand Awareness Fund shall be prepared annually and shall be available to Franchisee upon request. Franchisor retains the right but not the obligation to have the Brand Awareness Fund audited, at the expense of the Brand Awareness Fund, by an independent certified public accountant selected by Franchisor.

11.2.5 Franchisee acknowledges that the Brand Awareness Fund is not a trust and Franchisor assumes no fiduciary duty in administering the Brand Awareness Fund.

### 11.3 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor may include information on its website about Franchisee's Franchised Business. If Franchisor includes such information on the website, Franchisee shall provide all information requested of Franchisor in accordance with the Manuals. All such information shall be subject to Franchisor's approval prior to posting, and if you are in default of any obligation under this Agreement or if you are not in compliance with the System, we may temporarily remove reference to your Franchised Business

until you fully cure any defaults. Franchisor retains the sole right to market on the Internet and to use the Marks on the Internet, including the use of websites, domain names, URL's, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements as set forth in the Manuals. Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent.

### 11.4 Telephone and Telephone Directory Advertising

Franchisee shall follow all requirements set forth in the Manuals concerning telephone listings, telephone number advertisements and listings in white/yellow pages. Franchisee must use Franchisor's designated vendor for the telephone system of the Franchised Business and must follow the procedures set forth in the Manuals for telephone reception services and telephone use.

## 12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

### 12.1 Records

During the Initial Term of this Agreement, any Successor Term, and any Interim Period, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manuals or otherwise in writing. Franchisee shall retain during the Initial Term of this Agreement and any Successor Term, and for three years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

### 12.2 Financial Statements

Franchisee shall supply to Franchisor on or before the 15th day of each month, in a form approved by Franchisor, a balance sheet as of the end of the preceding month and an income statement for the preceding month and the year-to-date. Franchisee shall, at its expense, submit to Franchisor within 90 days after the end of each fiscal year, an income statement for the fiscal year just ended and a balance sheet as of the last day of the fiscal year in the manner and form prescribed by Franchisor. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manuals or otherwise in writing. If you fail to submit any report or financial statement by the due date specified in this Agreement, you will be fined $25 for each occurrence and $25 for each week until such report is submitted. We may debit your bank account automatically, or deduct the fine from amounts we owe you, if you fail to submit any requested report within five days of the request. All fines collected are paid to the Brand Awareness Fund, or if the Brand Awareness Fund is no longer established, to us.

### 12.3 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manuals. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's

lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted under this Agreement.

### 12.4 Computer/Payment Processing System

Franchisee shall purchase and utilize computer and payment processing systems consisting of hardware, software and other technology in accordance with Franchisor's specifications and requirements. Franchisor shall have unlimited access to all of Franchisee's computer and sales data and systems and all related information by means of direct access, either in-person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

Franchisee must use in the Franchised Business the telecommunications equipment and services, number of telephone lines, software/technology and hardware, Internet access and other equipment Franchisor prescribes in the Manuals. Franchisee must subscribe to an E-mail service through Franchisor and an Internet service provider Franchisor recommends and maintain these services throughout the term of the Agreement.

Franchisee must install the InXpress Software and the hardware Franchisor prescribes within 15 days of the Effective Date of this Agreement and must update any such or software systems within a reasonable time after notification by Franchisor.

### 12.5 Right to Inspect

Franchisor, or its designee, has the right during normal business hours to examine copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less. If the inspection discloses an underpayment of two percent (2%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

### 12.6 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Margin, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within these third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired Initial Term of this Agreement, any Successor Term, and any Interim Period or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced in this Section to Franchisor.

### 12.7 Business Reviews

Franchisee must attend a business review at Franchisor's headquarters (currently in Sandy, Utah), or at a location designated by the Franchisor, once a year as determined by the Franchisor. You agree to bring all records and information as requested by us and to have a representative at the Business Review with decision making authority. Failure to do so constitutes a breach of this Agreement. In addition, Franchisee must attend additional telephonic or videoconference business reviews and weekly coaching as requested by Franchisor. You are responsible for the costs of airfare, ground transportation, lodging, meals, personal expenses, salary and benefits for all of your personnel that attend the annual Business Review.

### 12.8 Business Plan

Prior to commencing the Franchised Business and when requested by Franchisor, Franchisee shall prepare and submit to the Franchisor a business plan including a marketing plan in the format specified by the Franchisor in the Manuals (the "**Business Plan**"). Franchisee shall update the Business Plan in the frequencies requested by Franchisor and the Business Plan shall conform with the requirements set forth in the Manuals.

## 13. STANDARDS OF OPERATIONS

### 13.1 Authorized Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services to its customers. Accordingly, Franchisee shall provide those services and use only those supplies, signs, equipment, printed materials and other items that Franchisor from time to time approves (and that are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards set forth in the Manuals. Franchisee, at its own cost and expense, must purchase and install all fixtures, furnishings, equipment, supplies and signage in conformance with the Manuals and Franchisor's specifications and requirements. If required by Franchisor, any such services or items shall be purchased only from Carriers, printers or suppliers that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliates). Franchisee agrees to pay for Carrier shipments, services and products through InXpress and only through InXpress. Franchisee shall not provide any services that Franchisor has not approved through the Franchised Business.

13.1.2 Franchisee acknowledges and agrees it is the exclusive right and responsibility of Franchisor to negotiate Carrier Contracts and manage the relationship with Carriers and certain suppliers. Franchisee further acknowledges that since it is impossible to guarantee any outcomes with Carriers or any other suppliers, Franchisor has no liability to Franchisee for negotiations with Carriers or suppliers or for any related relationship issues, discussions and/or other matters. As a condition to granting the Franchise, Franchisee agrees to comply with the terms and conditions of the Carrier Contracts and any agreements with suppliers ("**Supplier Agreements**"), as listed in the Manuals, including but not limited to any "**Code of Ethics**" in substantially the form hereto as **Attachment 4**, or as it may be amended from time to time in the sole discretion of Franchisor. Franchisee agrees to sign all Carrier related documents required by Carriers in existence now and that may be required in the future. Franchisor has the right to sign, modify and/or eliminate any and all existing or future Carrier Contracts or Supplier Agreements if it is deemed necessary in Franchisor's sole discretion.

13.1.3 Franchisor shall provide Franchisee, in the Manuals or other written or electronic form, with a list of specifications and, if required, a list of Carriers and suppliers for some or all of the supplies, signs, equipment, software and other approved or specified items and services. If Franchisee desires to utilize any services, products, Carriers or suppliers that Franchisor has not approved, Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the service or product complies with Franchisor's standards and specifications, or whether the supplier meets its Carrier or supplier criteria. If Franchisor does not approve such request within 30 days of submission, then the supplier or printer shall be deemed disapproved

13.1.4 Franchisor may revoke its approval of any service, item or supplier at any time, and in Franchisor's sole discretion, by notifying Franchisee and/or the supplier. Franchisee shall, at Franchisee's own expense, promptly cease using, selling or providing any services or items disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.5 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or Carriers or in connection with the furnishing of supplies or services. Franchisee shall have no entitlement to or interest in any such benefits. Franchisor shall have no obligation or responsibility to negotiate, secure or provide the lowest or best prices on any service or item purchased by Franchisee from a Carrier or supplier.

13.1.6 Franchisee agrees not to provide its Carrier rates and/or access to the use of any carrier system to other InXpress franchisees, other InXpress Master Franchisees or any other business or entity.

### 13.2 Right to Inspect

Franchisor and Franchisor's designees have the right to enter and inspect the Franchised Business and the location from which Franchisee operates its Franchised Business at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations both in the Franchised Business's office and on-site with customers, including interviewing or videotaping customers and employees, to conduct customer surveys, and to inspect equipment, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor.

### 13.3 Appearance and Condition of the Franchised Business

Franchisee shall maintain the Franchised Business, Location, Branch Location and any equipment and signage if applicable, in dependable and operable condition in accordance with the standards set forth in the Manuals. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications as described in Section 10.2.

### 13.4 Ownership and Management

The Franchised Business shall, at all times, be under the direct supervision of Franchisee, Designated Owner or a Designated Manager. The Designated Manager must be approved in writing by the Franchisor. The Designated Manager shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. Franchisee shall keep

Franchisor informed, in writing, at all times of the identity of its Designated Manager. Franchisee shall promptly hire a substitute or replacement Designated Manager if any Designated Manager is unwilling or unable to fulfill his or her duties for any reason. Franchisee, Franchisee's officers (if you are an entity) and the Designated Manager must not engage in any business or other activities that will conflict with its obligations under this Agreement. Any Designated Manager and any of your officers (if you are an entity) that does not own equity in the Franchisee entity must sign our then-current System Protection Agreement, the current form of which is attached to the Franchise Disclosure Document.

If Franchisee is an entity, Franchisee must designate in writing to us one shareholder, partner, or member who is a natural person (the "**Designated Owner**") who is the person to make all decisions for the Franchisee entity.

If Franchisee is an entity, such entity will be used solely for operation of the Franchised Business and for no other purpose.

### 13.5 Hours of Operation

Franchisee shall be available to customers as required by such customers and the Carriers and as specified in the Manuals.

### 13.6 Licenses and Permits

Franchisee shall secure and maintain in force all required bonds, licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

Without limiting the foregoing, Franchisee acknowledges and agrees that Franchisor has no responsibility to ensure that the Franchised Business is developed and operated in compliance with all applicable laws, ordinances and regulations and that Franchisor shall have no liability in the event the development or operation of the Franchised Business violates any law, ordinance or regulation.

### 13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, award or decree that may affect the operation or financial condition of the Franchised Business and provide a copy of any documentation of any such commencement of a suit or proceeding or any order, writ, injunction, award or decree not more than five days after such commencement or issuance. Franchisee shall deliver to Franchisor not more than five days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation. Franchisee shall further notify Franchisor in writing of the commencement of any action, suit or proceeding

by Franchisee against any Carrier. Franchisee agrees not to take any legal or other action against or with respect to any Carrier without prior written approval of Franchisor which Franchisor may withhold in its sole discretion. Franchisor shall have the option, but is not required, to cause Franchisee to mediate or otherwise resolve any dispute with any Carrier within 15 business days thereafter by making a written request to Franchisee.

### 13.8 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with Franchisor, its customers, suppliers, Carriers and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. Franchisor has the right to terminate this Agreement for repeated violation of this Section. Franchisee shall reimburse Franchisor for all costs (which may include refunds or providing other value) incurred by Franchisor in servicing a customer of the Franchised Business or in responding to any complaints from a customer of the Franchised Business.

### 13.9 Form of Payment

Unless otherwise approved by Franchisor, Franchisee must instruct all customers to pay Franchisor directly for all products and services sold through the Franchised Business. If Franchisee receives a payment from customers, Franchisee must immediately forward the entire payment to Franchisor with an explanation of what Franchisee has done, unless Franchisee has Franchisor's advance permission to collect and/or retain a payment. From receipts Franchisor collects from customers serviced by Franchisee, Franchisor will pay Carriers who have supplied products and services to Franchisee and customers in accordance with the Manuals. Franchisor shall have the right to apply payments and fees made to Franchisor in such order as Franchisor may designate. If Franchisee is in default under this Agreement Franchisor may suspend payments to Franchisee or Franchisee's suppliers and Carriers until all Franchisee's defaults are cured. Franchisor will make all payments to Carriers on behalf of Franchisee. Franchisor may retain any prompt payment discount Franchisor receives from suppliers and Carriers as consideration for Franchisor's services to Franchisee. Notwithstanding Franchisor making payments to Carriers on behalf of Franchisee, Carrier and other costs paid by Franchisor as part of the services it provides, Franchisee is responsible for all such costs, and, in the event that Franchisee does not have sufficient receipts from customers to cover Carrier or other costs paid by Franchisor and has a negative Ledger balance, Franchisee shall directly reimburse Franchisor for such costs as further set forth in Section 3.5.

### 13.10 Collection

Franchisee is responsible for collecting all accounts of customers serviced by Franchisee in accordance with the Manuals. After notifying Franchisee, Franchisor may discontinue sales to or instruct suppliers and Carriers not to ship to or for any customer who fails to pay invoices. At Franchisor's sole discretion, Franchisor may assist Franchisee in collecting accounts of customers; however, Franchisee will and in all cases does remain responsible for the ultimate collection of such accounts and all amounts owed to Franchisor under the terms of this Agreement. Notwithstanding the foregoing, if Franchisee's Ledger has a negative balance, Franchisor may, but

is not required to, on Franchisee's behalf collect directly from any customer amounts due for services provided, including without limitation by suing customers for such amounts. Franchisee agrees to pay Franchisor all fees charged to Franchisor for collections efforts on behalf of Franchisee including, but not limited to, surcharges, bank fees, collections company fees and credit card fees. Franchisor will not be liable for any bad debts, discrepancies and complaints or lost accounts that may result in connection with Franchisor's collection efforts. Franchisor may in good faith settle or adjust disputes or claims directly with customers serviced by Franchisee without affecting Franchisee's liability to Franchisor.

### 13.11 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and its employees. Franchisee is solely responsible for recruiting and hiring the persons to operate the Franchised Business. Franchisee is solely responsible for training, wages, taxes, benefits, safety, work schedule, work conditions, assignments, discipline and termination of its employees and for compliance with all workplace related laws. At no time will Franchisees' employees be deemed to be employees of Franchisor or its Affiliates. Franchisor will have no right or obligation to direct employees of the Franchisee.

### 13.12 Franchise Advisory Board

Franchisor has formed the InXpress brand development council ("**BDC**"). Franchisee will be a participating member of the BDC. Each member gets one vote. Franchisee shall comply with the BDC's bylaws and requirements. Upon the majority vote of its members, the BDC may engage in promotional and educational activities, adopt operating rules including the election of a board of directors or officers, and levy assessments for its expenses. All activities and expenses will be subject to Franchisor's prior approval. The BDC is governed by bylaws approved by Franchisor. Franchisee agrees to comply with, participate in and actively support the BDC. Franchisee will pay any fees or assessments adopted by the BDC. Franchisor has the power to change or dissolve the BDC, in Franchisor's sole discretion.

