FRANCHISE DISCLOSURE DOCUMENT

PP Development, LLC d/b/a Pedal Pub
a Delaware Limited Liability Company
3212 Rice Street
St. Paul, MN 55126
(651) 484-0075
www.pedalpub.com
info@pedalpub.com

PP Development, LLC, a Delaware limited liability company, franchises the right to use the Pedal Pub name, logo, company website, party bike and business methods in the mobile entertainment tour industry.

The total investment necessary to begin operation of a Pedal Pub franchise ranges from $114,645 to $281,196. This includes $93,245 to $203,896 that must be paid to the franchisor and its affiliates.

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 fourteen (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 more convenient for you. To discuss the availability of disclosures in different formats, contact Jake Halbert at 3212 Rice Street, St. Paul, MN 55126 and (651) 484-0075.

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 accountant.

Buying a franchise is a complex investment. The information contained in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: May 16, 2024, as amended August 7, 2024

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How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F and G.
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 E 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 Pedal Pub business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Pedal Pub franchisee?	Item 20 or Exhibits F and G 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.

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What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

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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 or litigation only in Minnesota. 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 Minnesota than in your own state.

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

3. **Mandatory Minimum Payments**. You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

4. **Purchase of Inventory and Supplies**. You must purchase all or nearly all of the inventory and supplies necessary to operate your business from us, our affiliates, or from suppliers that we designate at prices that we or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar grounds. This may reduce the anticipated profit of your franchised business.

5. **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.

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

7. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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

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INFORMATION FOR RESIDENTS OF THE STATE OF MICHIGAN

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

THE MICHIGAN FRANCHISE LAW STATES IN SEC. 445.1527, SEC 27, THAT 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 A 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 BEFORE THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS 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 FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE 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 FRANCHISEE 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 .

(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 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.

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

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THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATION, SECURITIES & COMMERCIAL LICENSING BUREAU, 2407 N. GRAND RIVER AVE., LANSING, MICHIGAN 48906.

*** * * ***

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

STATE OF MICHIGAN DEPARTMENT OF THE ATTORNEY GENERAL
G. MENNEN WILLIAMS BUILDING
525 WEST OTTAWA STREET
LANSING, MICHIGAN 48909
TELEPHONE NUMBER: (517) 335-7622

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT H.

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

To simplify the language in this Disclosure Document "**Pedal Pub**", "**us**", "**our**" or "**we**" means PP Development, LLC, the franchisor. "**You**" or "**your**" means the person or entity who buys the Pedal Pub franchise, including all equity owners of a corporation, general partnership, limited partnership, limited liability company, or any other type of legal entity.

Our Business

PP Development, LLC is a Delaware limited liability company that was formed on June 5, 2017. Our principal business address is 3212 Rice Street, St. Paul, MN 55126 and our telephone number is (651) 484-0075. We do business under the trade name and trademark "Pedal Pub" in connection with the franchises offered by this Disclosure Document. We do not do business under another name.

We are a franchising company whose business is selling mobile entertainment tour franchises, and providing services to franchisees under franchise agreements. We began our franchise sales operation on April 30, 2018. We do not operate businesses such as the one contemplated in this Disclosure Document, however our affiliate does as described below.

Parents, Affiliates, and Predecessors

We have one predecessor, PedalPub, LLC, a Minnesota limited liability company that was formed on November 16, 2006, with a registered office at 5115 Excelsior Blvd, #457, St. Louis Park, MN 55416. PedalPub, LLC originally owned the "PEDAL PUB" trademark and entered into a number of license agreements for the operation of mobile entertainment tour franchises under marks other than the "PEDAL PUB" marks from 2010 to July 2017. We purchased the "PEDAL PUB" mark and certain other assets and intellectual property from this entity in July 2017.

Our parent company, PCH Entertainment LLC, a Minnesota limited liability company ("**PCH Entertainment**"), was formed on June 29, 2017, and currently owns an 80.04% interest in us. Our former Chief Development Officer, Shane Dunn, holds a 10.00% interest in us, while 4.96% is owned by a former executive of our affiliate Go Xperia Corporation, and the remaining 5.00% is owned by a former CEO and current advisor to us. The address for PCH Entertainment's principal office is the same as ours. PCH Entertainment is ultimately owned by Proprietors Capital Holdings, LLC ("**PC Holdings**"), a Delaware limited liability company with the same principal address as ours.

We have four (4) affiliates, as follows:

Our affiliate, PP Equipment Sales LLC, a Minnesota limited liability company ("**PP Equipment**") was organized on November 12, 2018. PP Equipment's principal office is the same as ours. PP Equipment is the primary supplier for the purchase of the Pedal Pub bikes required to be used by franchisees in their Pedal Pub Business. PP Equipment does not engage in any other business activities and does not offer franchises in any line of business.

Our affiliate, Pedal Pub Leasing, LLC, a Minnesota limited liability company ("**PP Leasing**") was organized on July 2, 2018. PP Leasing's principal office is the same as ours. PP Leasing previously offered a leasing option to franchisees for the lease of their Pedal Pub bikes required to be used in their Pedal Pub Business. PP Leasing does not engage in any other business activities and does not offer franchises in any line of business.

Our affiliate, PP Midwest Holdings, LLC, a Delaware limited liability company ("**PP Midwest**"), was organized on June 5, 2017. PP Midwest's principal office is the same as ours. PP Midwest owns and

operates the Pedal Pub mobile entertainment business in Minneapolis, Minnesota and St. Paul, Minnesota. PP Midwest does not engage in any other business activities, does not provide products or services to our franchisees and does not offer franchises in any line of business.

Our affiliate, Excel Cycle Systems, LLC, a Delaware limited liability company ("**Excel Cycle**"), was organized on January 18, 2018. Excel Cycle's principal office is the same as ours. Excel Cycle is engaged in the party bike parts, services, and accessories business and is currently the sole source vendor for certain bike parts and features for Pedal Pub bikes, including our "E-Assist" program which provides motors for Pedal Pub bikes. Excel Cycle does not engage in any other business activities and does not offer franchises in any line of business.

As described above, between 2010 and 2017, our predecessor, PedalPub, LLC, entered into fifty (50) license agreements allowing licensees ("**Licensees**") to operate mobile entertainment tour businesses under marks other than the "Pedal Pub" marks. These marks are chosen and utilized at the discretion of the Licensee and vary significantly. These license agreements vary substantially from the Franchise Agreement that you will enter into with us. As of the date of this Disclosure Document, a number of these franchisees have converted to the franchise opportunity described herein, and certain of these Licensees continue to operate pursuant to their license agreement, although they have been presented the option to convert to the franchise opportunity described herein.

Except as described above, Pedal Pub, its predecessor, parent, and its affiliates do not, and have not, engaged in any other line of business other than licensing mobile entertainment tour franchises and distributing mobile entertainment tour bikes or other products, but expressly reserve the right to do so in their sole discretion.

We have no other parents, predecessors or affiliates required to be included in this Item. Except as described above, neither we, nor any parent processor or affiliate, have offered franchises in any other line of business or otherwise conduct business of the type offered to you in this Disclosure Document.

We also offer qualified individuals the opportunity to develop multiple Pedal Pub Businesses within a specific described geographic area under a development agreement disclosed separately from this Disclosure Document.

The Franchise Offered and the Agreement

We offer franchises for businesses operated under the name "Pedal Pub" ("**Pedal Pub Businesses**"), which are established and operated using the format and system we developed (the "**System**"). Pedal Pub Businesses provide a dynamic mobile entertainment tour experience. The System includes skills, methods, techniques and knowledge relating to the marketing and promotion of party bikes and other products related to the mobile entertainment or adventure tour industry, and other products and services related to the Pedal Pub concept as we may authorize from time to time ("**Pedal Pub Products and Services**"). Some of these services are typically offered seasonably or subject to adverse weather or catastrophic situations.

Pedal Pub Businesses are characterized by our System. Some of the features of our System include distinctive standards and specifications for services, products, equipment, materials, and supplies; uniform standards, specifications, and procedures for operations and customer service standards; purchasing and sourcing procedures; training and assistance; and marketing and promotional programs. We may change, improve, add to, and further develop the elements of the System from time to time.