### 13.13 Franchisor's Right to Operate the Franchised Business

13.13.1 Franchisee makes, constitutes and appoints Franchisor, or Franchisor's designee, as Franchisee's true and lawful attorney-in-fact, coupled with an interest, with the powers detailed below, which may, in Franchisor's sole discretion, be exercised if any of the following events occurs: (i) Franchisee is indicted for or charges are filed against Franchisee alleging that Franchisee committed a criminal act that could involve imprisonment for more than 30 days; (ii) charges are brought by any federal, state or local authority that could affect Franchisee's licenses or any license of the Franchised Business; (iii) Franchisee or Franchisee's Designated Manager become mentally or physically incapacitated; or (iv) Franchisee commits any of the acts in Sections 16.2.2.3, 16.2.2.6, 16.2.2.7, or 16.2.2.13 of this Agreement. Upon the occurrence of any of the foregoing events, Franchisor may, but is not obligated to, take possession and control of and operate the Franchised Business for Franchisee's benefit. Such right shall continue only for such period of time as the reason or reasons for Franchisor's taking

possession and control of the Franchised Business, as above, continue. Franchisor shall act diligently, in good faith and honestly in Franchisor's actions hereunder. In furtherance of the foregoing, Franchisor may:

13.13.1.1 collect any and all revenues due and payable to the Franchised Business and endorse Franchisee's name on checks received, if any;

13.13.1.2 pay any and all expenses incurred to operate the Franchised Business including, but not limited to, wages, salaries and other compensation to Franchisee's employees, to persons Franchisor employ on Franchisee's behalf to manage the Franchised Business and to others for professional services;

13.13.1.3 pay any amounts due to Franchisor or Franchisor's Affiliates, including the continuing license fees, amounts due for purchases of product and supplies and amounts due under any other agreements;

13.13.1.4 incur debts in the ordinary course of business for inventory, materials, supplies and other items needed for the operation of the Franchised Business;

13.13.1.5 execute documents or instruments on Franchisee's behalf;

13.13.1.6 receive a reasonable fee for Franchisor's services hereunder;

13.13.1.7 institute legal or administrative proceedings on behalf of and defend actions brought against the Franchised Business; and

13.13.1.8 take any other action Franchisor deems necessary or appropriate in furtherance of this provision.

13.13.2 Franchisor shall maintain separate books and records of Franchisor's actions hereunder in accordance with the format required by System. The net proceeds, if any, from Franchisor's operation of the Franchised Business shall be deposited into a separate bank account or accounts under Franchisor's direction and control as trustee for Franchisee. Upon Franchisor's termination of the rights granted hereunder, such net proceeds, if any, shall be distributed to Franchisee or as Franchisee directs.

13.13.3 Franchisor shall not be liable to Franchisee except for willful misconduct or gross negligence. Franchisee shall indemnify and hold Franchisor harmless from and against any loss, claim, expense, damage, liability or other obligation of any nature, including legal fees and expenses arising from or in any manner connected with Franchisor's actions hereunder, excepting only those arising from or connected with Franchisor's willful misconduct or gross negligence.

13.13.4 Franchisee's appointment of Franchisor as attorney-in-fact is irrevocable and is coupled with an interest.

13.13.5 In addition to the foregoing, Franchisee acknowledges that if Franchisor becomes aware, by any means, of any situation where Franchisee or Franchisee's Designated Manager's license or any license required for the Franchised Business is or may be suspended, terminated or affected in any manner that could result in the closing of the Franchised Business

for any period time, Franchisor may, but is not obligated to, notify any federal, state or local authority. If Franchisor takes such action, Franchisee agrees that Franchisor shall not be liable to Franchisee for any costs, expenses or damages resulting therefrom.

### 13.14 Customer Data

Franchisee agrees to that all data collected by Franchisee from and related to customers and potential customers in connection with the Franchised Business ("**Customer Data**"), including without limitation all customer lists, is deemed to be owned exclusively by Franchisor, and Franchisee also agrees to provide any Customer Data to Franchisor at any time upon request from Franchisor. Franchisor grants to Franchisee the right to use such data during the Initial Term, any Successor Term and any Interim Period, but only in connection with operating the Franchised Business and in accordance with Franchisor's policies, as may be set forth in the Manuals or otherwise provided to Franchisee from time to time. Franchisee may not sell, transfer, or use Customer Data for any purpose other than operating the Franchised Business. Franchisee will obtain all necessary consents from any customer before collecting, transferring or otherwise processing any Customer Data. Franchisee must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies Franchisor may establish. Franchisee must notify Franchisor immediately of any suspected data breach at or in connection with the Franchised Business and will assist Franchisor as requested by Franchisor in the investigation and any other obligations related to such data breach.

### 13.15 Compliance with Laws

Franchisee will, at its expense, comply with all applicable laws, rules, and regulations pertaining to the operations of the Franchised Business, and all licensing and bonding requirements. If any government approval or permit is required for operation of the Franchised Business, Franchisee will be responsible for securing the same at its expense.

## 14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

### 14.1 General Advice and Guidance

Franchisor shall negotiate with Carriers to establish terms for transportation and shipping services for customers that set up a customer account with Franchisee. Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, E-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor retains the right to charge a fee for this service. Such fee shall be equal to Franchisor's then-current fee for additional assistance, currently $50 per hour (plus any per-diem charges and travel and living expenses), as may be amended or changed in the Manuals. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating Franchised Businesses, an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business; provided, however, that Franchisor shall have the right to set maximum resale prices for use with multi-area marketing programs and any special price promotions.

### 14.2 Periodic Visits

Franchisor or Franchisor's representative may make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. If Franchisor visits the Franchised Business at Franchisee's request, Franchisee must reimburse Franchisor's expenses and pay Franchisor's then-current training charges. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

### 14.3 System Improvements

Franchisor shall communicate improvements in the System to Franchisee as such improvements may be developed or acquired by Franchisor and implemented as part of the System.

### 14.4 Marketing and Promotional Materials

Franchisor may periodically provide advertising and promotional materials including ad-slicks, brochures, fliers and other materials to Franchisee for use in the operation of the Franchised Business.

### 14.5 Billing and Customer Payment

Franchisee understands and acknowledges that certain billing and administrative services will be performed by Franchisor. Franchisor will be responsible for billing of all customers and customers will make payment directly to Franchisor; provided, however that Franchisee remains liable for collection of amounts from customers as set forth in Section 13.10. Franchisor will allocate, in Franchisor's discretion, payments received from National Accounts to the Franchised Businesses servicing such customer. Franchisor will make payment to Franchisee in accordance with Section 3.5 or as specified in the Manuals. In the event deductions from the amounts owed to Franchisor exceeds Net Proceeds, we may take payment from you in accordance with Section 3.5 or as specified in the Manuals.

## 15. INSURANCE AND BONDS

Franchisee shall obtain and maintain (at all times during the term of this Agreement) insurance coverage and bonds in the types and amounts of coverage and deductibles specified in the Manuals as well as those required by applicable law which shall in each instance designate Franchisor and its designated Affiliates as additional named insureds (except for employment liability insurance policies), with an insurance company approved by Franchisor, which approval shall not be unreasonably withheld. Such insurance shall include, but not be limited to, business interruption insurance in an amount sufficient to cover salary or wages of key personnel, any rent, and other fixed expenses including, without limitation, fees payable to Franchisor.

Franchisor may revise and increase the minimum liability protection and bond coverage requirements as Franchisor deems necessary and to require different or additional insurance coverage(s) or bonds to reflect inflation, changes in standards of liability, future damage awards or

other relevant changes in circumstances in the Manuals.

Franchisee's obligation to obtain and maintain insurance policies shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve Franchisee of liability under the indemnity provisions in Section 21.2. Franchisee shall provide, annually, certificates of insurance and copies of bonds showing compliance with the foregoing requirements.

Should Franchisee not procure and maintain insurance or bond coverage as required by this Agreement, in addition to any other remedy available to Franchisor (including, but not limited to, termination of this Agreement), Franchisor has the right (but not the obligation) to immediately procure such insurance or bond coverage and to charge the premiums, costs, and expenses to Franchisee, which charges, together with a fee of twenty percent (20%) of such premiums, costs, and expenses for our time incurred in obtaining such insurance, shall be payable by Franchisee immediately upon notice.

## 16. DEFAULT AND TERMINATION

### 16.1 Termination by Franchisee

If Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within 30 days after receiving written notice identifying the claimed breach, Franchisee has the right to terminate this Agreement unless the breach cannot reasonably be cured within such 30 days. If the breach cannot reasonably be cured in such 30 days, Franchisee has the right to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

### 16.2 Termination by Franchisor

16.2.1 Franchisor may terminate this Agreement in Franchisor's discretion if the principal Carrier Contract is terminated for any reason and Franchisor is unable, after good faith effort, to negotiate a new or modified discount carrier contract with substantially similar or better terms with another Carrier. If the Agreement is terminated under this Section 16.2.1, the non-competition provision of Section 17.2 will not be enforced.

16.2.2 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.2.1 fails to establish and equip the Franchised Business, or fails to hire and retain the staff necessary for the full operation of the Franchised Business, as required in Section 5;

16.2.2.2 fails to satisfactorily complete the New Franchise Business Training under Section 8;

16.2.2.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.2.4 engages in an offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.2.5 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manuals or any other Confidential Information;

16.2.2.6 abandons, fails or refuses to actively operate the Franchised Business for five or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor);

16.2.2.7 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as required in this Agreement;

16.2.2.8 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the 180 days following the death or incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, under Section 18.7;

16.2.2.9 submits to Franchisor on two or more separate occasions any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.2.10 or any of its owners (if Franchisee is an entity) is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for 30 days or longer (unless supersedeas bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its premises or equipment is instituted against Franchisee and not dismissed within 30 days or is not in the process of being dismissed;

16.2.2.11 misuses or makes an unauthorized use of any of the Marks, Intellectual Property or Confidential Information or commits any other act that can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.2.12 fails on two or more separate occasions within any period of 12 consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, MSP Fee, Brand Awareness Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

16.2.2.13 continues to violate any health or safety law, ordinance regulation, or operates the Franchised Business in a manner that presents a health or safety hazard

to its customers, employees or the public, or if any license or permit necessary for the operation of the Franchised Business or for providing services of the type provided by Franchised Businesses is revoked or suspended for a period exceeding 10 days;

16.2.2.14 violates the Code of Ethics as determined by Franchisor and the Carriers;

16.2.2.15 defaults under any other agreement between Franchisor (or any of its Affiliates) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates;

16.2.2.16 fails on three or more separate occasions within any 12 consecutive month period to submit when due any financial statements, reports or other data, information, or supporting records; pay when due any amounts due under this Agreement; or otherwise fail to comply with this Agreement, whether or not such failures to comply are corrected after notice is given to you;

16.2.2.17 performs actions that materially damage relationships with Franchisor, Carriers, suppliers, other suppliers, Affiliates, other franchisees, customers or other InXpress customers;

16.2.2.18 (or one of its owners, if Franchisee is an entity) is convicted or pleads guilty to fraudulent conduct, or a crime punishable by imprisonment;

16.2.2.19 makes any misrepresentation, material omission, false representation, statement, warranty, guaranty, report or claim, or fraudulent, unethical or dishonest conduct, distortion, act of concealment, or attempt at any of the foregoing made by or on behalf of the Franchisee (or one of its owners if Franchisor is an entity)in connection with obtaining the Franchise or this Agreement, or with respect to this Agreement, performance hereunder, InXpress, other franchisees of InXpress, InXpress Carriers, salespersons of InXpress or InXpress Carriers, or the services or the products provided by the Franchisee or any of the foregoing, whether or not injury or loss result;

16.2.2.20 breaches any fair-trade practice, consumer protection, trade regulation, anti-terrorism or similar laws or regulations; or

16.2.2.21 breaches the non-compete provisions of this Agreement, including but not limited to the provisions of Sections 7.3 and 17.2 and enters into a similar or competing business within the time frame of the non-competing provisions in this Agreement.

16.2.3 Except as otherwise provided in Section 16.2.1, Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

16.2.3.1 within five days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

16.2.3.2 within 30 days of receiving notice from Franchisor that Franchisee has failed to meet its Sales Quota;

16.2.3.3 within 30 days of receiving notice from Franchisor of any other default by Franchisee, breach by Franchisee of any representation or warranty hereunder, or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manuals or otherwise prescribed in writing;

16.2.3.4 within 30 days of receiving notice from Franchisor of Franchisee's conduct which is in breach of any InXpress Carrier Contract or which reflects unfavorably upon the operation or reputation of the Franchise, Franchisee, Franchisor, other franchisees, or InXpress Carriers;

16.2.3.5 within 30 days of receiving notice from Franchisor of Franchisee's failure, or the failure of Franchisee's directors, officers, employees, agents, salespersons or similar persons to have any permit, license or authorization necessary for the operation of the Franchise as contemplated herein or for performance under this Agreement;

16.2.3.6 within 30 days of receiving notice from Franchisor of Franchisee's default, breach or failure to comply with or perform any of the Franchisee's obligations, agreements, covenants, promises, representations, warranties or requirements under this Agreement, the Manuals or any other agreement between Franchisor and the Franchisee; or

16.2.3.7 within 30 days of receiving notice from Franchisor of Franchisee's failure to keep up-to-date reports as required by this Agreement.

### 16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or expiration other than in accordance with applicable law, Franchisor may reinstate or extend the Initial Term or Successor Term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

## 17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

### 17.1 Actions to be Taken

Except as otherwise provided in this Agreement, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a franchisee of Franchisor;

17.1.2 cease to use the Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items that display or are associated with the Marks; cease using the InXpress Software and return all proprietary information associated with the InXpress Software, including, but not limited to, passwords, user names and access codes, as directed by the Franchisor;

17.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining Initial Term, Successor Term or any Interim Period, and on the same terms and conditions as Franchisee's lease), its interest in the lease then in effect, if any, for the premises to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities that contains the name "InXpress" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination or expiration of this Agreement;

17.1.5 pay all sums owing to Franchisor, its Affiliate(s) and any Carriers that may include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees, unpaid Royalty Fees, MSP Fee, Brand Awareness Fund Contributions, amounts owed for provider costs or other fees, including without limitation, all Carrier costs, and any other amounts due to Franchisor, its Affiliate(s) and the Carriers;

17.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.7 immediately cease use of and return to Franchisor the Manuals and all other Confidential Information including records, files, instructions, brochures, agreements, customer lists, disclosure statements and any and all other materials of Franchisor relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property). Franchisee acknowledges that because Franchisor is the sole owner of all customer lists and that Franchisor may itself or through its affiliates, or may assign such rights to other franchisees to, continue to offer services and make sales to customers or potential customers to whom Franchisee offered services under this Agreement;

17.1.8 Franchisee acknowledges that all telephone numbers, facsimile numbers, social media websites, Internet addresses, and e-mail addresses (collectively "**Identifiers**") used in the operation of the Franchised Business constitutes Franchisor's assets, and upon termination or expiration of this Agreement, Franchisee will take such action within five days to cancel or assign to Franchisor or Franchisor's designee as determined by Franchisor, all of Franchisee's right, title, and interest in and to such Identifiers, and will notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any Identifiers, and any regular, classified, or other telephone directory listing associated with the Identifiers, and to authorize a transfer of the same to, or at Franchisor's direction.

Franchisee agrees to take all action required to cancel all assumed name or equivalent registrations related to Franchisee's use of the Marks. Franchisee acknowledges that Franchisor has the sole rights to, and interest in, all Identifiers used by Franchisee to promote Franchisee's Franchised Business and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as Franchisee's 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. Franchisee further appoints Franchisor to direct the telephone company, postal service, registrar, Internet service provider, listing agency, website operator, or any other third party to transfer such Identifiers to Franchisor or Franchisor's designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's right to the Identifiers and Franchisor's authority to direct their transfer; and

17.1.9 comply with all other applicable provisions of this Agreement.

**17.2 Post-Termination Covenant Not to Compete**

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the trade secrets of Franchisor;

17.2.1.2 to induce Franchisor to grant a franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers.

17.2.2 Franchisee further acknowledges that in the event the Franchise terminates for any reason, Franchisee will be able to earn a livelihood without violating the foregoing provisions, of this Section 17.2 or the provisions of Section 17.3, and that Franchisee's ability to earn a livelihood without violating such provisions is a material condition to the granting of the Franchise.

17.2.3 Except as otherwise approved of in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, sales representative, manager or member of the professional staff of Franchisee, shall, for a period of two years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.3.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a 50 mile radius of the Location or the Branch Location, or (b) within a 50 mile radius of the location of any other InXpress franchisee that is either operating or has signed a franchise agreement at the time of termination or expiration; provided, however, that any such 50 mile radius may be amended by a court or arbitration panel under Section 22.8.2 in order to conform with the maximum distance limitations allowed in the court's or panel's jurisdiction;

or

17.2.3.2 solicit or otherwise attempt to induce or influence any customers, clients, or Carrier of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.4 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form franchise employee confidentiality non-disclosure or non-competition agreements as provided in Section 7.4.

### 17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks or Intellectual Property, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks or Intellectual Property. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Section 17.1 or 17.2.

### 17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of 30 days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business. The purchase price shall be equal to the assets' fair market value, excluding any goodwill. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price. If Franchisor and Franchisee cannot agree on a fair market value, an independent appraiser selected by Franchisor will determine the fair market value.

### 17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee that expressly or by their nature survive the expiration or termination of this Agreement, including those found in Sections 6, 7.1, 9.1, 17, 21.2, 21.3, 22.8 and 23, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

## 18. TRANSFERABILITY OF INTEREST

### 18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

## 18.2 Transfer by Franchisee to a Third Party

18.2.1 The rights and duties of Franchisee in this Agreement, and the Franchise granted by this Agreement, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement (including any voluntary, involuntary, direct, or indirect assignment, exchange, grant of a security interest), the Franchise granted by this Agreement, its assets or any part or all of the ownership interest in Franchisee, this Agreement or interest in the Franchise without the prior written approval of Franchisor, which shall not be unreasonably withheld. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement.

If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.2 Franchisee has complied with the requirements in Section 19;

18.2.3 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.4 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release in, or substantially similar to, the form attached to the Franchise Disclosure Document, of any and all claims against Franchisor, including its officers, directors, shareholders and employees, in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest under this Agreement or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

18.2.5 the prospective transferee meets Franchisor's then-current management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require in its sole discretion, to demonstrate ability to conduct the Franchised Business;

18.2.6 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement and related agreements (including Owners Agreement or other guarantees) for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee, MSP Fee, and Brand Awareness Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise at least ten business days prior to the anticipated date of sale of franchise, Franchisor has approved of the purchase agreement between Franchisee and the prospective transferee, and Franchisee and the prospective

transferee complete Franchisor's information and acknowledgment regarding the transfer and conditions of the transfer of a Franchise;

18.2.8 Franchisee, or the transferee, has paid to Franchisor, a transfer fee equal to fifty percent (50%) of our then-current Franchise Fee. In addition to the transfer fee, if you are transferring to a franchisee prospect that we have had contact with or referred you to, you must pay our then-current buyer finder fee ("**Franchise Development Lead Generation Fee**") (currently $15,000) to cover the marketing and recruitment expenses we incur. We may increase this fee upon 30 days' notice to you;

18.2.9 Franchisee, or the transferee must reimburse us upon receipt of our invoice for all broker fees, finder's fees, placement fees or commissions we incur as a result of the transfer. Reimbursement of these fees are separate from and in addition to the Franchise Development Lead Generation Fee;

18.2.10 the transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.11 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee (or its Designated Owner, if the transferee is an entity) and its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the New Franchise Business Training described in Section 8.1;

18.2.12 if the transferee is an existing InXpress franchisee and will be merging its current franchise and this Franchise under one agreement, the transferee must agree to pay an MSP fee for each franchise consolidated, even following the merger; and

18.2.13 Notwithstanding the foregoing, if in the course of a franchise sale InXpress has introduced (which means having been contacted by the transferee (whether electronically or otherwise) before contact is made with the Franchisee and whether or not such contact was the effective cause of the transfer of the Franchised Business) the transferee to the Franchisee, InXpress shall be entitled to a Transfer Fee equal to the lesser of: (i) Franchisor's then-current Franchise Fee; or (ii) fifty percent (50%) of the sale price of the Franchised Business.

### 18.3 Transfers to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest in this Agreement to a corporation, limited liability company or other legal entity that shall be entirely owned by Franchisee **("Controlled Entity")**, which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the transferee shall be required to pay a transfer fee, as required, under Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof of a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

18.3.1.7 copies of the Controlled Entity's articles of incorporation, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption;

18.3.1.8 Franchisee, or the Controlled Entity, has paid to Franchisor, a Transfer to a Controlled Entity Fee in the amount of $500; provided, however, that the Controlled Entity Fee will not be due if Franchisee is a sole proprietor and assigns this Agreement to an entity owned solely by Franchisee within one year after signing this Agreement; and

18.3.1.9 Franchisee has executed a general release, the current form of which is attached to Franchisor's Franchise Disclosure Document, of any and all claims against Franchisor and its respective executive management, owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement, the operation of the Franchised Business or Franchisee's purchase of the Franchise including, without limitation, all claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance

18.3.2 The term of the transferred Franchise shall be the unexpired Initial Term of this Agreement or Successor Term (as applicable), including all rights to a Successor Term, subject to any and all conditions applicable to such rights to a Successor Term.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

### 18.4 Transfers of Ownership Interest to Another Existing Franchisee

If the proposed transferee, for not less than a continuous two-year period immediately preceding such proposed transfer, has been: (a) an existing InXpress franchisee, or an Owner of a Controlling Interest in an existing InXpress franchise, and (b) actually involved in the management of the InXpress franchise, then the transfer fee shall be reduced to $10,000. In addition to the conditions of transfer in Section 18.2, if the proposed transferee is another existing franchisee, the proposed transferee must have a positive Ledger Balance, acceptable receivables as determined by Franchisor in its sole discretion, and must commit to grow its business.

### 18.5 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties to this Agreement. Franchisee specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

### 18.6 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Location or any Branch Location, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

### 18.7 Transfer by Death or Incapacity

Upon the death or incapacity (as determined by a court of competent jurisdiction) of any individual Franchisee or any holder of a legal or beneficial interest in Franchisee, the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding 180 days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement. During that 180 day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management qualifications. If Franchisee is also the Designated Manager, then the appropriate representative of Franchisee shall appoint a new Designated Manager to operate the Franchised Business during the 180 day period.

### 18.8 Sale of InXpress

If Franchisor receives an offer to acquire a majority of the InXpress franchises, to purchase a majority of Franchisor's assets and/or outstanding stock, to merge with Franchisor or take Franchisor public or to engage in any related or similar transaction, Franchisor shall have the option, but not the obligation, to purchase all of Franchisee's rights and interests in and under the Agreement and the Franchised Business and its assets (or any combination of the foregoing) for a purchase price equal to the Franchise's Fair Market Value, which is payable on terms comparable to those received by Franchisor (the "**Option**"). Assets available for purchase by the Franchisor will include equipment, furniture, fixtures, signs, inventory, and accounts, among other items.

Franchisor will be entitled to, and Franchisee shall make and/or enter into, all customary representations, warranties and agreements given by the seller of the assets or equity of a business.

If this Option is exercised, Franchisee will indemnify and hold Franchisor harmless against obligations incurred in connection with the business accrued or arising prior to the closing date. Franchisee and each direct or indirect owner of Franchisee will sign a general release in favor of Franchisor. Franchisee will furnish Franchisor with a complete list of debts and accounts unpaid within 10 days of Franchisor's request. Franchisor, at its option, may pay these unpaid bills directly to the parties owed and deduct them from the purchase price in lieu of paying such portion of the purchase price directly to Franchisee. Franchisee and Franchisor will close Franchisor's purchase within 60 days from the date Franchisee receives Franchisor's notice or as soon thereafter as is reasonably practical.

Franchisor will not assume any of Franchisee's liabilities, debts or obligations in connection with any such purchase, transfer or payment, and Franchisee will indemnify Franchisor from any and all claims arising out of such sale transaction. Outside of this, all costs incurred in connection with the sale for example, closing costs, cost of determining Fair Market Value but excluding the parties' attorneys' fees paid, will be shared equally between Franchisor and the Franchisee, provided that Franchisee will pay any sales taxes incurred. Franchisee will cooperate with Franchisor in complying with all applicable laws and requirements.

If Franchisee litigates, contests or commences proceedings against Franchisor with respect to termination of the Agreement or the Purchase Price (or any matter to such purchase and sale transaction), and does not prevail, the amount of the Purchase Price will be reduced by the amount of all of Franchisor's attorneys' fees, costs and expenses related to the litigation, contest or proceeding.

## 19. RIGHT OF REFUSAL

### 19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a bona fide, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

### 19.2 Franchisor's Right to Purchase

Franchisor shall, for 30 days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor may purchase assets of the Franchised Business at fair market value or can match any offer to purchase any assets of the Franchised Business. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to 60 days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary

representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

### 19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within 30 days, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18. Should the sale fail to close within 120 days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

## 20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in **Attachment 2** as Holders of a Legal or Beneficial Interest, each of whom have executed the Owners Agreement, which is attached hereto as **Attachment 3** with respect to his or her individual obligations under this Agreement, are the sole holders of a legal or beneficial interest (in the stated proportions) of Franchisee.

## 21. RELATIONSHIP AND INDEMNIFICATION

### 21.1 Independent Contractor

Franchisee is and shall be an independent contractor. Franchisee is not an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the Initial Term of this Agreement, any Successor Term, any Interim Period and any extension hereof, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business under a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business.

### 21.2 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, its Affiliates, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, employees, agents, successors and assigns (collectively **"Franchisor Indemnitees"**) from and against all losses, damages, fines, costs, expenses or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, as well as any fees, costs, or liabilities incurred by Franchisor on Franchisee's behalf, including fees and costs incurred by Franchisor to recover amounts due to Franchisee on Franchisee's behalf which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation,

warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any of its Affiliates); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information.

### 21.3 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

## 22. GENERAL CONDITIONS AND PROVISIONS

### 22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

### 22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, without having to post bond in excess of $1,000.

### 22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be

deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by email, facsimile or other reasonably reliable electronic communication system; (c) two business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on **Attachment 1** of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

InXpress, LLC
Attention: Manager
75 W. Towne Ridge Parkway, Suite 201
Sandy, Utah 84070

**22.4 Cost of Enforcement or Defense**

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding. You must also reimburse us for our costs, including reasonable accounting and attorneys' fees, that we otherwise incur as a result of any breach or termination of this Agreement.

**22.5 Owners Agreement**

All holders of a legal or beneficial interest in Franchisee of ten percent (10%) or greater shall be required to execute, as of the date of this Agreement, the Owners Agreement attached as **Attachment 3,** through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

**22.6 Approvals**

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor and, except as otherwise provided in this Agreement, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties nor guarantees and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

**22.7 Entire Agreement**

This Agreement, its exhibits and the documents referred to in this Agreement shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's InXpress Franchise Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied in this Agreement, which are of any force or effect with respect to the matters in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this or any related agreement,

however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

### 22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision in this Agreement is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

### 22.9 Construction

All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

### 22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the Initial Term of this Agreement.

### 22.11 Timing

Time is of the essence; except as in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

### 22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any of its Affiliates. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to

Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

### 22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

### 22.14 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

### 22.15 Electronic Signatures

The parties agree that an electronically-stored, fully executed Agreement with scanned signatures shall be deemed to be just as valid as an Agreement with original signatures for all purposes.

### 22.16 Authority

If Franchisee is a business entity and not an individual, Franchisee represents and warrants that the execution of this Agreement by the individual whose signature is set forth at the end of this Agreement and the delivery of this Agreement by Franchisee have been duly authorized by all necessary action on the part of Franchisee;

## 23. DISPUTE RESOLUTION

### 23.1 Choice of Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Utah (without reference to its conflict of laws principles), subject to any contrary provision contained in the State-Specific Addendum.

### 23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Salt Lake County, Utah. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

### 23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained in this Agreement shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

### 23.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

### 23.5 Limitation of 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 accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fee payments.

### 23.6 Waiver of Jury Trial

Franchisee and Franchisor each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

### 23.7 Mediation and Arbitration

Except as specifically provided in this Agreement, all claims or disputes between the parties arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, shall be submitted first to mediation prior to a hearing in binding arbitration or a trial court proceeding. Such mediation shall take place in Salt Lake City in accordance with the Commercial Mediation Rules of the American Arbitration Association then in effect. Franchisee may not commence any action against us with respect to any such claim or dispute in any court or arbitration hearing unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator's fees. We reserve the right to specifically enforce our right to mediation. Prior to mediation, and before commencing any legal action against us with respect to any such claim or dispute, you must submit a notice to us, which specifies in detail, the precise nature and grounds of such claim or dispute.

This Agreement evidences a transaction involving commerce and, therefore, the Federal

Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained in this Agreement. Except for controversies or claims relating to the use, ownership or infringement of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information, covenants against competition, money due on contracts, including without limitation this Agreement, or claims arising from or related to termination of this Agreement for violations of health or safety regulations, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Salt Lake County, Utah, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The parties agree any dispute relating to the conscionability of this arbitration provision will be decided by the arbitrator. The proceedings will be held by a single arbitrator agreed upon by the parties or otherwise appointed pursuant to the American Arbitration Association's selection policies. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and 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.

The prevailing party to any arbitration or other litigation shall be entitled to reimbursement from the other party of all fees, costs and expenses (including out-of-pocket attorney's fees).

**24. <u>ACKNOWLEDGMENTS</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.**

**24.1 <u>Receipt of this Agreement and the Franchise Disclosure Document</u>**

FRANCHISEE REPRESENTS AND ACKNOWLEDGES THAT IT HAS RECEIVED A COMPLETE COPY OF THIS AGREEMENT WITH ALL BLANKS FILLED IN AND ITS ATTACHMENTS AT LEAST SEVEN DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED. FRANCHISEE FURTHER REPRESENTS AND ACKNOWLEDGES THAT IT HAS RECEIVED, AT LEAST 14 CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED, THE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION E.

**INITIAL**_____ **DATE**_____

**24.2 <u>True and Accurate Information</u>**

FRANCHISEE REPRESENTS THAT ALL INFORMATION IN ANY AND ALL APPLICATIONS, FINANCIAL STATEMENTS AND SUBMISSIONS TO FRANCHISOR IS TRUE, COMPLETE AND ACCURATE IN ALL RESPECTS.