You will operate a Pedal Pub Business, at your expense, as an independent business utilizing our business format, procedures, designs, layouts, trade dress, technology standards, specifications and methods

of operation. You must use the System in the operation of your Pedal Pub Business, which includes the common use and promotion of the name "PEDAL PUB" and other service marks, trademarks, trade names, logos, emblems, signs, slogans, insignia and other commercial symbols we may designate from time to time for the operation of Pedal Pub Businesses using the System (collectively, the **"Marks"**); training; advertising and promotional programs; and ongoing assistance. We may from time to time add or delete products and/or services and change specifications, standards, procedures and methods of operation, and you will be expected to follow suit. You will offer and provide products and services to the general public, at all times complying with the Franchise Agreement and our confidential operations manual (the **"Operations Manual"**), which you will be given access to after you sign your Franchise Agreement. You may only offer services and products with our prior approval.

Franchise Agreement

We offer to enter into franchise agreements ("**Franchise Agreement**") included as Exhibit C to this Disclosure Document) with qualified legal entities and persons that wish to establish and operate a Pedal Pub Business. Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate a Pedal Pub Business at an agreed-upon specified location. The various forms of agreement we have used in the past may have terms different from the current form. We reserve the right to change the form and terms of the Franchise Agreement in the future. Before you sign a Franchise Agreement, you will first enter into a deposit agreement with us ("**Deposit Agreement**"), included as Exhibit K to this Disclosure Document, under which you will pay an initial deposit that is refundable if either you or we decide not to sign a Franchise Agreement.

If you are not an individual, then you must designate one of your owners, who must be an individual person and who must be reasonably acceptable to us, to act as the decision-maker and our primary contact for your Pedal Pub Business (the "**Operating Principal**"). The Operating Principal must at all times own at least a ten percent (10%) interest in you, and maintain certain certifications specified below.

Industry-Specific Regulations

Your Pedal Pub Business will be subject to national, state, and local regulations that apply to all businesses, including the Americans with Disabilities Act, wage and hour laws, occupational health and safety, equal employment opportunity, taxes, hazardous material communication to employees, and business licensing requirements. In addition, you must comply with all zoning laws and regulations applicable. In particular, many municipalities and several states may have regulations or restrictions on the operation of Pedal Pub bikes on its roadways, and on the ability of riders to have alcoholic beverages during tours.

You are responsible to ensure your compliance with all applicable local, county, state and federal laws and regulations. You should consult with your attorney and local, county, state and federal government agencies concerning these and other laws and ordinances that may affect the operation of a Pedal Pub Business before your sign a Franchise Agreement.

Market and Competition

The market for mobile entertainment tour businesses is continuously evolving. Your Pedal Pub Business will compete with other forms of tour and entertainment businesses, some of which may offer the same or similar services and products to those offered by Pedal Pub Businesses. The competitors may range from franchise systems, independent operators, chains and other businesses, which may include other businesses owned by us or our affiliates. In addition, many of these competitors may have substantial financial, marketing and other resources and they may already be established in your market.

The ability of each Pedal Pub Business to compete depends on its geographic location, effective sales efforts, employee training, customer service, overhead costs, changing local market and economic conditions, weather and climate, and many other factors both within and outside your or our control. Prior business experience, your knowledge of the industry, your people management skills, business acumen, and financial management strength, as well as your passion for the Pedal Pub Business, will all affect whether you succeed as a Pedal Pub franchisee.

Agents for Service of Process

Our agents for service of process are disclosed on Exhibit B.

ITEM 2. BUSINESS EXPERIENCE

President of PC Holdings: Michael Wickam

Mr. Wickam has served as President of PC Holdings, since February 2022. Prior to his present position Mr. Wickam served as Chief Operating Officer of Gratus Funds, LLC in Fridley, Minnesota from August 2018 to February 2022. Prior to that Mr. Wickam was Chief Executive Officer of VL Two LLC, a holding company for service businesses based in Fridley, Minnesota as well as President and Founder of SalesVenom Corp. a small business consulting company in Plymouth, Minnesota, from 2011 to 2018. Prior to that Mr. Wickam held senior leadership positions in the telecommunications industry with companies such as GTE, Verizon, AT&T and Cox Communications in Illinois, California and Minnesota. Mr. Wickam has served as an Associate Professor (adjunct) for Bethel University's business and strategic leadership departments in St. Paul, Minnesota as well as on several Boards of local and regional companies. Mr. Wickam serves in his current capacities in St. Paul, Minnesota.

Vice President of Operations: Jake Halbert

Mr. Halbert serves as Vice President of Operations for us and our affiliate, Go Xperia Corporation, positions he has held since March 2022. Prior to his current positions, Mr. Halbert worked from the Minneapolis, Minnesota area as the National Trainer and General Manager at Handyman Connection, from May 2021 to March 2022. Prior to that, he was Project Consultant at Elias Construction in Rochester, Minnesota, from November 2020 to May 2021; worked from the Minneapolis, Minnesota area as Project Manager at Sevan Multi-Site Solutions from February 2018 to November 2020; and was Senior Operations Manager at NTY Franchise Co. in Minnetonka, Minnesota from January 2015 to January 2018. Mr. Halbert serves in his current capacities in St. Paul, Minnesota.

Marketing Director of PC Holdings: Julian Wagner

Mr. Wagner serves as Marketing Director for PC Holdings and Head of Marketing for our affiliate, Go Xperia Corporation, positions he has held since February 2022. Prior to his current positions, Mr. Wagner was the Senior Manager of Experiential Marketing at BI Worldwide in Minneapolis, Minnesota from February 2020 to February 2022. Prior to that, he was Event Marketing Manager and Account Development Director at College Marketing Group in Minneapolis, Minnesota from April 2017 to February 2020. Mr. Wagner is also the Owner/Operator of Redline Events and Production in Minneapolis, Minnesota and Los Angeles, California, positions he has held since August 2013. Mr. Wagner serves in his current capacities in St. Paul, Minnesota.

Board Advisor: Scott Evert

Mr. Evert has served as our Board Advisor since July 2021. Prior to that, he served as the company's Executive President since July 2017. Mr. Evert is the Region Manager and owner of Sunbelt Midwest with

business broker locations in Minnesota, Wisconsin, Chicago, and Las Vegas, and has served in this capacity since 2001. Mr. Evert also serves as Executive President of our affiliate, Go Xperia Corporation, and has done so since its inception in April 2019. Mr. Evert has been a licensed business broker, buying and selling businesses, for over 30 years. In addition, Mr. Evert is also the Managing Member of PC Holdings, and has been since 2004. Mr. Evert serves in his current capacities in St. Paul, Minnesota.

ITEM 3. LITIGATION

Nicholas Allicock, Tiana Allicock, Alisa Allicock, and Nicholas Hill-Bostic v. Rapp Routes Entertainment, LLC, James Anthony Johnson, PP Development, LLC, and John Doe(s) 1-10, No. 22EV006804 (Ga. State Ct., Fulton County) (filed December 7, 2022).

Four plaintiffs alleging they were customers of one of our franchisees filed a lawsuit against the franchisee (which is now a former franchisee), the driver of the former franchisee's Pedal Pub bike, and us arising out of an incident in which the former franchisee's Pedal Pub bike allegedly overturned during a tour in April 2022 (the "Incident"). The plaintiffs alleged they suffered injuries as a result of the Incident. In the lawsuit, the plaintiffs have alleged negligence, vicarious liability, negligent hiring and retention, and negligent training and supervision, and seek compensatory and punitive damages. We have denied all liability. Following discovery, the Court granted our motion for summary judgment. The plaintiffs have filed a motion to reconsider. The action remains pending.