**INITIAL** _____ **DATE** _____

**24.3 No Violation of Other Agreements**

FRANCHISEE REPRESENTS THAT ITS EXECUTION OF THIS AGREEMENT WILL NOT VIOLATE ANY OTHER AGREEMENT OR COMMITMENT TO WHICH FRANCHISEE OR ANY HOLDER OF A LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE IS A PARTY.

**INITIAL** _____ **DATE** _____

[*Signature page follows*]

IN WITNESS WHEREOF, the parties to this Agreement, intending to be legally bound hereby have duly executed this Agreement, effective as of the Effective Date.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| **InXpress, LLC**<br>a Utah limited liability company | _____ |
| By: _____ | By: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**ATTACHMENT 1**

**FRANCHISE DATA SHEET**

1. **Effective Date**. The Effective Date of the Franchise Agreement is:_____, 20___.

2. **Franchisee**. The Franchisee identified in the introductory paragraph of the Franchise Agreement is:_____.

3. **Primary Franchise Market Area**. The Primary Franchise Market Area shall be as follows:

_____.

4. **Location**. The Location of the Franchised Business shall be as follows:_____

_____.

5. **Notice Address**. Franchisee's address for notices as set forth in Section 23.3 of the Franchise Agreement shall be as follows:

Attn: _____

_____

_____

_____

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| **InXpress, LLC**<br>a Utah limited liability company | _____ |
| By: _____ | By: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**ATTACHMENT 2**

**HOLDERS OF LEGAL OR BENEFICIAL INTEREST TO THE FRANCHISE AGREEMENT**

**Franchisee:** _____

**Form of Ownership (Check One)**

**___Individual _____ Partnership _____Corporation _____Limited Liability Company**

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

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

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

State and Date of Formation: _____

Management (managers, officers, board of directors, etc.):

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

Members, Stockholders, Partners:

| **Name** | **Address** | **Percentage of Stock** |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

***(Signature page follows)***

**FRANCHISEE:**

_____

By: _____

Title: _____

Date: _____

## ATTACHMENT 3

## OWNERS AGREEMENT

As a condition to the execution by InXpress, LLC ("we" or "us"), of a Franchise Agreement (the "Franchise Agreement") with _____ ("Franchisee"), each of the undersigned individuals ("Owners"), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, covenant and agree to be bound by this Owners Agreement ("Owners Agreement").

**1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of_____, 20__ ("Franchise Agreement"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns pursuant to the Franchise Agreement. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

**2. Non-Disclosure and Protection of Confidential Information.**

Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

**3. Covenant Not To Compete.**

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

**4. Guarantee.**

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our Affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our Affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

## 5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee or the Franchise Agreement, unless Owners first comply with the sections in the Franchise Agreement regarding transfers. Owners acknowledge and agree that any attempted transfer of an interest in Franchisee or the Franchise Agreement requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

## 6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

InXpress, LLC
75 W. Towne Ridge Parkway, Suite 201
Sandy, Utah 84070

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

## 7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

**8. Miscellaneous.**

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any

reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the Effective Date of the Franchise Agreement.

**OWNERS:**

| | |
|---|---|
| _____ | _____ |
| [Insert Name of Owner] | [Insert Name of Owner] |
| Date: _____ | Date: _____ |
| _____ | _____ |
| [Insert Name of Owner] | [Insert Name of Owner] |
| Date: _____ | Date: _____ |
| _____ | _____ |
| [Insert Name of Owner] | [Insert Name of Owner] |
| Date: _____ | Date: _____ |
| _____ | _____ |
| [Insert Name of Owner] | [Insert Name of Owner] |
| Date: _____ | Date: _____ |

InXpress, LLC hereby accepts the agreements of the Owner(s) hereunder.

**INXPRESS, LLC**

By: _____

Title: _____

Date: _____

**ATTACHMENT 4**

**INXPRESS FRANCHISE**

**CODE OF ETHICS**

As a Franchisee and/or Designated Manager sales or office personnel representatives of InXpress or an InXpress Franchisee **("Representative")** you are expected to adhere to this code of ethics **("Code of Ethics"**) in order to maintain the image and integrity of InXpress and InXpress Carriers. All capitalized terms not otherwise defined in this Code of Ethics shall have the meanings in the InXpress Franchise Agreement.

1. Representative will conduct business in a professional and ethical manner. Representatives should present a positive, professional business image to all customers and prospects. All dealings with current and prospective customers will be conducted honestly and openly and with the highest standard of ethics.

2. Representative will fairly and accurately represent themselves as agents/employees of Franchisee and will not imply that they are employed by InXpress, any InXpress Carrier or any other carrier.

3. Representative will abide by InXpress' and InXpress Carrier's account set up requirements.

4. Representative will not knowingly approach an active InXpress or InXpress Carrier customer as defined by InXpress and the InXpress Carrier (an "**Active Customer**"). Representatives won't attempt to set up an active InXpress or InXpress Carrier customer without first seeking the permission, and gaining approval, of InXpress and the InXpress Carrier.

5. Representative will refrain from setting up InXpress Carrier accounts under a different name or using a name variation to avoid detection.

6. Representative will not offer rates to an Active Customer unless and until permission is granted by the current holder of that Active Customer.

7. Representative will not make disparaging remarks to a customer or prospective customer about another carrier, InXpress Franchisee, or selling party.

8. Representative will develop an understanding of the products and operations of InXpress and InXpress Carriers to accurately present information to prospects and customers. Under no circumstances should Representative over commit the services or obligations of the InXpress Carriers.

9. Representative will develop a working partnership with the local sales and service team from the InXpress Carriers located in their Primary Marketing Area. Representatives should make reasonable efforts to meet and work with the local carrier sales representatives and management.

10. Representative will only solicit business from companies using competing carriers, with no pre-existing relationship to InXpress or InXpress Carriers. In the event that Representatives comes in contact with a business that is already using InXpress or an InXpress Carrier, the Representatives may turn the visit into a service call. All inquiries or requests from such visits will be promptly referred to local carrier personnel.

11. Representative agrees to secure a prospective customer's explicit permission to sign up for a customer account number with InXpress. Under no circumstances should a list of customers be automatically or pre-enrolled for account numbers without direct authorization from each of the customers.

12. Representative agrees to adhere to InXpress' advertising, promotional and brand identity guidelines. Permission from Carriers and InXpress must be obtained in advance before creating or using any published material incorporating the InXpress or Carrier's logo, or name used for mass publication or distribution.

13. Representative agrees to make reasonable and responsible requests for account setups, waybills and packaging supplies.

REPRESENTATIVE:

Signature:_____

Printed Name:_____

Date:_____

# EXHIBIT B

## FINANCIAL STATEMENTS

# UNAUDITED FINANCIAL STATEMENTS AS OF FEBRUARY 28, 2025

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

10619 S. Jordan GTWY STE 110
South Jordan, Utah 84095
info@inxpress.com
**inxpress.com**

**InXpress Balance Sheet as of February 28th, 2025**

| | |
|---|---|
| Assets | |
| Current assets | |
| Cash and cash equivalents | 542,153 |
| Cash accounts held in trust | 1,154,625 |
| Accounts receivable | 6,948,368 |
| Due from affiliates and franchisees | 7,065,048 |
| Prepaid Expenses | 223,505 |
| **Total current assets** | **15,933,698** |
| | |
| Furniture, fixtures, software, and equipment, net | 237,103 |
| Prepaid contract costs | 373,620 |
| Due from affiliate | - |
| Right-of-use assets, net | - |
| Deposits | 75,500 |
| **Total Assets** | **16,619,921** |
| | |
| Liabilities and member's equity | |
| Current liabilities | |
| Accounts payable | 11,656,700 |
| Accrued expenses | 1,101,112 |
| Unearned franchise revenue | 57,474 |
| **Total current liabilities** | **12,815,286** |
| | |
| Deferred income taxes | 24,000 |
| Operating lease liabilities | 186,296 |
| **Total liabilities** | **13,025,582** |
| | |
| Member's equity | 3,594,339 |
| **Total Liabilities and member's equity** | **16,619,921** |

**InXpress Income Statement as of February 28th, 2025**

| | |
|---|---|
| Revenues | |
| Franchise Sales | 81,000 |
| Franchisee's fees | 2,183,763 |
| **Total Revenue** | **2,264,763** |
| | |
| Direct expenses | 188,089 |
| **Gross profit** | **2,076,675** |
| | |
| Expenses | |
| G & A | 1,648,819 |
| Member management fee | 606,253 |
| Depreciation | 4,862 |
| **Total Expenses** | **2,259,934** |
| | |
| **Operating Income (loss)** | **(183,259)** |
| | |
| Other Income (expense) | |
| Interest Income | - |
| Interest expense | (410) |
| Other expense | - |
| **Total Other income** | **(410)** |
| | |
| Income (loss) before incoem tax | (183,669) |
| Income tax expense (benefit) | - |
| **Net income (loss)** | **(183,669)** |

# AUDITOR'S CONSENT

wsrp

## AUDITORS' CONSENT

WSRP, LLC hereby consents to the use in the Franchise Disclosure Document issued by InXpress, LLC (the "Franchisor") on April 11, 2025, as it may be amended, of our report dated April 10, 2025, relating to the financial statements of the Franchisor as of and for the years ended December 31, 2024, December 31, 2023, and December 31, 2022.

WSRP, LLC

WSRP, LLC
Salt Lake City, Utah
April 11, 2025

www.WSRP.com
SALT LAKE CITY, UT | 155 NORTH 400 WEST STE 400, SLC, UT 84103 | PHN 801.328.2011 FAX 801.328.2015
OGDEN, UT | 4605 SOUTH HARRISON BLVD STE 201, OGDEN, UT 84403 | PHN 801.328.2011 FAX 801.689.2303
info@wsrp.com

# AUDITED FINANCIAL STATEMENTS

# InXpress, LLC

## Financial Statements
## As of and for the Years Ended December 31, 2024, 2023 and 2022

# Contents


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wsrp
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

**To the Member**
**InXpress, LLC**
**South Jordan, Utah**

### Opinion

We have audited the financial statements of InXpress, LLC (a Utah limited liability company), which comprise the balance sheets as of December 31, 2024, 2023, and 2022 and the related statements of operations and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditors' Responsibility 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 auditors' 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

www.WSRP.com
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OGDEN, UT | 4605 SOUTH HARRISON BLVD STE 201, OGDEN, UT 84403 | PHN 801.328.2011 FAX 801.689.2303
info@wsrp.com

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

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

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

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

WSRP, LLC

Salt Lake City, Utah
April 10, 2025

wsrp

## InXpress, LLC
## Balance Sheets

| | December 31, 2024 | 2023 | 2022 |
|---|---|---|---|
| **Assets:** | | | |
| Current assets | | | |
| Cash and cash equivalents | $ 1,498,613 | $ 825,131 | $ 753,710 |
| Cash accounts held in trust | 480,186 | 1,228,964 | 1,847,504 |
| Accounts receivable | 7,486,373 | 6,323,342 | 7,580,090 |
| Due from affiliates and franchisees | - | - | 214,111 |
| Prepaid expenses | 167,572 | 75,285 | 580,824 |
| Total current assets | 9,632,744 | 8,452,722 | 10,976,239 |
| Furniture, fixtures, software and equipment, net | 72,720 | 102,757 | 133,385 |
| Prepaid contracts costs | 383,266 | 541,043 | 697,860 |
| Due from affiliate | 6,671,898 | 5,562,846 | 5,064,467 |
| Right-of-use assets, net | 202,467 | 438,963 | 657,915 |
| Deposits | 79,781 | 75,500 | 75,500 |
| Total assets | $ 17,042,876 | $ 15,173,831 | $ 17,605,366 |
| **Liabilities and member's equity:** | | | |
| Current liabilities | | | |
| Accounts payable | $ 10,091,469 | $ 8,339,678 | $ 8,327,641 |
| Accrued expenses | 1,062,706 | 1,194,751 | 360,465 |
| Current portion of operating lease liabilities | 213,719 | 242,472 | 232,190 |
| Unearned franchise revenue | 109,202 | 163,684 | 57,500 |
| Total current liabilities | 11,477,096 | 9,940,585 | 8,977,796 |
| Deferred income taxes | 114,900 | 24,000 | 206,800 |
| Operating lease liabilities | 1,830 | 218,836 | 452,307 |
| Due to affiliate | 2,457,696 | 4,178,727 | 7,108,744 |
| Total liabilities | 14,051,522 | 14,362,148 | 16,745,647 |
| Member's equity | 2,991,354 | 811,683 | 859,719 |
| Total liabilities and member's equity | $ 17,042,876 | $ 15,173,831 | $ 17,605,366 |

The accompanying notes are an integral part of the financial statements.

## InXpress, LLC
## Statements of Operations and Member's Equity

| | Year ended December 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| **Revenues:** | | | |
| Franchise sales | $ 324,500 | $ 472,501 | $ 472,000 |
| Retail sales | 50,778 | 95,802 | 105,962 |
| Franchisees' customer collection fees | 13,064,335 | 13,436,016 | 13,785,860 |
| Total revenue | 13,439,613 | 14,004,319 | 14,363,822 |
| Direct expenses | 1,205,152 | 1,839,855 | 1,265,388 |
| Gross profit | 12,234,461 | 12,164,464 | 13,098,434 |
| **Expenses:** | | | |
| General and administrative | 7,879,985 | 10,548,411 | 9,365,990 |
| Member management fees | 1,551,515 | 1,912,308 | 4,079,957 |
| Depreciation | 35,994 | 43,477 | 31,403 |
| Total expenses | 9,467,494 | 12,504,196 | 13,477,350 |
| Operating income (loss) | 2,766,967 | (339,732) | (378,916) |
| **Other income:** | | | |
| Interest income | 31,358 | 5,272 | - |
| Interest expense | (3,245) | (8,212) | (40,382) |
| Other income | 177,240 | 99,502 | 27,753 |
| Other income | 205,353 | 96,562 | (12,629) |
| Income (loss) before income taxes | 2,972,320 | (243,170) | (391,545) |
| Income tax expense (benefit) | 792,649 | (195,134) | 44,259 |
| Net income (loss) | 2,179,671 | (48,036) | (435,804) |
| **Member's equity** | | | |
| Balance - beginning of year | 811,683 | 859,719 | 1,295,523 |
| Balance - end of year | $ 2,991,354 | $ 811,683 | $ 859,719 |

The accompanying notes are an integral part of the financial statements.

## InXpress, LLC
## Statements of Cash Flows

| | Year ended December 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| **Cash flows from operating activities:** | | | |
| Net income (loss) | $ 2,179,671 | $ (48,036) | $ (435,804) |
| **Adjustments to reconcile net income (loss) to net cash flows from operating activities:** | | | |
| Depreciation | 35,994 | 43,477 | 31,403 |
| Amortization of right-of-use assets | 236,496 | 231,751 | 248,960 |
| Deferred income taxes | 90,900 | (182,800) | (42,200) |
| **Changes in operating assets and liabilities:** | | | |
| Accounts receivable | (1,163,031) | 1,256,748 | 3,099,597 |
| Due from affiliates and franchisees | - | 214,111 | 130,011 |
| Prepaid expenses | (92,287) | 505,539 | 256,012 |
| Prepaid contracts costs | 157,777 | 156,817 | 201,039 |
| Deposits | (4,281) | - | 38,500 |
| Accounts payable | 1,751,791 | 12,037 | (4,894,039) |
| Accrued expenses | (132,045) | 834,286 | (92,931) |
| Unearned franchise revenue | (54,482) | 106,184 | (7,500) |
| Operating lease liabilities | (245,759) | (235,988) | (222,378) |
| Due to affiliate | (1,721,031) | (2,930,017) | 3,884,369 |
| Net cash flows from operating activities | 1,039,713 | (35,891) | 2,195,039 |
| **Cash flows from investing activities:** | | | |
| Cash paid for purchases of furniture, fixtures, software and equipment | (5,957) | (12,849) | (104,104) |
| Net cash loaned to affiliate | (1,109,052) | (498,379) | (3,491,065) |
| Net cash flows from investing activities | (1,115,009) | (511,228) | (3,595,169) |
| Net change in cash and cash equivalents | (75,296) | (547,119) | (1,400,130) |
| Cash and cash equivalents at beginning of year | 2,054,095 | 2,601,214 | 4,001,344 |
| Cash and cash equivalents at end of year | $ 1,978,799 | $ 2,054,095 | $ 2,601,214 |

The accompanying notes are an integral part of the financial statements.

## InXpress, LLC
## Statements of Cash Flows

| | Year ended December 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Cash and cash equivalents consist of the following: | | | |
| Cash and cash equivalents | $ 1,498,613 | $ 825,131 | $ 753,710 |
| Cash accounts held in trust | 480,186 | 1,228,964 | 1,847,504 |
| Total cash and cash equivalents | $ 1,978,799 | $ 2,054,095 | $ 2,601,214 |

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Supplemental disclosures:** | | | |
| Cash paid for income taxes | $ 5,996 | $ 12,334 | $ - |
| **Non-cash investing and financing activities:** | | | |
| Right-of-use assets in exchange for operating lease liabilities | $ - | $ 12,799 | $ 884,512 |

The accompanying notes are an integral part of the financial statements.

# InXpress, LLC
# Notes to Financial Statements

**Note 1 – Summary of Significant Accounting Policies**

**Business Activity**
InXpress, LLC (the Company) was organized in the State of Utah on January 16, 2006. The Company shall terminate on January 18, 2105, unless otherwise extended or terminated earlier. The Company sells freight shipping franchises and manages collections from the franchisees' customers and payment of the franchisees' freight bills, for all of which the Company is paid a fee by each franchisee.

**Accounting Principles**
The Company's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP).

**Use of Estimates**
The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates

**Revenue Recognition**
The Company's revenue is derived from sales of its franchises and fees for collections of its franchisees' customer receivables and from the Company's retail program. The Company follows Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers. Revenue is measured based on terms specified in the franchise contracts. The contracts involve two types of revenue, initial franchise fees including renewal and transfer fees, and ongoing fees as a percentage of margin on franchisee sales and third-party fees for the retail program (collection fees). The Company recognizes revenue when it satisfies performance obligations related to revenue types. Initial fees consist of marketing materials and training and are recognized when the Company completes its performance obligation and provides marketing material and initial training of franchisees. Revenue from collection fees is recorded as revenue when the franchisees' customers' shipments are processed thus completing the performance obligation, net of estimated returns and discounts.

Initial franchise fees are contractually non-refundable and are subject to the revenue recognition criteria discussed in the previous paragraph. $50,000 of the initial franchise fees is entirely allocated to training. The marketing materials are delivered simultaneously with or prior to training and thus the initial franchise fee revenue is recognizable upon completion of the training performance obligation. At December 31, 2024, 2023, and 2022, $109,202, $163,684 and $57,500 of franchisee fee revenue had been deferred pending the successful completion of the Company's franchisee training program which is the performance obligation.

The Retail Program is a national endeavor that encompassed the Pack and Ship universe in the United States. Retail accounts are offered to business locations. The Company receives a commission for the program. Revenue is recognized when the underlying shipment occurs.

**Concentrations**
The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of temporary cash equivalents and accounts receivable.

The Company maintains its cash balances at a financial institution. At times such investments may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

As of December 31, 2024, one customer accounted for 16% of the Company's trade accounts receivable. A majority of the Company's business involves shipping services provided by a single freight carrier. Contractual changes in the relationship the Company has with this provider would have a material effect on the financial condition of the Company and its franchisees.

**Cash and Cash Equivalents**
Cash equivalents are generally comprised of certain highly liquid investments with maturities of three months or less at the date of purchase.

**Accounts Receivable**
The Company sells franchises to end users. The franchise fee is paid in a lump sum and is not refundable. The Company acts as a facilitator on behalf of its franchisees. The Company invoices and collects franchisees' customers' receivables, and from those collections pays the corresponding freight bills to the carriers through a trust account. The Company transfers their portion of revenues along with the underlying shipping charges and remits the net amount to the franchisee. If the franchisee's customers fail to pay, the franchisee is responsible for the amounts paid by the Company to the carriers.

The Company may advance funds on behalf of the franchisee to pay carriers before the Company has received payment from the customer. The franchisee's liability under a Receivables and Security Agreement is limited to the sum of all advances the Company has made on behalf of the franchisee and all fees owed under the franchise agreement. Accounts receivable are stated at the amount management expects to collect from outstanding balances at year end. Based on management's assessment of the credit history with customers and the franchisees having outstanding balances and current relationships with them, the Company has concluded that estimated allowance for expected credit losses as of December 31, 2024, 2023 and 2022 is immaterial.

**Prepaid Contract Costs**
The Company's prepaid contract costs consist of incremental costs incurred related to franchise sales which consist of commissions, software fees, and other costs. The Company amortizes these costs over the expected future margin associated with active franchises over the initial five year franchise agreement. Costs associated with inactive or terminated franchises are recognized immediately in the statement of operations and member's equity.

**Furniture, Fixtures, Software and Equipment**
Furniture, fixtures, software and equipment are stated at cost net of accumulated depreciation. Expenditures that increase values or extend useful lives are capitalized and routine maintenance and repairs are charged to expense in the year incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation begins in the month of acquisition or when constructed or developed assets are ready for their intended use. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the assets might not be recoverable. Impairment losses are recognized for the amount by which an asset's carrying value exceeds its future expected undiscounted cash flows. No impairment of long-lived assets occurred during the years ended December 31, 2024, 2023, and 2022.

**Leases**
The Company accounts for leases in accordance with ASC 842, Leases, which sets the principles for the recognition, measurement, presentation and disclosure of leases. Under this standard operating leases are included in right-of-use (ROU) assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities in the balance sheets.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

**Income Taxes**
The Company has elected to be an association taxable as a corporation under the Internal Revenue Code. The Company's activities are included in the consolidated tax return of the Company's sole member. The Company's financial statements recognize the current and deferred income tax consequences that result from the Company's activities pursuant to the provisions of Accounting Standards Codification Topic 740, *Income Taxes* (ASC 740), as if the Company were a separate taxpayer rather than a member of the member's consolidated income tax return. Differences between the Company's separate company income tax provision and cash flows attributable to income taxes pursuant to the provisions of the Company's tax-sharing arrangement with the member may be recognized as capital contributions from, or dividends to, the member or additions or reductions to balances between the Company and the member. Current taxes payable estimated as of December 31, 2024 of $695,753 have been netted against the receivable from the member that is included in the due from affiliate line on the Company's balance sheet. There were no income taxes payable as of December 31, 2023 and 2022.

**Advertising and Promotion**
The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $45,064, $16,659 and $103,667, for the years ended December 31, 2024, 2023 and 2022, respectively.

**Reclassifications**
Certain items in the 2023 and 2022 financial statements have been reclassified for comparability purposes with the 2024 financial statements. These reclassifications had no effect on the previously reported net income or member's equity.

**Subsequent Events**
Management of the Company has evaluated subsequent events through April 10, 2025, which is also the date the financial statements were available to be issued. No subsequent events were noted during this evaluation that required recognition or disclosure in these financial statements.

**Note 2 – Franchisee Activity**

The Company enters into franchise agreements with initial terms of five years. The Company charges franchisees three types of flat franchise fees: initial, transfer, and renewal. The initial franchise fee is payable prior to the franchise opening as consideration for the initial franchise rights and services performed by the Company. Transfer fees are paid as consideration for the same rights and services as the initial fee and occur when a former franchisee transfers

ownership of the franchise location to a new franchisee. This is a reduced fee compared to the initial franchise fee. The renewal franchise fee is charged to existing franchisees upon renewal of the franchise contract. This fee is similar to, but typically less than the initial fee. Once the franchise is opened, transferred or renewed, the Company has no further obligations under these fees to the franchisee. Therefore, all initial, transfer and renewal franchise fee revenue is recognized in the period in which the franchise is opened, transferred, or renewed. Revenue related to training is recognized after the training has been provided. The Company recognized initial franchise fees, including training, of $324,500, $472,501 and $472,000 for the years ended December 31, 2024, 2023, and 2022, respectively.

The Company only includes in its financial statements its share of revenue from each customer shipment. The Company does not own receivables from franchise customers. Although the Company is primarily responsible for payment of franchisee shipping costs, it has the right to offset franchisee commissions should any deficiencies in franchisee customer payments occur. As of December 31, 2024, 2023, and 2022, total franchisee customer revenues and shipping costs were as follows:

A summary of the franchises activity is as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Franchisee customer sales | $ 104,686,533 | $ 99,759,780 | $ 114,072,082 |
| Franchisee shipping costs | $ 75,936,201 | $ 74,425,946 | $ 86,060,773 |

A summary of the franchises activity are as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Beginning quantity | 77 | 83 | 95 |
| New franchises | 3 | 8 | 10 |
| Terminated | (13) | (8) | (9) |
| Merged | (7) | (6) | (13) |
| Ending quantity | 60 | 77 | 83 |

**Note 3 – Furniture, Fixtures, Software and Equipment**

Furniture, fixtures, software and equipment consist of the following as of December 31:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Cost:** | | | |
| Software | $ 1,690 | $ 1,690 | $ 1,690 |
| Furniture, fixtures and leasehold improvements | 210,817 | 210,817 | 209,797 |
| Office equipment | 101,866 | 95,909 | 84,079 |
| Total cost | 314,373 | 308,416 | 295,566 |
| Less accumulated depreciation | (241,653) | (205,659) | (162,181) |
| Net book value | $ 72,720 | $ 102,757 | $ 133,385 |

Depreciation expense for the years ended December 31, 2024, 2023 and 2022 was $35,994, $43,477 and $31,403, respectively.

**Note 4 – Related Party Transactions**

During 2024, 2023, and 2022, the Company paid for expenses on behalf of InXpress Global, Limited for the benefit of affiliated franchisers. The amount paid totaled $2,510,055, $2,399,902 and $1,812,368, during 2024, 2023, and 2022, respectively. As of December 31, 2024, 2023, and 2022, the Company was owed $6,671,898, $5,562,846 and $5,064,467, respectively, for these costs which were included in due from affiliates.

During 2024, 2023, and 2022, the Company incurred management fees of $1,551,515, $1,912,308 and $4,079,957, respectively, for services rendered by InXpress Global Limited. During 2024, 2023, and 2022, the Company paid $2,225,513, $4,238,888 and $1,052,195, of these fees, respectively. During 2024, 2023, and 2022, the Company accrued overhead allocation income from InXpress Global Limited in the amount of $2,510,055, $2,399,902 and $1,812,368, respectively, which reduced the amount owed at year end. The remaining unpaid fees are included in due to affiliate.

As of December 31, 2024, 2023, and 2022, amounts owed to InXpress Global Limited and included in due to affiliate were $2,457,696, $4,178,727 and $7,108,744, respectively.

**Note 5 – Leases**

The Company leases office space and a vehicle under operating leases that contain renewal options and escalation clauses. The Company assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to 2 years or more. The exercise of lease renewal options is at the Company's sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The Company intends to relocate to new office premises upon the expiration of its current lease on October 31, 2025 and therefore, the Company entered into a new lease agreement on March 25, 2025, with the lease commencing on April 1, 2025.

The following summarizes the line items in the balance sheets which include amounts for operating leases as of December 31:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Right-of-use assets, net | $ 202,467 | $ 438,963 | $ 657,915 |
| Current portion of operating lease liabilities | $ 213,719 | $ 242,472 | $ 232,190 |
| Operating lease liabilities | 1,830 | 218,836 | 452,307 |
| Total lease liabilities | $ 215,549 | $ 461,308 | $ 684,497 |

Because the Company generally does not have access to the rate implicit in the leases, the Company utilizes the risk free rate as published by the U.S. treasury at lease commencement for the periods remaining on the leases.

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Weighted average remaining lease term: | | | |
| Operating leases | 1.03 Years | 2.06 Years | 2.83 Years |
| Weighted average discount rate: | | | |
| Operating leases | 2.20% | 2.20% | 1.26% |

The future payments of operating lease liabilities as of December 31, 2024 were as follows:

| | |
|---|---|
| 2025 | $ 214,860 |
| 2026 | 2,142 |
| 2027 | - |
| 2027 | - |
| 2028 | - |
| Thereafter | - |
| Total minimum lease payments | 217,002 |
| Less amount representing interest | (1,453) |
| Present value of lease liabilities | $ 215,549 |

The following summarizes cash flow information related to leases for the year ended December 31:

| Cash paid for amounts included in the measurement of lease liabilities: | 2024 | 2023 | 2022 |
|---|---|---|---|
| Operating cash flows from operating leases | $ 250,286 | $ 241,485 | $ 232,243 |

Total lease expense for the years ended December 31, 2024, 2023 and 2022 totaled $240,840, $240,840 and $236,462, respectively.

**Subleases**

In 2022, the Company entered into sublease agreements for its leased office space. These subleases are accounted for in accordance with ASC 842, and sublease income is recognized over the term of each sublease. The sublease agreements will expire upon the termination of the current lease on October 31, 2025.

Sublease income for the years ended December 31, 2024, 2023, and 2022 was $124,355, $99,558, and $27,792, respectively. The sublease arrangements are classified as operating leases and are recorded in other income in the Statements of Operations and Member's Equity. The Company expects to collect $97,988 in sublease income during 2025.