Kimberly Atkins v. PP Development, LLC d/b/a Pedal Pub, Rapp Routes Entertainment, LLC d/b/a Pedal Pub Atlanta, and James Johnson, No. 2022CV373936 (Ga. Superior Ct., Fulton County) (filed Dec. 15, 2022), and *Brittney Gowen v. PP Development, LLC d/b/a Pedal Pub, Rapp Routes Entertainment, LLC d/b/a Pedal Pub Atlanta, and James Johnson*, No. 2022CV373942 (Ga. Superior Ct., Fulton County) (filed Dec. 15, 2022), and *Maggie Musa v. PP Development, LLC d/b/a Pedal Pub, Rapp Routes Entertainment, LLC d/b/a Pedal Pub Atlanta, and James Johnson*, No. 2022CV373986 (Ga. Superior Ct., Fulton County) (filed Dec. 15, 2022), and *Kim Oanh Hong Nguyen v. PP Development, LLC d/b/a Pedal Pub, Rapp Routes Entertainment, LLC d/b/a Pedal Pub Atlanta, and James Johnson*, No. 2022CV373947 (Ga. Superior Ct., Fulton County) (filed Dec. 15, 2022).

Nearly identical lawsuits arising out of the Incident were filed by four additional plaintiffs also alleging they also were customers of the former franchisee against the former franchisee, the driver of the former franchisee's Pedal Pub bike, and us arising out of the Incident. The plaintiffs alleged they suffered injuries as a result of the Incident. In the lawsuits, the plaintiffs have alleged negligence; vicarious liability; negligent hiring, training and supervision; agency liability; equitable estoppel and breach of contract; and fraud; and seek compensatory and punitive damages as well as the recovery of attorney fees. We have denied all liability. We filed motions for summary judgment in all four cases, which were transferred to the same judge. After the Court refused to entertain the plaintiffs' emergency motions to extend discovery and provide additional time to respond to our motions, the plaintiffs dismissed all four cases without prejudice. We anticipate the plaintiffs will refile the cases.

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

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Initial Deposit

Before you sign a Franchise Agreement, you will sign the Deposit Agreement under which you will pay us an "**Initial Deposit**" along with submitting your completed franchise application. The Initial Deposit is $15,000, unless you will operate your Pedal Pub Business in a market that meets our specialty small market criteria (as described below), in which case your Initial Deposit is $7,500.

We will refund 100% of your Initial Deposit if you do not sign a Franchise Agreement, either because you decide not to sign a Franchise Agreement or because we decide not to move forward with you as a franchisee and as a result we decide not to sign a Franchise Agreement.

When you sign a Franchise Agreement, we will credit the entire amount of your paid Initial Deposit towards the Initial Franchise Fee.

Initial Franchise Fee

Unless your location meets our specialty small market criteria (as described below), you must pay an initial franchise fee ("**Initial Franchise Fee**") of $39,900. The Initial Franchise Fee is payable in two installments: (a) the Initial Deposit due under the Deposit Agreement ($15,000), and (b) the remaining balance due when you sign your Franchise Agreement. Except as provided under the Deposit Agreement for the Initial Deposit, the Initial Franchise Fee is not refundable; provided, however, if you are unable, after eighteen (18) months of continuous best efforts in good faith and in adherence to our then-current regulatory approval process, to secure the necessary local governmental approval to operate your Pedal Pub Business in your Protected Territory, we will refund the Initial Franchise Fee less $15,000, to cover our costs in providing you training and support. Other than as described below, our Initial Franchise Fee is uniform for all franchisees.

If you will operate your Pedal Pub Business in a market that meets our specialty small market criteria, you will pay an Initial Franchise Fee of $19,900. The Initial Franchise Fee for a specialty small market is payable in two installments: (a) the Initial Deposit due under the Deposit Agreement ($7,500), and (b) the remaining balance due when you sign your Franchise Agreement. A market that meets the specialty small market criteria is one in a distinct city or town that is not part of a metropolitan area and has a population less than (a) 100,000 if the market is not in a tourist destination, or (b) 50,000 if the market is in a tourist destination. We determine in our sole discretion whether a location meets the criteria as a specialty small market. The Initial Franchise Fee for a specialty small market is not refundable, provided that, as described above, if you are unable, after eighteen (18) months of continuous best efforts in good faith and in adherence to our then-current regulatory approval process, to secure the necessary local governmental approval to operate your Pedal Pub Business in your Protected Territory, we will refund your Initial Franchise Fee less $15,000, to cover our costs in providing you training and support.

Discounts on Initial Fee

We offer a reduced Initial Franchisee Fee of $5,000 off the Initial Franchise Fee to current members of the United States Military and veterans who received an honorable discharge from a branch of the United States military. Qualifying veterans will pay the uniform Initial Deposit amount of $15,000 (or $7,500 if your location is in a market that meets our specialty small market criteria), with the discount applied to the balance of the Initial Franchise Fee due upon signing the Franchise Agreement.

We also offer reduced Initial Franchise Fees when you sign additional Franchise Agreements for the development of additional territories at the same time you sign your initial Franchise Agreement. If you sign one or more additional Franchise Agreements, the Initial Franchise Fee for each additional territory you agree to develop beyond the initial territory will be reduced by $5,000. For each additional territory,

you will pay the uniform Initial Deposit amount of $15,000 for each territory (or $7,500 if the additional territory is in a market that meets our specialty small market criteria), with the discount applied to the balance of the Initial Franchise Fee(s) due upon signing the additional Franchise Agreement(s).

We also may offer discount(s) on the Initial Franchise Fee based upon whether you are an employee of a franchisee, an operator of a similar business, a member of certain industry groups, for target market development incentives, or for other reasons. We also may give discounts to certain qualified current franchisees that acquire additional territory. The grant of any discount and/or the amount thereof are entirely at our discretion. In instances where we grant such discounts, you will pay the uniform Initial Deposit amount of $15,000 (or $7,500 if your location is in a market that meets our specialty small market criteria), with the discount applied to the balance of the Initial Franchise Fee due upon signing the Franchise Agreement. We reserve the right to waive or reduce the Initial Franchise Fee at our sole discretion. In our last fiscal year, we collected initial franchise fees ranging from $24,900 to $39,900, which reflect our then current initial franchise fees in effect at the time the franchise agreements were signed, the application of the discount for military members, and one $5,000 discount provided to a franchisee due to the location's small market size.

Equipment Purchase

You will be required to purchase a minimum number of Pedal Pub bikes. You typically will purchase them from our affiliate, PP Equipment, although we reserve the right to require you to purchase the bikes from a third-party vendor, in which case the costs of the bikes will be the same. We require you to purchase two (2) bikes prior to opening your Pedal Pub Business, except that if your location meets the criteria for a specialty small market, you will only be required to purchase one (1) bike prior to opening. Additional bikes required to be purchased to meet our minimum requirements will depend on the type of territory you purchase and will be based on the number of potential customers in your territory. This determination is subject to our then-current standards and may be affected by the factors below, but our minimum requirements generally are the following:

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Territory Type Criteria	Bikes Required to be Purchased Prior to Opening (Subject to Note 1)	Total Minimum Number of Bikes Under Development Schedule (Subject to Note 1)
A: Territory with a population greater than 200,000.	2 bikes	Minimum 5 bikes
B: Territory with a population less than 200,000.	2 bikes	3 to 4 bikes
C: Territory meeting our "specialty small market" criteria (i.e., a market in a distinct city or town that is not part of a metropolitan area and has a population less than (a) 100,000 if the market is not in a tourist destination, or (b) 50,000 if the market is in a tourist destination.	1 bike	1 bike

Note 1: The number of bikes you will be required to purchase during the term of your Franchise Agreement will be subject to a review of the proposed territory may vary depending on numerous factors including, without limitation, the amount of local tourism, the ability to permit alcohol on the bikes, road density and condition, and weather / seasonality of your territory. You and we will agree to a development schedule for the purchase of bikes in your territory prior to execution of your Franchise Agreement, which will be based on the needs of your proposed territory.

As of the date of this Disclosure Document, the purchase price is for each bike is $65,945, which does not include the upgraded bike features listed below, and it is payable at the time of signing of your Franchise Agreement in a lump sum. All Pedal Pub bikes come standard with our E-Assist and E-Drive Kit, which adds a motorized system to the bikes. Pricing may fluctuate based on changes to our pricing, changes to exchange rates, and changes to manufacturing and logistics costs.