## InXpress, LLC
## Notes to Financial Statements

**Note 6 – Income Taxes**

The components of income tax expense (benefit) attributable to continuing operations are as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Current income tax expense (benefit) | $ 701,749 | $ (12,334) | $ 2,059 |
| Deferred income taxes | 90,900 | (182,800) | 42,200 |
| | $ 792,649 | $ (195,134) | $ 44,259 |

The deferred income tax assets and (liabilities) in the accompanying balance sheets include the following:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Deferred income tax assets: | | | |
| Fringe benefits | $ - | $ - | $ 10,000 |
| Depreciation | 1,600 | - | - |
| Interest expense disallowed | 12,900 | 12,100 | - |
| Net operating loss carry forward | - | 112,600 | - |
| Contributions disallowed | - | 1,600 | - |
| | 14,500 | 126,300 | 10,000 |
| Deferred income tax liabilities: | | | |
| Prepaid expenses | (6,200) | (8,000) | (23,400) |
| Prepaid contract costs | (120,900) | (135,000) | (174,100) |
| Depreciation differences | - | (6,300) | (19,300) |
| Leases | (2,300) | (1,000) | - |
| Total deferred tax liabilities | (129,400) | (150,300) | (216,800) |
| Net deferred tax liabilities | $ (114,900) | $ (24,000) | $ (206,800) |

The income tax rate differs from the statutory federal income tax rate primarily due to non-deductible expenses and state income taxes.

# EXHIBIT C

## LIST OF CURRENT AND FORMER FRANCHISEES

## Current Franchisees as of December 31, 2024:

| Franchise Number | Last Name | First Name | Entity Name | Address | City | State | Zip Code | Phone | Email |
|---|---|---|---|---|---|---|---|---|---|
| 345 | Meola | Ryan | Leviana Logistics, LLC | 900 SE 5th ST, Suite 22 PMB 1025 | Bentonville | AR | 72712 | 315-525-9433 | Ryan.meola@inxpress.com |
| 334 | Pearson | Glenn | Bear State Logistics, LLC | 4 Norfork Cove | Maumelle | AR | 72113 | 501-616-9545 | Glenn.pearson@inxpress.com |
| 352 | Hoit | Courtney | Hoit Shipping, LLC | 10147 W. Lawrence LN. | Peoria | AZ | 85345 | 815-245-7424 | Courtney.hoit@inxpress.com |
| 146 | Graham | Lynn & Robin | LNR Shipping Solutions, Inc. | 27447 N. 39th Ave. | Phoenix | AZ | 85083 | 786-780-2065 | lynn.graham@inxpress.com |
| 162* | Waller & Bouet | Blake & Kelly | Waller Projects, LLC | 9551 E. Redfield Dr., Unit 1042 | Scottsdale | AZ | 85260 | 515-418-1170 | blake.waller@inxpress.com |
| 219* | Waller | Blake | | 8308 E. Voltaire Ave. | Scottsdale | AZ | 85260 | 515-418-1170 | Blake.waller@inxpress.com |
| 353 | Cazan | Bryan | Cazan Logistics | 30303 Olympic street | Castaic | CA | 91384 | 661-755-7808 | |
| 349 | Berluti | Nick | InXpress SF 1, LLC | 10000 Washington Blvd | Culver City | CA | 90232 | 781-864-1016 | Nick.berluti@inxpress.com |
| 109 | Lyon | Mark | Lyon Ventures, LLC | 10202 Noel St. | Cypress | CA | 90630 | 281-558-4200, ext. 102 | mark.lyon@inxpress.com |
| 319 | Baker /Sisneros | Dave/ Christy | Starr Shipping, Inc. | 901 Dunes St. | Oxnard | CA | 93035 | 805-746-5399 | Dave.baker@inxpress.com |
| 204 | Aquino /Guevara | Wilson/ Jaime | | 3400 Richmond Pkwy. #805 | San Pablo | CA | 94806 | 818-312-5028 | wilson.aquino@inxpress.com |
| 336 | Stillwell | Heidi & Mary | Heidmar Logistics, LLC | 1002 East Street | Santa Barbara | CA | 93103 | 805-570-3285 | heidi.stilwell@inxpress.com |
| 159 | Baglin | Alex | Daytona International Shipping, LLC | 233 Tuscany Chase Dr. | Daytona Beach | FL | 32117 | 877-209-9292 | alex.baglin@inxpress.com |
| 226 | Borges | Amy | Sunlight Logistics, Inc. | 2203 SW 153rd Path | Miami | FL | 33185 | 800-493-1090 | amy.borges@inxpress.com |
| 214 | Wright | Ben & Jay | Wright Consulting Group, LLC | 1355 Crane Crest Way | Orlando | FL | 32828 | 562-254-8727 | ben.wright@inxpress.com |
| 291 | Wise & Bailey | Donna & James | DLW International, LLC | 2667 Stonebrook CT NE | Roswell | GA | 30075 | 470-990-6600 | Donna.wise@inxpress.com |

| Franchise Number | Last Name | First Name | Entity Name | Address | City | State | Zip Code | Phone | Email |
|---|---|---|---|---|---|---|---|---|---|
| 253 | Skarin | Matt | | 4313 Berry Hill Rd. | Cedar Falls | IA | 50613 | 319-493-0972 | matt.skarin@inxpress.com |
| 301 | Wen | Bob | RAW Family Holdings, LLC | 660 Tomaszewski St. | Lemont | IL | 60439 | 708-738-5567 | Bob.wen@inxpress.com |
| 221 | Brandenburg | Bill | Dayton International, Inc. | 323 Grape View Trail | Oswego | IL | 60543 | 331-684-8730 | bill.brandenburg@inxpress.com |
| 324 | Lorkowski | Paul | | 14525 Samoa St. | Fishers | IN | 46038 | 317-696-9180 | Paul.lorkowski@inxpress.com |
| 351 | Barnes | Lee & Lorena | N/A | 10138 Raven Cove Circle | Indianapolis | IN | 46236 | 317-908-2885 | Lee.barnes@inxpress.com |
| 125 | Wardrop | Rob | Zelph Industries, Inc. | 1130 Casson Way | Independence | KY | 41051 | 859-359-5994 | rob.wardrop@inxpress.c om |
| 213 | Konkel | Kathy | K Logistics, Inc. | 4649 Heritage Hills Cir. | Bloomington | MN | 55437 | 312-479-7594 | kathy.konkel@inxpress.com |
| 210 | Argo | Ron | Goar Holdings, Inc. | 17214 Hillcrest Ridge Dr. | Chesterfield | MO | 63005 | 636-812-2415 | ron.argo@inxpress.com |
| 286 | Kidd | Ryan | Kidd Enterprises, LLC | 320 NE Sunderland Ct. | Lees Summit | MO | 64064 | 209-327-2814 | Ryan.kidd@inxpress.com |
| 192 | Rothbard | Seth | Rothbard, LLC | 3140 Mantle Ridge Dr. | Apex | NC | 27502 | 203-220-8391 | seth.rothbard@inxpress.com |
| 355 | Martin | Dave/ | Martin Global Logistics, LLC | 11511 Fox Trot, Dr. | Charlotte | NC | 28269 | 704-789-3173 | dave.martin@inxpress.com |
| 155 | Morrow | Matt | Morrow Innovations, LLC | 196 Lineberger Dr. | Mooresville | NC | 28117 | 980-326-2312 | Matt.morrow@inxpress.com |
| 241 | Daley | Bronson & Sonya | EAD, Inc. | 1020 McIntyre Ridge Road13203 Fairington Oaks Dr. | Pineville Mint Hill | NC | 281342 8227 | 704-492-5982 | sonya.daley@inxpress.com |
| 181 | Bennett | Joe | Bennett Logistics, LLC | 1300 Westmoreland Dr. | Raleigh | NC | 27612 | 919-427-4462 | joe.bennett@inxpress.c om |
| 212 | Davies | Adam | Jar Jen, Inc. | 5 Ledge Rd. | Atkinson | NH | 03811 | 603-548-7151 | adam.davies@inxpress.com |
| 157 | Hebdon | Derk | Obsidian Investments, LLC | 4865 Maiden Ct. | Las Vegas | NV | 89130 | 800-339-2635 | derk.hebdon@inxpress.com |
| 338 | Hirsch | Michael | Zalphco, LLC | 2994 Frankel Blvd. | Merrick | NY | 11566 | 216-469-0642 | michael.hirsch@inxpress.com |

| Franchise Number | Last Name | First Name | Entity Name | Address | City | State | Zip Code | Phone | Email |
|---|---|---|---|---|---|---|---|---|---|
| 306 | Orgel | Abraham | | 1113 Route 17M 204 | Monroe | NY | 10950 | 347-578-5486 | Abraham.orgel@inxpress.com |
| 168 | Gupta | Manav | H&MG United, LLC | 3 Wild Turnpike | Rockhill | NY | 12775 | 800-944-0684 x107 | Manav.gupta@inxpress.com |
| 303 | George | Jake | Parcel Freight 3PL, Inc | 626 6th Street, #8483435 | Niagara Falls | NY | 14301 | 416-356-2636 | jake.george@inxpress.com |
| 350 | Swanson | David | Hamelza, Inc | 3370 Moravian Court | Bethlehem | PA | 18020 | 610-844-4764 | David.swanson@inxpress.com |
| 342 | Eddy | Aaron | Aaron Eddy Enterprises, LLC | 664 Nichols Ct. | Huron | SD | 57350 | 320-232-5637 | aaron.eddy@inxpress.com |
| 307 | Milan/Vijay | Gordhan/ Naik | BXB Logistics LLC | 1327 Ambiance Way | Franklin | TN | 37067 | 615-579-9553 | Milan.gordhan@inxpress.com |
| 308 | Jenkins | Anthony & Jennifer | AJG Logistics, LLC | 707 Main St., Ste. 111 | Nashville | TN | 37206 | 615-400-0102 | Anthony.jenkins@inxpress.com |
| 208 | Catalfamo | Kyle | | 4321 Tambre Blvd. | Austin | TX | 78738 | 818-288-0701 | kyle.catalfamo@inxpress.com |
| 354 | Witcher | Jim | | 730 Shade Tree Drive | Austin | TX | 78748 | 512-566-8629 | jim.witcher@inxpress.com |
| 141 | Comby | Kit & Katwing | | 13914 Panola Pointe | Cypress | TX | 77429 | 713-725-7736 | kit.comby@inxpress.com |
| 287 | Fernandez | Carlos | Global Dallas Logistrics, LLC | 1482 Noel Rd Apt. 8302 | Dallas | TX | 75254 | 469-536-7655 | Carlos.fernandez@inxpress.com |
| 131 | Hart | Michael | E2MC Group, Inc. | 19015 Fargo Pass | San Antonio | TX | 78258 | 210-788-8764 | Michael.hart@inxpress.c om |
| 314 | Singh | Harinder | Sadhra Enterprises, Inc. | 9727 Autumn Canyon | San Antonio | TX | 78255 | 210-723-4635 | Satinder.singh@inxpress.com |
| 313 | Morton | Daniel | Advance2go, LLC | 1806 Ravenel Ln, | Sugar Land | TX | 77479 | 832-539-7007 | Dan.morton@inxpress.com |
| 267 | Van Dusen | Blake | | 18 S. Main St. Ste. 920 | Temple | TX | 76501 | 254-541-3545 | blake.vandusen@inxpress.com |
| 140 | Chisholm | Steve | Redmond Management, LLC | 1930 Longview Dr. | Holladay | UT | 84124 | 801-652-9685 | steve.chisholm@inxpress.com |
| 147* | Morris & Phillips | Tom & Chris | Superior Shipping, LLC | 1338 Red Oak Circle | Provo | UT | 84604 | 801-358-9771 | tom.morris@inxpress.com |

| Franchise Number | Last Name | First Name | Entity Name | Address | City | State | Zip Code | Phone | Email |
|---|---|---|---|---|---|---|---|---|---|
| 242 | Foote | Debbie | Swift Logistics, LLC | 992 Larkspur Rd. | St. George | UT | 84790 | 435-218-9001 | debbie.foote@inxpress.com |
| 276 | Desi | Tucker | The Carli Group, LLC | 1109 E. Birken St. | Washington | UT | 84780 | 425-264-5856 | desi.tucker@inxpress.com |
| 341 | Brockbank | Brandon | Brockbank Global, LLC | 4832 S. Switchpoint Dr. | Washington | UT | 84780 | 801-673-6870 | brandon.brockbank@inxpress.com |
| 263 | Norman | Joanne | MJN, LLC | 95 Factory Mill Rd. | Bumpass | VA | 23024 | 804-389-7151 | joanne.norman@inxpress.com |
| 150 | Henderson | Derek & Meg | Henderson Group, LLC | 3717 47th Ave. NE | Tacoma | WA | 98422 | 253-226-4994 | derek.henderson@inxpress.com |
| 230 | Hyson | Steve | Hyse Industries, Inc. | 9617 NE 136th Ave. | Vancouver | WA | 98682 | 360-891-4585 | steve.hyson@inxpress.com |
| 172* | Zernov | Brad & Kelly | Zerco, LLC | 505 Scheuerell Ln. | Sun Prairie | WI | 53590 | 608-212-1275 | brad.zernov@inxpress.com |
| 186* | Zernov Pagac | Brad & David | Brave Express, LLC | N73 W26799 Thousand Oaks Dr. | Sussex | WI | 53089 | 608-212-1275 | david.pagac@inxpress.com |
| 237 | Kornfeld | Seth | Discount Shipping Solutions, LLC | 3822 Veazey St. NW | Washington | DC | 20016 | 202-450-2232 | seth.kornfeld@inxpress.com |

*Multi-unit franchise

**Franchisees with Unopened Outlets as of the Issuance Date:**

| Franchise Number | Last Name | First Name | Entity Name | Address | City | State | Zip Code | Phone | Email |
|---|---|---|---|---|---|---|---|---|---|
| 357 | Kiser | Adam | Mark Rule | 19015 Goldenwest Street, #106-310 | Huntington Beach | CA | 92648 | +1 (714) 396-3561 | |

There are no franchisees who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