In addition, our affiliate, Excel Cycle, offers certain optional upgraded bike features you may choose to purchase at an additional cost, which include upgraded cushioned captain chairs, luxury seat covers, premium pedals, sound systems, and branded rooftop covers. The additional cost of these upgraded items ranges from $329 to $7,378 per bike. Excel Cycle also may ship the bikes to your location. While shipping costs vary depending on your location, we estimate the range of the cost to ship one (1) to two (2) bikes to be $1,200 to $4,950.

The purchase price, including the price of upgraded optional features, are non-refundable and uniform for all franchisees. Shipping costs are nonrefundable.

Digital Fee and Technology Fee

As described in Item 6, you will pay us a Digital Fee and a Technology Fee each month during the term of your Franchise Agreement for your CRM, email marketing service, chat bot, music licensing, email hosting, website management, social and digital media management, SEO services, directory listing management, basic graphic design, website hosting, and other technology and digital needs you may have or we may require during the term of the Franchise Agreement. You will make the first payments of the

Digital Fee when your website is completed, and the Technology Fee when you begin using our electronic systems, and will continue to pay the Digital Fee and Technology Fee each month thereafter. We estimate you will begin to pay us these fees one to two months prior to your opening and, accordingly, you will pay $1,200 to $2,400 of these fees prior to your opening, provided you open within our standard timeframes. These fees are non-refundable under any circumstances.

Grand Opening Marketing and Promotion Package

A grand opening marketing and promotion program must be conducted prior to the opening of your Pedal Pub Business in compliance with our requirements. If you have a Territory Type A or B, you will be required to spend at least $10,000 ("**Grand Opening Spend**") in connection with this program. If you have a Territory Type C, your Grand Opening Spend requirement will be $5,000. We require you to pay us an amount equal to your Grand Opening Spend approximately 90 days prior to your scheduled opening. We will use this amount to cover the costs and expenses of, and to compensate us for, an initial grand opening marketing and promotion program that we will conduct on your behalf to advertise the opening of your Pedal Pub Business. This amount is non-refundable and is not credited against any other obligation you have to us.

You do not have to make any other payment to or purchases from us or any affiliate before your Pedal Pub Business opens for business.

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ITEM 6. OTHER FEES

NAME OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Royalty Fee	Subject to the Minimum Monthly Royalty Fee, the "**Royalty Fee**" will be (i) 8% of Gross Revenues collected each month during the first year following the Standard Royalty Fee Start Date, (ii) 9% of Gross Revenues collected each month during the second year following the Standard Royalty Fee Start Date, and (iii) 10% of Gross Revenues collected each month during the third and each subsequent year following the Standard Royalty Fee Start Date. (Note 2). The "**Minimum Monthly Royalty Fee**" will be the greater of (a) the amount described above, or (b) $500 per month during the first year following the Minimum Royalty Start Date, which increases to: (i) $700 per month during the second year following the Minimum Royalty Start Date, (ii) $900 per month during the third year following the Minimum Royalty Start Date, (iii) $1,200 per month during the fourth year following the Minimum Royalty Start Date, and (iv) $1,500 per month during the fifth year following the Minimum Royalty Start Date and each subsequent year during the term of the Franchise Agreement.	Payable monthly, on the 15th day of the month for the preceding month (billed in arrears).	You will provide us with a report including Gross Revenue per month ("**Gross Revenue Report**"). We will calculate the Royalty Fee or Minimum Monthly Royalty Fee, as applicable, and debit your bank account. (Notes 3 and 4). The Royalty Fee will begin accruing on the date your first tour is booked in our electronic systems (the "**Standard Royalty Fee Start Date**"). The Minimum Monthly Royalty Fee will begin accruing on the first day of the month following the earlier of (a) the date your first tour is booked in our electronic systems, or (b) the date that is 12 months after you sign your Franchise Agreement (the "**Minimum Royalty Start Date**").

Advertising Contribution	You must contribute 2% of Gross Revenues, up to a maximum of $1,000 in any calendar month, to our System advertising fund.	Payable monthly, on the 15th day of the month for the preceding month (billed in arrears).	You must make advertising contributions to us (the "**Advertising Contribution**"). (Notes 3 and 5).
Minimum Local Advertising Obligation	During the term of your Franchise Agreement, each month you must spend $500 or 5% of monthly Gross Revenues, whichever is greater, on your local advertising (e.g., marketing, promotions, publicity, social media) with arm's length parties. Additionally, you must pay us: $10,000 if you have a Territory Type A or B, or $5,000 if you have a Territory Type C, for your grand opening campaign.	As incurred.	You will determine the amount of funds you spend for individual local market advertising, subject to the minimum. If you fail to make the Minimum Local Advertising Obligation, you must pay to us an amount equal to the difference between the Minimum Local Advertising Obligation and the amount actually spent for local advertising. Your local advertising must be on such types and mediums of advertisement as we may require. You must pay us for your grand opening campaign approximately 90 days prior to your scheduled opening.

Monthly Digital Fee	Currently, $1,000 per month.	Payable monthly, on the 15th day of the current month for the following month (billed in advance). This fee commences on the date your website is completed.	The monthly Digital Fee may be increased during the term of the Franchise Agreement. This fee increase will not apply during the first year of the term of the Franchise Agreement. (Note 3). This fee currently covers the cost of website management, website hosting, and certain digital marketing services which as of the date of this Disclosure Document include Standard SEO Services, social and digital media management, website management and hosting, directory listing management, and basic graphic design services (provided that amounts spent in connection with any digital campaigns are not included in this fee and are your responsibility), and our required network solution software. We reserve the right to modify the scope of services provided by this fee at our sole discretion for the term of the Franchise Agreement.
Monthly Technology Fee	Currently, $200 per month.	Payable monthly, on the 15th day of the current month for the following month (billed in advance). This fee commences upon the date you begin using our electronic systems.	The monthly Technology Fee may be increased during the term of the Franchise Agreement. This fee increase will not apply during the first year of the term of the Franchise Agreement. (Note 3). This fee currently covers access to the following applications: CRM, email marketing service, chat bot, music licensing, and email hosting.

Additional Assistance or Additional Training	$500 to $1,500 per day per person plus expenses at our discretion.	When performed.	If you request that we provide additional assistance or training, or if we determine that additional assistance training is required, you must pay our daily fee for each trainer, and you must reimburse each trainer's expenses for any necessary travel, including travel, lodging, meals and other reasonable expenses in accordance with our travel and expenses policy.
Conference/ Program Fee	$1,000 to $2,500.	As incurred.	We may charge you a reasonable fee for any conferences, conventions, programs, or training sessions that we conduct. As your attendance is required we will also charge you a reasonable fee for your failure to attend the annual meeting. (Note 8).
Renewal Fee	50% of our then-current Initial Franchise Fee at the time of renewal.	Upon signing renewal Franchise Agreement.	Payable when, and if, you renew your Franchise Agreement. There are other conditions to renew. See Item 17.
Transfer Fee	50% of our then-current Initial Franchise Fee or 10% of the gross sales price of the franchise, whichever is greater.	Prior to closing.	You must pay us the transfer fee before we will grant final approval of the transfer. No charge if you transfer your franchise to a corporation, limited liability company or other entity which you control. This fee is subject to state law.
Audit Expenses	Late charge on past due balances plus the cost of the audit in certain circumstances.	As incurred.	Due if audit of your books shows an understatement of your total amount owed to us for any reporting period, or if the audit is needed because you failed to follow our reporting requirements. (Note 6).
Late Fee and Interest on Overdue Payments	A late fee of $500 for any late payment, plus interest at a rate of 1.5% per month, or maximum legal interest rate.	On invoice.	You must pay us or our affiliates a late payment fee and interest on any undisputed amounts past due to us or our affiliates.