**Former Franchisees:**

The name and last known address of every franchisee who had an InXpress Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2024 to December 31, 2024, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are

listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

| Franchise Number | Last Name | First Name | Entity Name | Address | City | State | Zip Code | Phone |
|---|---|---|---|---|---|---|---|---|
| 344* | Diegle | Brandon | | 6937 Gallery Way | Sacramento | CA | 95831 | 916-276-1568 |
| 325* | Sharma | Abhay & Yogita | | 4411 Caminito Sana Unit 2 | San Diego | CA | 92122 | 858-337-6609 |
| 305 | Rios-Ortega | Jorge | Ultimate Logistics Solutions, LLC | 9065 Aldersgate Ct. | Colorado Springs | CO | 80920 | 804-721-8132 |
| 235* | Escobedo | Anthony | | 118 W. 3rd St. | Pueblo | CO | 81003 | |
| 277* | Escobedo | Anthony | Mandalorian Industries, LLC | 118 W. 3rd St. | Pueblo | CO | 81003 | 239-298-0630 |
| 153 | Battreall | Cathy | Keys Property Management | 105 Club Forest Ln. | Ponte Vedra | FL | 32082 | 305-522-2525 |
| 282 | Beck | Matt | Premier Shipping & Freight Inc. | 2421 E. Tybalt Dr. | Meridan | ID | 83642 | 208-855-5018 |
| 300 | Mathews | Arun | Hebron Logistics, LLC | 75 Executive Dr, Ste. 641 | Aurora | IL | 60564 | 630-200-7310 |
| 346* | Zeno | Lawrence | | 940 W. Winona, Apt. 808 | Chicago | IL | 60640 | 630-415-9390 |
| 347* | Steadman & Clark | Maraya & Reginald | GLX Investments, LLC | 7800 Augusta St. | River Forest | IL | 60305 | 780-670-1717 |
| 349 | Berluti | Nick | Bolt Logistics, LLC | 437 Gallivan Blvd. | Dorchester | MA | 02124 | 781-864-1016 |
| 281* | Barba | Greg | Barba Worldwide Inc. | 520 Bayside Dr. | Stevensville | MD | 21666 | 301-332-4300 |
| 339* | Kemmetmueller | Ashley | | 26435 Hassan Pkwy. | Rogers | MN | 55347 | 612-801-0516 |
| 326* | Franco | Jim & Michelle | | 104 Lakewood Dr. | Asheville | NC | 28803 | 415-720-6722 |
| 144 | Phillips | Chris | Lynco, Inc. | 16 Robin Ln., Suite | Wappingers Falls | NJ | 12590 | 845-632-3007 |
| 303 | Hopkins | Becca | Hopkins Express USA, Inc. | | Albany/ | NY/ | 12207 | 716-800-8085 |
| 249 | Weahterly | Dan | Weatherly Services Inc. | 970 Mistic Lane | Vandalia | OH | 45377 | 937-219-3158 |
| 343 | Lampariello | Bill | EMP Logistics, Inc. | 291 Willow Dell Ln. | Leola | PA | 17540 | 717-719-2913 |
| 348* | Stone | Christy & Zach | Silver Lab Shipping INC | 2003 Lake Forest Dr | Tega Cay | SC | 29708 | 619-865-3994 |
| 331 | Morin | Aaron & Kristal | Morin Family Corporation | 6204 102nd St. | Lubbock | TX | 79424 | 806-500-3272 |
| 315* | Fey | Scott | | 6714 Augusta Pines Pkwy. E | Spring | TX | 77389 | 281-690-9469 |
| 156* | Brockbank | Ken | Champitus, LLC | 9 Gatehouse Ln. | Sandy | UT | 84092 | 503-956-1578 |
| 340* | Bock | Shraddha | | 524 Northeast 112th Street, Apt #3 | Seattle | WA | 98125 | 213-309-2298 |

*Terminated in 2024

# EXHIBIT D

## MANUALS TABLE OF CONTENTS

# OPERATIONS BRAND STANDARDS MANUAL

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Modified September 2023

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# EXHIBIT E

## STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

| STATE | STATE ADMINISTRATOR/AGENT | ADDRESS |
|---|---|---|
| California | Commissioner of Financial Protection and Innovation | 320 West 4th Street, Suite 750<br>Los Angeles, CA 90013-2344<br>(866) 275-2677 |
| Hawaii<br>(State Administrator) | Commissioner of Securities<br>Dept. of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch | 335 Merchant Street<br>Room 203<br>Honolulu, HI 96813<br>(808) 586-2744 |
| Illinois<br>(State Administrator) | Illinois Attorney General | 500 South Second Street<br>Springfield, IL 62701<br>(217) 782-4465 |
| Indiana<br>(State Administrator) | Indiana Securities Commissioner<br>Securities Division | 302 West Washington Street, Room E111<br>Indianapolis, IN 46204<br>(317) 232-6681 |
| Indiana<br>(Agent) | Indiana Secretary of State | 302 West Washington Street, Room E111<br>Indianapolis, IN 46204<br>(317) 232-6681 |
| Maryland<br>(State Administrator) | Office of the Attorney General<br>Division of Securities | 200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6300 |
| Maryland<br>(Agent) | Maryland Securities Commissioner | 200 St. Paul Place 20th Floor<br>Baltimore, MD 21202-2020<br>(410) 576-6360 |
| Michigan | Michigan Attorney General's Office<br>Consumer Protection Division<br>Attn: Franchise Division | Williams Building, 7th Floor<br>525 West Ottawa Street<br>Lansing, MI 48909<br>(517) 335-7622 |
| Minnesota | Commissioner of Commerce<br>Minnesota Department of Commerce | 85 7th Place East, Suite 500<br>St. Paul, MN 55101-2198<br>(651) 539-1600 |
| New York (State Administrator) | NYS Department of Law<br>Investor Protection Bureau | 28 Liberty Street 21st floor<br>New York, NY 10005<br>(212) 416-8222 |
| New York<br>(Agent) | Secretary of State | 99 Washington Avenue<br>Albany, NY 12231 |
| North Dakota | North Dakota Securities | 600 East Boulevard Avenue |

| STATE | STATE ADMINISTRATOR/AGENT | ADDRESS |
|---|---|---|
| (State Administrator) | Department | State Capitol, 14th Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-2910 |
| North Dakota (Agent) | Securities Commissioner | 600 East Boulevard Avenue,<br>State Capitol, 14th Floor<br>Bismarck, ND 58505-0510<br>(701) 328-2910 |
| Rhode Island | Director, Department of Business Regulation, Securities Division | 1511 Pontiac Avenue<br>Building 69-2<br>Cranston, RI 02920<br>(401) 462-9500 |
| South Dakota | Division of Insurance<br>Securities Regulation | 124 South Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-3563 |
| Virginia<br>(State Administrator) | Virginia State Corporation Commission<br>Division of Securities and Retail Franchising | 1300 East Main Street, 9th Floor<br>Richmond, VA 23219-3630<br>(804) 371-9051 |
| Virginia<br>(Agent) | Clerk of the State Corporation Commission | 1300 East Main Street, 1st Floor<br>Richmond, VA 23219-3630 |
| Washington (State Administrator) | Department of Financial Institutions<br>Securities Division | Securities Division<br>Department of Financial Institutions<br>PO Box 41200<br>Olympia, WA 98504-1200 |
| Washington<br>(Agent) | Department of Financial Institutions<br>Securities Division | 150 Israel Road SW<br>Tumwater, WA 98501<br>(877) 746-4334 |
| Wisconsin | Commissioner of Securities | Department of Financial Institutions<br>Division of Securities<br>4822 Madison Yards Way, 4th Floor<br>Madison, WI 53705-9100<br>(608) 261-9555 |

# EXHIBIT F

## CONTRACTS FOR USE WITH THE INXPRESS FRANCHISE

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

# EXHIBIT F-1

## INXPRESS FRANCHISE

## SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is entered into by the undersigned ("you") in favor of InXpress, LLC, a Utah limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

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

*"Copyrights"* means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow InXpress franchisees to use, sell, or display in connection with the marketing and/or operation of an InXpress Business, whether now in existence or created in the future.

*"Franchisee"* means the InXpress franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

*"Intellectual Property"* means, collectively or individually, our Marks, Copyrights, Know-how, Manuals, and System.

*"InXpress Business"* means a business that provides international, airfreight, express truck, and other transportation services offered by domestic and international carrier companies and other related products and services using our Intellectual Property.

*"Know-how"* means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an InXpress Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manuals.

*"Manuals"* means our confidential manuals for the operation of an InXpress Business.

*"Marks"* means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an InXpress Business, including "INXPRESS" and any other trademarks, service marks, or trade names that we designate for use by an InXpress Business. The term "Marks" also includes any distinctive trade dress used to identify an InXpress Business, whether now in existence or hereafter created.

*"System"* means our system for the establishment, development, operation, and management of an InXpress Business, including Know-how, proprietary programs and products, confidential manuals, and operating system.

**2. Background**. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual

Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

**3. Know-How and Intellectual Property: Nondisclosure and Ownership**. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the InXpress Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of InXpress, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

**4. Immediate Family Members**. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

**5. Covenants Reasonable**. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement.

**6. Breach**. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other InXpress franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**7. Miscellaneous**.

a. Although this Agreement is entered into in favor of InXpress, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Utah, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date_____

_____
Signature

_____
Typed or Printed Name

# EXHIBIT F-2

## AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

**Franchisee Information:**

| | |
|---|---|
| Franchisee Name | Business No. |
| Franchisee Mailing Address (street) | Franchisee Phone No. |
| Franchisee Mailing Address (city, state, zip) | |
| Contact Name, Address and Phone number (if different from above) | |
| Franchisee Fax No. | Franchisee Email Address |

**Bank Account Information:**

| | | |
|---|---|---|
| Bank Name | | |
| Bank Mailing Address (street, city, state, zip) | | |
| _____ Bank Account No. | ☐ Checking ☐ Savings (check one) | _____ Bank Routing No. (9 digits) |
| Bank Mailing Address (city, state, zip) | | Bank Phone No. |

**Authorization:**

Franchisee hereby authorizes InXpress, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____

Name: _____

Its: _____

Federal Tax ID Number: _____

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

# EXHIBIT F-3

## INXPRESS FRANCHISE

## SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("**Agreement**") is entered into this__day of [MONTH] 202*, between InXpress, LLC ("**Franchisor**"), _____, ("**Former Franchisee**"), _____ the undersigned owner of Former Franchisee ("**Former Owner**") and _____, ("**New Franchisee**").

## RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____ ("**Former Franchise Agreement**"), a copy of which is attached hereto as Attachment A, in which Franchisor granted Former Franchisee the right to operate an InXpress franchise with a primary franchise market area of _____ ("**Franchised Business**"); and

WHEREAS, Former Franchisee desires to assign ("**Requested Assignment**") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor's current form of franchise agreement together with all exhibits and attachments thereto ("**New Franchise Agreement**"), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor a Transfer Fee equal to $_____ ("**Franchisor's Assignment Fee**").

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee's signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New

Franchise Agreement. Former Franchisee and Former Owner agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement, which is attached to this Agreement as Attachment B.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of an InXpress franchise as stated in Franchisor's Franchise Disclosure Document.

6. Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgements. New Franchisee and Former Franchisee each acknowledge and agree that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee and Former Franchisee also acknowledge and agree that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the Approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee and Former Franchisee each agree that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Former Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Utah.

**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**

**INXPRESS, LLC**

By: _____

**FRANCHISEE:**

**[ENTITY NAME]**

By: _____
[NAME], [TITLE]

By: _____
[NAME], [TITLE]

**FORMER OWNERS:**

By: _____
[NAME]

By: _____
[NAME]

**NEW FRANCHISEE:**

**[ENTITY NAME]**

By: _____
[NAME], [TITLE]

By: _____
[NAME], [TITLE]

# ATTACHMENT A

**(Former Franchise Agreement included under separate cover)**

## ATTACHMENT B

## WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of this [DAY] of [MONTH] 202* between [ENTITY NAME] ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of InXpress, LLC ("Franchisor," and together with Releasor, the "Parties").

**WHEREAS,** Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate an InXpress business;

**WHEREAS,** Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, and Franchisor has consented to such transfer; and

**WHEREAS,** as a condition to Franchisor's consent to the transfer, Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE,** in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim. [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.]

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released

Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Utah.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

***(Signatures on following page)***

**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

**[ENTITY NAME]**

By: _____
[NAME], [TITLE]

By: _____
[NAME], [TITLE]

**FRANCHISE OWNERS:**

By: _____
[NAME], individually

By: _____
[NAME], individually

# EXHIBIT F-4

## INXPRESS FRANCHISE

## *SOFTWARE LICENSE AGREEMENT*

This Software License Agreement ("**License Agreement**") is entered into between InXpress, LLC ("**Franchisor**") and _____ ("**Franchisee**") pursuant to a Franchise Agreement dated _____, 20__ ("**Franchise Agreement**") under which the Franchisee will operate an InXpress® business ("**Business**") at _____.

1. The Franchisor grants to the Franchisee a nonexclusive, nonassignable license to use the computer programs, in object code form listed in the schedule to this License Agreement ("**Software**"). The schedule may be updated from time to time by the Franchisor to include enhancements, upgrades or replacements ("**Enhancements**") to the Software, which the Franchisor will make available to the Franchisee from time to time at a cost determined by the Franchisor.

2. The Franchisee shall use the Software only in the operation of the Business at the location indicated above. The Franchisee may not modify, copy or reproduce in any form any part of the Software without the prior written consent of the Franchisor, and in such event solely to the extent required for use of the Software in the operation of the Business. The Franchisee shall not make available the Software, the user and operating manuals thereto, or any copy thereof to any party except as described below in Paragraph 4. The Franchisee shall not reverse assemble, reverse compile or otherwise recreate the Software.

3. All copies of the Software, including any produced by the Franchisee with the Franchisor's consent, are and shall be the sole and exclusive property of the Franchisor or authorized third parties during and after the term of this License Agreement. The Franchisee acknowledges and agrees that the Franchisor may secure all or any part of the Software from third parties. The Franchisee agrees to execute and deliver to the Franchisor any further contracts, agreements or other documents required by the Franchisor in order to secure its compliance with any agreement with such other parties.

4. The Franchisee understands and acknowledges that the Software contains the Franchisor's trade secrets and agrees, during the term of this License Agreement and thereafter, not to communicate, divulge or use the Software other than in the operation of the Business by the Franchisee and its employees. The Franchisee shall divulge and allow access to the Software only to its employees who must have access to it in connection with their employment in the Business. At the Franchisor's request, the Franchisee shall require and obtain execution of covenants concerning the confidentiality of the Software from any persons employed by the Franchisee who have access to the Software. These covenants shall be in a form substantially similar to the confidential covenants contained in the Franchise Agreement.

5. The Franchisee shall exercise reasonable precautions, no less rigorous than those the Franchisee uses to protect its own confidential information, to protect the confidentiality of the Software and the user and operating manuals thereto, which precautions shall include, at a minimum, giving instructions to the Franchisee's employees who will have access to the Software and the user and operating manuals thereto that the same are proprietary to, and the trade secrets of, the Franchisor or such third parties. The Franchisee shall not remove or alter any designations that the Franchisor

or such third parties have included in the Software and the user and operating manuals thereto that indicate such material is the proprietary property of the Franchisor or such third parties.

6. The Franchisee agrees to notify the Franchisor immediately of the existence of any unauthorized knowledge, possession or use of any part of the Software.

7. The Franchisee acknowledges and agrees that the Software and user and operating manuals thereto are the valuable property and trade secrets of the Franchisor or other authorized parties, that any violation by the Franchisee of the provisions of this License Agreement would cause the Franchisor or such other parties irreparable injury for which they would have no adequate remedy at law, and that, in addition to any other remedies which the Franchisor may have, it shall be entitled to preliminary and other injunctive relief against any such violation.

8. The term of this License Agreement shall be co-extensive with the term of the Franchise Agreement, including any renewal or successor term of the Franchise Agreement.

9. Expiration or termination of the Franchise Agreement for whatever reason shall automatically terminate this License Agreement and the right granted by it to use the Software, without notice to the Franchisee. If the Franchisor's license to any of the Software secured from third parties should terminate, then this License Agreement shall automatically terminate as to such Software and the Franchisee shall comply with the provisions of Section 10 in connection with such Software. In addition, the Franchisor may terminate this License Agreement upon the failure by the Franchisee to comply with any of the terms and conditions herein, by giving the Franchisee written notice of termination stating the nature of the breach at least 30 days prior to the effective date of termination; provided that the Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to the Franchisor's satisfaction within the 30-day period and by promptly providing proof thereof to the Franchisor. If any such default is not cured within that time, or such longer period as applicable law may require, this License Agreement shall terminate without further notice to the Franchisee effective immediately upon expiration of the 30-day period or such longer period as applicable law may require.

10. Upon the expiration or termination of this License Agreement or upon the expiration or termination of the Franchise Agreement, whichever shall occur earlier, the Franchisee shall immediately deliver to the Franchisor all copies of the Software then in the Franchisee's possession or control and delete the Software from the Franchisee's computer system, and shall immediately cease to use the Software.

11. The Franchisor will replace without charge any copies of the Software provided under this License that have defects in materials and workmanship that are not caused by the Franchisee's misuse or unauthorized modification of the Software. This replacement shall be the Franchisee's sole and exclusive remedy as to the Software.

12. EXCEPT FOR THE LIMITED WARRANTY DESCRIBED ABOVE, THERE ARE NO WARRANTIES GRANTED TO THE FRANCHISEE OR ANY OTHER PERSON OR ENTITY FOR THE SOFTWARE, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; ALL SUCH WARRANTIES ARE EXPRESSLY AND SPECIFICALLY DISCLAIMED.

13. THE FRANCHISEE IS SOLELY RESPONSIBLE FOR DETERMINING ITS DESIRED RESULTS FROM THE USE OF THE SOFTWARE, FOR EVALUATING THE SOFTWARE'S CAPABILITIES AND FOR SUCCESSFULLY OPERATING THE SOFTWARE. IN NO EVENT SHALL THE FRANCHISOR BE RESPONSIBLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES, OR FOR LOST DATA OR LOST PROFITS TO THE FRANCHISEE OR ANY OTHER PERSON OR ENTITY, WHETHER OR NOT DUE TO THE FRANCHISOR'S NEGLIGENCE, ARISING OUT OF THE USE OR INABILITY TO USE THE SOFTWARE, EVEN IF THE FRANCHISOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE OCCURRING. IN THE EVENT THAT ANY OTHER TERM OF THIS LICENSE AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISION OF WAIVER BY AGREEMENT OF DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OR FOR LOST DATA OR LOST PROFITS SHALL CONTINUE IN FULL FORCE AND EFFECT.

14. THIS LICENSE AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF UTAH, EXCEPT FOR UTAH CONFLICTS OF LAW PRINCIPLES.

15. If any provision of this License Agreement is declared to be void or unenforceable by a court of competent jurisdiction, such declaration shall have no effect on the other terms of this License Agreement, which will remain in effect and fully enforceable.

16. The Franchisee agrees to pay any sales, use, ad valorem, personal property and general intangibles tax and any registration fees arising out of this License Agreement and the transactions contemplated herein, except for any taxes imposed upon the gross income of the Franchisor.

17. The Franchisee may not sell, lease, assign, sublicense or otherwise transfer any of its rights under this License Agreement without the prior written consent of the Franchisor.

18. Notice under this License Agreement shall be provided as indicated in the Franchise Agreement.

19. The terms of this License Agreement are incorporated into the Franchise Agreement by reference. This License Agreement and related provisions of the Franchise Agreement constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all related prior and contemporaneous agreements between the parties.

***(Signatures on following page)***

**IN WITNESS WHEREOF,** the parties have duly executed and delivered this License Agreement on the _____ day of _____, 20___.

**INXPRESS, LLC:**

By: _____

Name: _____

Title: _____

**FRANCHISEE:**

_____

By: _____

Name: _____

Title: _____

# EXHIBIT F-5

## INXPRESS FRANCHISE

## *SAMPLE PROMISSORY NOTE*

DO NOT DESTROY THIS NOTE: When paid, this Promissory Note must be surrendered to the Maker for cancellation.

$*** USD Effective the ** day of *** 202*

FOR VALUE RECEIVED, *** (the "**Maker**"), hereby promises to pay to or to the order of InXpress, LLC, whose principal address is 75 W. Towne Ridge Parkway, Suite 201, Sandy, Utah 84070 (the "**Holder**"), the principal sum of *** Dollars ($****) (the "**Principal**") as stated below. The Principal shall not bear interest.

**The Principal shall be paid to Holder by Maker no later than ****.**

Prepayment of all or a portion of this Promissory Note may be made at any time prior to the Maturity Date without penalty.

This Promissory Note is delivered as part of the initial franchise fee for the Maker's purchase of a Franchised Business. All capitalized but undefined terms in this Promissory Note shall have the meanings given in the franchise agreement for said purchase entered into by the Maker and the Holder as of the date hereof.

With respect to a failure by the Maker to make a payment required pursuant to this Promissory Note, a default shall be deemed to have occurred if the payment pursuant to this Promissory Note is past due five (5) days after the due date and the Holder has given the Maker five (5) days written notice of intent to declare a default and the Maker has failed to cure such default within such five (5) day notice period. Upon any default by the Maker under this Promissory Note, the Holder may declare to be immediately due and payable all amounts due under this Promissory Note including the entire unpaid Principal, interest accrued thereon, and simple interest from the date of default will accrue at the rate of eighteen percent (18%) per annum, calculated on the basis of a 365-day year, or the highest rate allowed by law, whichever is lower, plus all of the Holder's Costs (defined below).

The Maker will pay on demand all costs and expenses of collection on this Promissory Note including reasonable legal fees (the "**Holder's Costs**"). The Holder will apply all payments first to the unpaid Holder's Costs, then to interest if applicable, and the balance in reduction of principal.

In the event of a termination, sale or transfer of the Franchised Business, which is the subject of this Promissory Note, the entire remaining balance under this Promissory Note, including any accrued interest, will become immediately due and payable at the Holder's option.

In all respects, including all matters of construction, validity and performance, this Promissory Note and the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with the laws of the State of Utah on applicable to contracts made and performed in such state, without regard to principles thereof regarding conflicts of laws.

The liabilities and obligations of the Maker hereunder will be unconditional without regard to the

liability or obligations of any other party and will not be in any manner be affected by any indulgence whatsoever granted or consented to by the Holder, including any release of any party, guarantor or collateral, or any extension of time, renewal, waiver or other modification. Any failure of the Holder to exercise any right hereunder will not be construed as a waiver of the right to exercise the same or any other right at any time and from time to time thereafter. The terms of this Promissory Note may be changed only by a writing signed by the Maker and the Holder. If any provision of this Promissory Note will for any reason be held to be invalid or unenforceable, such invalidity or unenforceability will not affect any other provision hereof, but this Promissory Note will be construed as if such invalid or unenforceable provision had never been contained herein. The Maker and endorsers of this Promissory Note hereby consent to renewals and extensions of time at or after the maturity hereof, without notice, and hereby waive diligence, presentment, protest, demand and notice of every kind.

THIS PROMISSORY NOTE BEING MADE AND ENTERED into on this **th day of *** 202*.

**MAKER:**

***

By: _____
Name: ***
Title: ***

# EXHIBIT G

## STATE ADDENDA AND AGREEMENT RIDERS

**STATE ADDENDA AND AGREEMENT RIDERS**
**ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR INXPRESS, LLC**

The following modifications are made to the InXpress, LLC ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated_____, 20_("**Franchise Agreement**"). When the term "**Franchisor's Choice of Law State**" is used, it means Utah. When the term "Supplemental Agreements" is used, it means N/A.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

## CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD at least 14 days prior to execution of the Franchise Agreement or any other binding agreement and at least 14 days prior to the receipt of any consideration, whichever occurs first.

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

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor's Choice of Law State. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Franchisor's Choice of Law State. This provision may not be enforceable under California law.

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

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.

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

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

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

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

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

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

Our website has 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.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the Franchise Agreement, if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

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

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) as 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 or inconsistent term of any document executed in connection with the

franchise.

The "Special Risks to Consider" page is amended to include the following risk factor:

> **Turnover Rate**. During the last 3 years, 60 outlets were transferred, terminated, not renewed, reacquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Fee Deferral

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

Sections 24.1, 24.2, and 24.3 of the Franchise Agreement are hereby removed in their entirety. The following language is removed from Section 22.7 of the Franchise Agreement, "No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's InXpress Franchise Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied in this Agreement, which are of any force or effect with respect to the matters in or contemplated by this Agreement or otherwise.

## HAWAII

The following is added to the Cover Page:

> **THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.**
>
> **THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**
>
> **THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY**

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

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

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

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates."

2. States which have refused, by order or otherwise, to register these Franchises are: None

3. States which have revoked or suspended the right to offer the Franchises are: None

4. States in which the proposed registration of these Franchises has been withdrawn are: None

**ILLINOIS**

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

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

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

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

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

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

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

Fee Deferral

Payment of the Initial Franchise Fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

## INDIANA

Item 8 of the FDD is amended to add the following:

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

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

> Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

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

> No competing business for two (2) years within the Primary Franchise Market Area.

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

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

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

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

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

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

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

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

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

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

## IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

## NOTICE OF CANCELLATION

_____(enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to InXpress, LLC, 75 W. Towne Ridge Parkway, Suite 201, Sandy, Utah 84070, or send a fax to InXpress, LLC at (801) 880-7918 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

**MARYLAND**

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS

Item 17 of the FDD and the Franchise Agreement are amended to state: "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."

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

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

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

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

Franchise Fee Deferral:

Items 5 and 7 of the Franchise Disclosure Document and Section 3 of the Franchise Agreement are hereby amended to state: Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completed its pre-opening obligations under the Franchise Agreement.

## MICHIGAN

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

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

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

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

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

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

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

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan.

This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to:

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

**MINNESOTA**

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

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision

violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System Standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

   > No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. Item 6 of the FDD and Section 3.6 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

Fee Deferral

Items 5 and 7 of the Franchise Disclosure Document and Section 3 of the Franchise Agreement are hereby amended to state that payment of the Initial Franchise Fee will be deferred until Franchisor

has satisfied its pre-opening obligations to Franchisee and Franchisee is open for business.

**NEW YORK**

The following information is added to the Cover Page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

The following is added at the end of Item 3:

Except as provided above, with regard to 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 injunction 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.

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

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

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.

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.

Franchise Questionnaires and Acknowledgements--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.

Receipts—Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## NORTH DAKOTA

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

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

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

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09

of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

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

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

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

Fee Deferral

Items 5 and 7 of the Franchise Disclosure Document and Section 3 of the Franchise Agreement are hereby amended to state that payment of the Initial Franchise Fee will be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee is open for business.

## OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date_____

### NOTICE OF CANCELLATION

_____(enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to InXpress, LLC, 75 W. Towne Ridge Parkway, Suite 201, Sandy, Utah 84070, or send a fax to InXpress, LLC at (801) 880-7918 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

**RHODE ISLAND**

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

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

**SOUTH DAKOTA**

Intentionally left blank.

**VIRGINIA**

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

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

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for InXpress, LLC for use in the Commonwealth of Virginia shall be amended as follows:

> Additional Disclosure. The following statements are added to Item 8 and 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 does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

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

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to

regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Assurance of Discontinuance.** On October 3, 2019, Franchisor entered into an Assurance of Discontinuance ("AOD") with the Washington Attorney General's office ("AGO"). Under the AOD Franchisor agreed to permanently discontinue the use of and to not enforce "no-poach" language in Franchisor's agreements which restricted the ability of franchisees to hire the employees from competing franchisees and from Franchisor's corporate locations. Franchisor further agreed to notify the AGO of any efforts by a franchisee in Washington to enforce any existing "no-poach" provision, to proactively remove "no-poach" language from each Washington franchisee's franchise agreement and to remove "no-poach" language from all other InXpress franchisees' agreements upon renewal.

20. **Fee Deferral**. The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business.

21. **Amendment to Franchise Agreement**. Section 21.2 of the Franchise Agreement is amended to add the following:

    Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's negligence, willful misconduct, strict liability or fraud.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Date this _____ day of _____ 20____.

| | |
|---|---|
| _____<br>Signature of Franchisor Representative | _____<br>Signature of Franchisee Representative |
| _____<br>Title of Franchisor Representative | _____<br>Title of Franchisee Representative |

**WISCONSIN**

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

***(Signatures on following page)***

## APPLICABLE ADDENDA

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

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

Dated: _____, 20____

**FRANCHISOR:**

INXPRESS, LLC

By: _____

Title: _____

**FRANCHISEE:**

_____

_____

By: _____

Title: _____

# EXHIBIT H

## 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 | April 23, 2025, as amended June 4, 2025 |
| Hawaii | Pending |
| Illinois | Pending |
| Indiana | April 14, 2025, as amended June 4, 2025 |
| Maryland | Pending |
| Michigan | Pending |
| Minnesota | May 13, 2025, as amended June 4, 2025 |
| New York | Pending |
| North Dakota | Pending |
| Rhode Island | May 10, 2025, as amended June 4, 2025 |
| South Dakota | April 14, 2025, as amended June 4, 2025 |
| Virginia | Pending |
| Washington | Pending |
| Wisconsin | April 14, 2025, as amended June 4, 2025 |

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

# EXHIBIT I

## RECEIPT

## RECEIPT

**(Retain This Copy)**

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

If InXpress, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, InXpress, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires InXpress, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If InXpress, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit E.

| The name, principal business address, and telephone number of each franchise seller offering the franchise is: |
|---|
| Clinton Squadroni, InXpress, LLC, 75 W. Towne Ridge Parkway, Suite 201, Sandy, Utah 84070; (801) 495-7894 |
| |

I received a disclosure document issued April 11, 2025, as amended on June 4, 2025, which included the following exhibits:

| | |
|---|---|
| Exhibit A | Franchise Agreement |
| Exhibit B | Financial Statements |
| Exhibit C | List of Current and Former Franchisees |
| Exhibit D | Manuals Table of Contents |
| Exhibit E | List of State Administrators/Agents for Service of Process |
| Exhibit F | Contracts for use with the InXpress Franchise |
| Exhibit G | State Addenda and Agreement Riders |
| Exhibit H | State Effective Dates |
| Exhibit I | Receipt |

| _____ | _____ | _____ |
|---|---|---|
| Date | Signature | Printed Name |
| _____ | _____ | _____ |
| Date | Signature | Printed Name |

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**

**RECEIPT**

**(Our Copy)**

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

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| Exhibit I | Receipt |

| _____ | _____ | _____ |
|---|---|---|
| Date | Signature | Printed Name |
| _____ | _____ | _____ |
| Date | Signature | Printed Name |

**Please sign this copy of the receipt, date your signature, and return it to InXpress, LLC, 75 W. Towne Ridge Parkway, Suite 201, Sandy, Utah 84070.**