Late Report Fee	Failure to provide the monthly Gross Revenue Report results in a $100 per month late report fee. Failure to provide other required reports results in a $50 per month late report fee.	On invoice.	You must pay us a fee for failure to submit the monthly Gross Revenue Report.
Returned Checks or Insufficient Funds Service Fee	$25 plus our out-of-pocket costs and an administrative fee.	On invoice.	If we draft money from your account under our electronic funds transfer (**"EFT"**) or draft system, and there are insufficient funds to cover the draft, we will charge you the return costs charged by our bank and an administrative fee to cover our costs of addressing the nonpayment. This fee is in addition to interest on the amount due.
Approval of Alternative Products, Services	Our reasonable costs incurred in evaluating the product and/or services, not to exceed $5,000.	On invoice.	This covers the cost of testing new products or services you recommend. (Note 7).
Indemnification	Our cost.	On invoice.	You indemnify us from certain losses and expenses under the Franchise Agreement.
Attorney's Fees	Our cost.	On invoice.	If we (or an affiliate) become(s) a party to a proceeding on an agreement between us (or an affiliate) and you, and we (or our affiliate) win(s), or if we (or an affiliate) become(s) a party to litigation or insolvency proceedings for your franchise, then you must pay our (or our affiliate's) reasonable attorneys' fees and court costs. If we terminate the Franchise Agreement for your default, you must pay us all our expenses from your default or termination, including reasonable attorneys' and experts' fees.
De-identification Fee	Our actual costs, plus interest and an administrative fee equal to 15% of our actual costs.	On invoice.	Payable only if we terminate the Franchise Agreement, you fail to de-identify your location and/or your bikes, and we make the required changes on your behalf.

Proprietary Products	The price is established by the applicable approved supplier from time to time.	Due as established by us or the applicable approved supplier.	These will be paid to us, our affiliates, or to other approved suppliers on the terms established from time to time by the applicable approved supplier. Item 8.
Early Termination Fee	$7,500	On invoice following approval by us for you to discontinue operations of your Pedal Pub Business.	If you wish to discontinue your Pedal Pub Business during the term of the Franchise Agreement and we approve, you must pay this fee.
Liquidated Damages	See Note 9.	Within five (5) days of termination of your Franchise Agreement for cause.	You must pay this fee if we terminate your Franchise Agreement for cause.

NOTES:

Note 1. Unless otherwise stated, we directly impose all the fees in this table, you pay them to us, and we do not refund them. We endeavor to impose these fees uniformly, but reserve the right to make variances in special circumstances.

Note 2. "**Gross Revenues**" means the amount of sales of all products and merchandise sold or services rendered in, on, about or from your Pedal Pub Business, together with any other revenues derived from the operation of the Pedal Pub Business, whether by you or by any other person, whether or not in accordance with the terms of the Franchise Agreement, and whether for cash or on a charge, credit, barter or time basis, and whether collected or uncollected. Gross Revenues excludes bona fide customer refunds, provided the related sales have previously been included in Gross Revenues, and sales taxes collected and paid to the proper authorities.

Note 3. Under the Franchise Agreement, we require that all Royalty Fees, Digital and Technology Fees, Advertising Contributions, and other fees as we may require, be paid by automated bank draft. Accordingly, you must sign an electronic transfer of funds authorization for your bank account. Gross Revenue Reports are due to us on the tenth (10^{th}) of each month or such other day as we establish. The Royalty Fees, Digital and Technology Fees, and Advertising Contributions will be withdrawn from your designated bank account by EFT monthly on the fifteenth (15^{th}) day of each month (or the next day, if it is not a business day), or such other day as we may establish, based on Gross Revenues for the preceding month. If you do not report the Gross Revenues, we may debit your account for 120% of the last Royalty Fees, Digital and Technology Fees, and Advertising Contributions that we debited. If the Royalty Fees, Digital and Technology Fees, and Advertising Contributions and other amounts we debit are less than the fees you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty Fees, Digital and Technology Fees, and Advertising Contributions and other amounts we debit are greater than the fees you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following month.

Note 4. Beginning on the first day of the month following the earlier of (a) the date your first tour is booked in our electronic systems, or (b) the date that is 12 months from the signing of your Franchise Agreement (subject to any extensions that have been granted as described below),

you will be required to pay a Minimum Monthly Royalty Fee equal to the greater of (y) the Royalty Fee, or (z) $500 per month during the first year following the Minimum Royalty Start Date, which increases to: (i) $700 per month during the second year following the Minimum Royalty Start Date, (ii) $900 per month during the third year following the Minimum Royalty Start Date, (iii) $1,200 per month during the fourth year following the Minimum Royalty Start Date, and (iv) $1,500 per month during the fifth year following the Minimum Royalty Start Date and each subsequent year during the term of the Franchise Agreement. If your location is subject to regulatory restrictions that we determine in our sole discretion will not allow you to open within 12 months of signing your Franchise Agreement despite your best and continuous efforts, we will extend the Minimum Royalty Start Date to account for additional time to address these regulatory issues. We may in our sole discretion reduce the Minimum Monthly Royalty Fee based on distinctive factors of a particular market, such as demographics, tourism, road density, ability to serve alcohol, and seasonality of the territory.

Note 5. Company and affiliate owned businesses are not required to pay Royalty Fees, but they are required to make Advertising Contributions and will participate in any applicable established advertising cooperative. Company and affiliate owned businesses do not have a specific local advertising requirement but will make expenditures in local advertising programs as appropriate.

Note 6. You must pay our audit expenses (including travel, lodging, meals, and compensation of the auditing personnel that may travel to your location) if an audit of your records reveals an understatement of two percent (2%) or more of your total amount owed to us during the audit period, or if the audit is needed because you failed to follow our reporting requirements. The cost of the audit will depend on many factors that will vary on a case-by-case basis, like the condition and accuracy of your recordkeeping, the extent of your cooperation, the number of years of your accounting records that are reviewed during the audit process, and other circumstances unique to your particular audit. As a result, we are unable to estimate a range of these audit costs; however, these audit expenses will not exceed our actual costs. In addition to these charges, if your records reveal understatements, we will have rights to enforce or terminate the Franchise Agreement as described further in Item 17.

Note 7. If you want to purchase unapproved products or equipment, supplies, services, or products from other than approved suppliers, we may require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us, or reimbursement of our expenses if travel is incurred. See also Item 8.

Note 8. The person holding a controlling interest in your business and your Operating Principal (if different) will be required to attend our annual conference each year. If you want to send additional people to our annual conference, you will pay an additional fee for each registration. We may increase this fee for future conferences.

Note 9. If we terminate your Franchise Agreement for cause, you must pay us within five (5) days after the effective date of termination liquidated damages equal to (i) the lesser of (x) the sum of Royalty Fees that would have been due through the expiration of the term of the Franchise Agreement; or (y) the sum of Royalty Fees that would have been due for a period of three (3) years from the termination date, plus (ii) an amount of $5,000 per bike that you were required to purchase as part of the minimum purchase requirements in your Territory, and which was not actually purchased by you; in each case calculated by taking the average Royalty Fees you paid to us for the twelve (12) month period prior to the termination date and amortizing it for such calculation period; provided that if your Pedal Pub Business was not open for such entire twelve (12) month period, utilizing the average Royalty Fees paid to us by Pedal Pub businesses within the System for any period in which your Pedal Pub Business was not open and operating.

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ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
INITIAL FRANCHISE FEE (Note 1)	$19,900	$39,900	Lump Sum	At Signing of Franchise Agreement	Us
EQUIPMENT (Note 2)	$67,145	$151,596	Lump Sum	Prior to Delivery	Our Affiliates
RENT (Note 3)	$500	$6,500	As Incurred	As Incurred	Landlord / Vendors
MERCHANDISE	$500	$2,000	As Incurred	As Incurred	Vendors
SUPPLIES	$1,000	$2,000	As Incurred	As Incurred	Vendors
TRAVEL AND LIVING EXPENSES WHILE TRAINING (Note 4)	$1,000	$3,000	As Incurred	During Training	Airlines, Hotels & Restaurants
TECHNOLOGY AND SOFTWARE EXPENSES (Note 5)	$2,100	$5,200	Lump Sum	Prior to Opening	Us, Vendors
OPENING ADVERTISING (Note 6)	$5,000	$15,000	As Incurred	As Incurred	Us, Vendors
INSURANCE (Note 7)	$1,000	$2,000	As Incurred	Prior to Opening	Insurance Company/ Broker
LEGAL AND ACCOUNTING	$1,000	$3,000	As Required	As Required	Attorney, CPA, State Regulatory Agencies
BUSINESS LICENSES AND PERMITS (Note 8)	$500	$1,000	As Required	As Required	Local Agency
ADDITIONAL FUNDS – 3 MONTHS (Note 9)	$15,000	$50,000	As Incurred	As Incurred	Employees and Vendors

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
TOTAL (Note 10)	**$114,645**	**$281,196**			

In general, none of the expenses listed in the above chart are refundable except as listed below with respect to the Initial Franchise Fee. We do not finance any portion of your initial investment.

EXPLANATORY NOTES

The above chart contains estimates of a franchisee's total initial investment in one (1) Pedal Pub Business. The chart should be read in conjunction with the following notes. We relied on our affiliate's experience and information from franchisees to compile these estimates. Your costs will depend on factors such as: your management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during the initial period.

You should review this information, including the footnotes, carefully, conduct your own investigation and seek the help of qualified advisors before making any decision about an initial investment in a Pedal Pub Business.

Note 1. The Initial Franchise Fee is payable in two installments: (a) the Initial Deposit due under the Deposit Agreement (which is $15,000, or, if the location is in a market that meets our specialty small market criteria, $7,500), and (b) the remaining balance due when you sign a Franchise Agreement. The Initial Franchise Fee is non-refundable; provided, however, if you are unable, after eighteen (18) months of continuous best efforts in good faith and in adherence to our then-current regulatory approval process, to secure the necessary local governmental approval to operate your Pedal Pub Business in your Protected Territory, we will refund the Initial Franchise Fee less $15,000, to cover our costs in providing you training and support. The Initial Franchise Fee includes access to one (1) complete set of the Operations Manual that is described in Items 1 and 11. We offer a $5,000 VetFran discount on the Initial Franchise Fee for members of the United States military and veterans who received an honorable discharge from a branch of the United States military. The low end of the range applies to franchisees opening a Pedal Pub Business in a location that meets our specialty small market criteria.

Note 2. You must purchase a minimum number of bikes from our affiliate to operate your Pedal Pub Business, which number depends on the type of territory you purchase. The minimum number of bikes generally ranges from one (1) to five (5) depending on the size of the approximate population of your territory, as described further in Item 5. The full purchase price for each new bike ranges from $65,945 to $73,323 depending on whether you add upgraded features. Franchisees purchase their bikes pursuant to a development schedule with us, which is determined based on territory type, amount of tourism, seasonality, and geographic size of the Territory. The development schedule contemplates the purchase of one (1) to two (2) bikes in the first year of operation. Unless your location meets the criteria for a specialty small market, you will be required to purchase two (2) bikes before opening. The low end of this range assumes you purchase one (1) bike with no upgraded features,

while the high end assumes you purchase two (2) bikes with all upgraded features. These estimates include the cost of shipping one (1) to two (2) bikes to your location and are based on charges made by our affiliate Excel Cycle to ship bikes to franchisees in 2023. Shipping costs may increase based on your location, changes in energy costs, and other variables. This cost estimate does not include any sales tax on the equipment, which varies from state-to-state.

Note 3. Most of our franchisees begin operating this business from a home-office environment at no additional investment expense to you. We have no minimum size requirement, but you will need a location to store your bikes and trailers. The low end of this range includes the initial rental costs for a location to store your bikes and trailers. We have included in the high end of this range leasing costs for a three (3) month period if you operate from a location other than your home. As your Pedal Pub Business grows, you will need to obtain a location to operate as a call center and office for employees, and to store your equipment and inventory. We suggest a location with warehouse and office space. We expect leasehold improvements to be minimal in this case since you should select a location that requires little if any leasehold improvement expense given, we do not require that you conform your location to a specific image or require you to meet any other special requirements.

Note 4. This estimate is for one person traveling to St. Paul, Minnesota, and the market of one of our existing franchisees (currently Nashville, Tennessee) for our initial training program. For the initial training, you will need to arrange transportation, lodging, food, and incidental expenses for you any employees you choose to bring to initial training. This does not include any salaries for time spent. The expenses you incur depend on factors such as the cost of travel, hotel accommodations, and meals, as well as employee salaries and associated costs. In addition, training expenses will vary depending on how many employees you send to training. These purchases are not refundable.

Note 5. You must pay certain software subscriptions as described in Item 11. You also must purchase a computer, phone, and obtain high-speed internet capabilities, as well as obtain such other technology and software as we may require. This estimate also includes the Digital and Technology Fees you will pay to us prior to opening.

Note 6. Approximately 90 days prior to your scheduled opening, you must pay us $10,000 (if you have a Territory Type A or B) or $5,000 (if you have a Territory Type C), which we will use to advertise and promote the opening of your Pedal Pub Business via local marketing campaigns and promotional programs and Internet advertising and Internet search engine campaigns. Although you are not required to, we recommend that you make additional expenditures to market, promote, and advertise locally prior to your opening.

Note 7. During the term of the Franchise Agreement, you must maintain liability insurance coverage at your sole expense and under policies of insurance issued and administered by carriers approved by Pedal Pub. Such insurance coverage shall be maintained in such minimum amounts as Pedal Pub prescribes and must name Pedal Pub Development, LLC as an additional insured. Pedal Pub may periodically increase or decrease the amounts of coverage and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. You will typically pay 25% of the annual insurance premium up front before you open, and then make monthly or quarterly payments after that; this estimate assumes that for two (2) bikes, your annual premiums will be $4,000 to $8,000.

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Note 8. Local, municipal, county and state regulations vary on the licenses and permits that you will need to operate a Pedal Pub Business. In some cases, you may be required to or desire to lobby local government to modify regulations applicable to you, and if so, that may greatly increase these costs. You pay these fees to governmental authorities, when incurred, before opening for business. Costs for permits and license fees generally are not refundable. See Item 1 for regulations which may be applicable to your business and may require you to obtain a license.

Note 9. This is an estimate of the additional funds you may need to operate your Pedal Pub Business during the first three (3) months after you open excluding owner's salary or draw. The estimate also includes such items as initial payroll, taxes, Royalty Fees, Digital and Technology Fees, local advertising expenses, professional and accounting fees, insurance, bike operating expenses, repairs and maintenance, bank charges (including interest), miscellaneous supplies and equipment, initial staff recruiting and training expenses, state tax and license fees, depreciation and amortization, deposits and prepaid expenses (if applicable) and other unforeseen items. The expenses you incur during the initial start-up period will depend on factors such as the time of year you open, local economic and market conditions, your experience in operating a service business and general business acumen, competition, and the level of sales that you reach during this initial period. Additional operating expenses will be incurred in connection with the ongoing operation of your Pedal Pub Business.

Note 10. This estimate is based upon our affiliate's experience in opening and operating a Pedal Pub business based in Minneapolis, Minnesota and on information provided by our franchisees. These figures may vary considerably in other parts of the United States. Your costs may vary based on a number of factors including, but not limited to, the geographic area in which you open, the local market and economic conditions, the time it takes you to build your sales, and your skills at operating a business. We strongly recommend that you use the categories and estimates in this Item 7 as a guide to develop your own business plan and budget and that you investigate specific costs in your area. We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements. The availability and terms of financing obtained from third parties will depend upon such factors as the availability of financing, your creditworthiness, collateral that you may make available, and the policies of local lending institutions.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that the highest degree of quality and service is maintained, you must operate the Pedal Pub Business in strict conformity with the methods, standards, and specifications as we may prescribe in the Operations Manual or otherwise in writing.

General

All products, bikes, machinery, equipment, signs, uniforms, supplies, and other products you purchase in order to operate your Pedal Pub Business must meet our standards, which are detailed in the Operations Manual. We will provide access to the Operations Manual to you when we sign the Franchise Agreement. You must purchase, install, and use all fixtures, furnishings, bikes, equipment, décor, supplies, computers and communications hardware and software, signs and materials, as well as products and merchandise as we may reasonably require in the Operations Manual or other written materials. You must purchase all products and items solely from manufacturers, distributors, and suppliers who demonstrate to

our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Operations Manual or otherwise in writing. You may not purchase, offer or sell any products or services, or use at your Pedal Pub Business, any products or services that we have not previously approved as meeting our standards and specifications. We have the right to be an approved supplier of some or all of these items.

We are free to modify any specifications or standards at our discretion. These communications are transmitted to you and other franchisees and not to third party suppliers. We have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. When approving suppliers, we consider whether they demonstrate the ability to meet our standards and specifications and whether they possess adequate quality controls and capacity to supply your needs promptly and reliably. However, our approval may be withheld for any reason.

Suppliers

Unless otherwise instructed by us, you may purchase your required products and equipment from any source; provided, however, that Pedal Pub requires that a supplier have adequate quality controls and the capacity to supply your needs promptly and reliably. The purpose of these standards, specifications and requirements for suppliers is to help assure uniform minimum quality standards for the services provided to your customers.

We currently require you to purchase the bikes, equipment and supplies to be used in your Pedal Pub Business from designated vendors. In addition to our affiliate (described below), you must utilize our designated digital marketing vendor, which will count towards your local marketing requirement. You must also have uniforms displaying the Marks and that meet our specifications, which may only be available from a single supplier.

We or Our Affiliates as Approved Suppliers

Our affiliates are the sole and required supplier for the bikes, replacement parts for the bikes, and E-Assist, although we reserve the right to require you to purchase bikes from a third-party vendor.

One or more of our officers holds an ownership interest in our affiliates PP Equipment, PP Leasing, and Excel Cycle. Other than with respect to the items supplied by us or these affiliates, no officer holds any interest in any approved supplier to you. In addition to the foregoing, we and our affiliates reserve the right to become an approved supplier or the only approved supplier for any products in the future.

Approval of Alternative Products

If you would like to use any products that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the supplier's facilities and test samples of the proposed products. You must pay us our reasonable costs incurred in evaluating each product and/or service, including personnel and travel costs, whether or not the product and/or services, as applicable, is approved. We have the right to grant, deny, or revoke approval of any product or service based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. We will generally notify you and the supplier of our approval or disapproval within forty-five to sixty (45-60) days of our receipt of all the information and samples we request. If we revoke approval of any supplier or any item offered by a supplier, we will send you written notice of our revocation of an approved supplier or item. If you do not receive our approval within ninety (90) days after submitting all of the information that we request, our failure to respond will be deemed a

disapproval of the request. The products and services that we approve for you to use or offer in your Pedal Pub Business may differ from those that we permit or require to be offered in other Pedal Pub Businesses.

We may re-inspect the facilities and products of any supplier and revoke approval of the products if any fail to meet any of our then-current criteria. We may re-evaluate any service offered and revoke approval of such service if it fails to meet any of our then-current criteria. If you receive a notice of revocation of approval of a product, you must cease purchasing or leasing the formerly-approved product and you must dispose of your remaining inventory of the formerly-approved products as we direct. If we revoke approval of a previously-approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to thirty (30) days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the thirty (30) day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

Revenue from Franchisee Purchases

During the fiscal year ending December 31, 2023, we received $29,959, or 1.6% of total revenues of $1,871,534, as a result of franchisee purchases of goods and services. During the fiscal year ending December 31, 2023, our affiliate PP Equipment, recorded revenue of $722,535 from the purchases of bikes by franchisees; our affiliate, PP Leasing, recorded revenue of $48,299 in lease revenue from franchisees for the lease of bikes; and our affiliate Excel Cycle recorded revenue of $224,718 from the purchases of bike parts, services, and accessories. Other than this, neither us nor any of our affiliates had any revenue from sales of equipment, uniforms, supplies or any other items to franchisees.

Negotiated Prices

Periodically, we or our affiliates may offer special group purchasing programs to the franchisees for products, supplies and equipment or negotiate price reductions from recommended suppliers. You are not required to participate in any such programs or join a purchasing cooperative. We and our affiliates may receive volume discounts from suppliers when ordering in bulk.

Proportion of Purchases Subject to Specifications

Required purchases or purchases in accordance with our specifications represent about 60% to 80% of your total purchases to set up your business and about 60% to 80% of your ongoing purchases.

Material Benefits

We and our affiliates, may, but are not required to, pass on to its franchisees any rebates, volume discounts or other benefits it receives based on group purchases. We and/or our affiliates may receive revenue or other material benefits from suppliers on account of the suppliers' dealings with us, you or other franchisees. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We do not provide any material benefits to you, such as the grant of additional franchises and/or territories, based on your use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives in our System.

Other Required Purchases

Computer Systems and Required Software.

You must utilize the approved booking software, network solution software, electronic waiver

software, customer review software, call center, digital marketing, and web hosting. You must also obtain Microsoft Word, QuickBooks, and such other business operations software as we may require. You may purchase the computer equipment to run the software from any source.

Insurance.

You will maintain in force policies of insurance issued by carriers approved by us covering various risks, as specified by us from time to time in the Operations Manual. We have one preferred carrier, although you may use other carriers if we have approved them. We can specify the types and amounts of coverage required under such policies and require different and/or additional kinds of insurance at any time, including excess liability insurance. Each insurance policy must name us and any affiliate we designate as additional insured, contain a waiver of all subrogation rights against us, our affiliates, and any successors and assigns, be primary and non-contributory with respect to any insurance or self-insurance programs maintained or available to us, and provide for thirty (30) days' prior written notice to us of any material modifications, cancellation, or expiration of such policies. We currently require that you purchase insurance, and our minimum requirements as of the date of this Disclosure Document include: commercial general liability of $3,000,000 for each occurrence, $5,000,000 in the aggregate, and $100,000 damage to rented premises. You will also maintain property insurance to cover the bikes and worker's compensation insurance in compliance with state statutory limits.

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 or Exhibit in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 3, and Exhibits A and F of the Franchise Agreement	Items 1, 7, 8, 11 and 12
b. Pre-opening purchases/leases	Sections 3, 6, 9 and 10.01 of the Franchise Agreement	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 3, 4, 9 and 10.01 of the Franchise Agreement	Items 1, 6, 7, 8 and 11
d. Initial and ongoing training	Section 4 of the Franchise Agreement	Item 11
e. Opening	Sections 2.01, 4, 10.01 and 14.02 of the Franchise Agreement	Item 11
f. Fees	Sections 4.01, 4.03, 6, 9.02, 9.04, 10.02, 10.04, 11.02, 12, 13.02 and 15.01 and Exhibit A of the Franchise Agreement	Items 5, 6, 7 and 11
g. Compliance with standards and policies/Operations Manual	Sections 4, 5 and 9 of the Franchise Agreement	Items 1, 8, 11, 12, 13 and 16
h. Trademarks and proprietary information	Sections 5, 7 and 16.02 of the Franchise Agreement	Items 13 and 14
i. Restrictions on products/services	Sections 7 and 9 of the	Item 16

Obligation	Section or Exhibit in Franchise Agreement	Disclosure Document Item
offered	Franchise Agreement	
j. Warranty and customer service requirements	Section 9 of the Franchise Agreement	Item 11 and 12
k. Territorial development and sales quotas	Section 2 and Exhibit C of the Franchise Agreement	Items 1 and 12
l. Ongoing product/service purchases	Section 9 of the Franchise Agreement	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Section 9 of the Franchise Agreement	Items 8 and 11
n. Insurance	Section 9.05 of the Franchise Agreement	Item 8
o. Advertising	Sections 10 and 11.02 of the Franchise Agreement	Items 5, 6, 7 and 11
p. Indemnification	Sections 5.05 and 17.02 of the Franchise Agreement	Item 6
q. Owner's participation/ management/staffing	Sections 8 and 13 of the Franchise Agreement	Item 15
r. Records/reports	Section 11 of the Franchise Agreement	Item 6
s. Inspections/audits	Section 9 and 12 of the Franchise Agreement	Item 6
t. Transfer	Section 13 of the Franchise Agreement	Items 6 and 17
u. Renewal	Section 15 of the Franchise Agreement	Items 6 and 17
v. Post termination obligations	Sections 7 and 16 of the Franchise Agreement	Item 17
w. Non-competition covenants	Section 7 of the Franchise Agreement	Items 15 and 17
x. Dispute resolution	Section 18 of the Franchise Agreement	Item 17
y. Personal Guaranty	Section 8.02 and Exhibit D of the Franchise Agreement	Items 1 and 15
z. Confidential Information	Section 7 of the Franchise Agreement	Items 14 and 15

ITEM 10. FINANCING

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

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

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

Our Pre-Opening Obligations

Before you open your business, we will:

(a) Provide you with our specifications for required equipment and supplies. (Section 9 of the Franchise Agreement);

(b) Provide you a list of our then-current designated or approved suppliers, and with a list of required equipment and supplies necessary for the opening of the Pedal Pub Business. (Section 9 of the Franchise Agreement);

(c) Grant access to one copy of our Operations Manual, which may consist of a number of individual manuals. (Section 4.04 of the Franchise Agreement). The table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit D;

(d) Provide an initial training program to you and/or your Operating Principal and certain of your personnel. However, you will be responsible for all compensation and expenses (including travel, meals and lodging) incurred in connection with any training programs. This training is described in detail later in this Item 11. (Section 4.01 of the Franchise Agreement);

(e) Provide you with forms and other pre-opening materials that we may develop for use in the operation of your Pedal Pub Business. (Section 3.02 of the Franchise Agreement).

(f) License to you, or arrange for you to license, our required software. (Sections 6.03(b) and 9.04 of the Franchise Agreement);

(g) Provide you with pre-opening and opening assistance that we deem appropriate. (Section 3.02 of the Franchise Agreement);

(h) Launch your Pedal Pub location website and email account, and provide access to, or arrange for you to have access to, our required software and applications. (Section 3.02 of the Franchise Agreement);

(i) Advertise the opening on your Pedal Pub Business via local marketing campaigns and promotional programs, Internet advertising and Internet search engine campaigns, and/or other marketing and promotional efforts, provided you have paid us the amount equal to your Grand Opening Spend. (Section 10.01 of the Franchise Agreement); and

(j) Provide you with digital portal containing marketing items, materials such as brochures, flyers, and business cards. (Section 3.02 of the Franchise Agreement). We reserve the right to modify the specific services/products provided and quantities, at our discretion.

Continuing Obligations

Provided that you are not in default under the Franchise Agreement, during the operation of the Pedal Pub Business, we will:

(a) Provide periodic guidance to you, as we deem appropriate, with regard to the operation of

your Pedal Pub Business, including improvements and changes to our System. (Section 4.03 of the Franchise Agreement); although we do not generally provide assistance in establishing prices at which you may provide products and services in your Pedal Pub Business, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law;

(b) Periodically modify the Operations Manual, as we deem appropriate, to reflect changes in standards, specifications and operating procedures. (Section 4.04 of the Franchise Agreement);

(c) Periodically issue, as we deem appropriate, specifications, standards, methods and operating procedures for Pedal Pub Businesses. (Section 9 of the Franchise Agreement);

(d) Sell (or cause our affiliates that are designated or approved suppliers, as applicable, to sell) to you products and supplies as described in Item 8. (Section 9.02 and 9.03 of the Franchise Agreement);

(e) Administer the Advertising Fund for the development of advertising and related programs and materials, as stated in the Franchise Agreement and as described below in this Item 11. (Section 10 of the Franchise Agreement);

(f) Provide periodic and ongoing training programs for you and/or your Operating Principal (described in Item 15) and your other personnel, as we deem appropriate. This training is described in detail later in this Item 11. (Section 4 of the Franchise Agreement); and

(g) Provide such additional advice, assistance and guidance as we may agree, at your sole cost and expense. (Section 4.03 of the Franchise Agreement).

Site Selection

Before you sign your Franchise Agreement, we will work with you to determine a Protected Territory for your franchise that is mutually acceptable. You select the site for your Pedal Pub Business, subject to our acceptance. When you establish your Pedal Pub Business, the site is typically an office in your home, which must be set up according to our specifications. The home office must be established in a room or workspace separate from your living space and may not be used for any other purpose than the operation of your Pedal Pub Business. You are not required to live in your Protected Territory, but the proximity of your residence will be a factor in determining your Protected Territory.

If you desire to lease a site for your Pedal Pub Business, we must review and approve the site you propose, and you must submit to us such information and materials we require and obtain our approval of your site. The factors we take into account in approving a site are the visibility and feel of the site, the storage available in and size of the site, the location of competitors, whether the site is easily accessible, and similar factors. We will generally tell you within thirty (30) days whether or not we approve your proposed site. If we do not accept a site you propose, you may select another site, subject to our acceptance. You may not develop or open a Pedal Pub Business at a site that we have not approved. We will be deemed to have rejected a proposed location unless we have expressly accepted it in writing. You may not open your business until you and we agree on a site. We must approve of the lease for the premises of the location before you sign it. The lease must contain the terms and provisions that are reasonably acceptable to us, and you and the landlord must execute the standard form of lease addendum (attached as Exhibit I to the Franchise Agreement). Following our approval of the proposed lease, you must send us the fully signed lease, together with the signed lease addendum for the premises. If you and we cannot agree on a site for your Pedal Pub Business, we have the ability to terminate the Franchise Agreement, in which case you will forfeit your initial franchisee fee. Your Pedal Pub Business may not be relocated without first obtaining our written consent.

We estimate that the typical length of time between the signing of the Franchise Agreement to the date you open will be approximately three (3) to ten (10) months. Factors affecting this time period include

the time involved in (i) obtaining and preparing a satisfactory site, (ii) arranging financing, (iii) complying with local ordinances, licensing requirements and state certifications, (iv) completing the required core training, (v) ordering, receiving and installing equipment, inventory, materials, bikes, and supplies, and (vi) obtaining required insurance. Your Pedal Pub Business must be open and operating within the later of: (i) twelve (12) weeks after execution of the Franchise Agreement, or (ii) thirty (30) days following receipt of approval by the local government authority to operate your Pedal Pub Business, except for any delay that is agreed to in writing by us, in our sole discretion, including but not limited to consideration of the seasonality of your Protected Territory. Unless we have granted you an extension due to delays caused by regulatory restrictions, you will begin incurring the Minimum Monthly Royalty Fee on the earlier of (a) the date your first tour is booked in our electronic systems, or (b) the date that is 12 months from the signing of your Franchise Agreement, whether or not your Pedal Pub Business has opened.

Our Advertising

We have established a System advertising fund (the "**Advertising Fund**"). You are required to pay us a monthly Advertising Contribution equal to 2% of monthly Gross Revenues, subject to a monthly maximum of $1,000. We (or our designee, which might be a corporate subsidiary or affiliate or an advertising agency or consulting firm) maintain and administer the Advertising Fund as follows:

(a) We (or our designee) direct all advertising programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs, and retain sole discretion over the operation and advertising decisions of the Advertising Fund. We may use the Advertising Fund to advertise locally, regionally, nationally, or internationally in print materials, on radio or television, on the internet, and through social media channels, according to our sole discretion. The Advertising Fund is for brand development initiatives and programs intended to maximize general public recognition, acceptance, and use of the System. Neither we nor our designee are obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to make sure that any particular franchisee benefits directly or pro rata from expenditures by the Advertising Fund, or to spend any amounts in any particular geographic area. Any Pedal Pub Businesses owned and operated by us or our affiliates contribute to the Advertising Fund on the same basis as our franchisees that signed franchise agreements in the same period in which the company or affiliate owned business is established. We may use outside advisors and agencies for advertising, marketing, public relations, website and social media programs (and other successor technology platforms), and or offset administrative costs of managing the Advertising Fund, and Advertising Fund contributions may be used to pay all advisor and agency fees.

(b) The Advertising Fund and all contributions to and earnings from the Advertising Fund are used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System. This includes the costs of preparing and conducting media marketing campaigns and system advertising, marketing and sales programs and campaigns; consumer research and marketing surveys designed to assist in maintaining high quality standards; public relations activities; trade show participation (including travel and expenses for our staff); the development and operation of a national and regional accounts program; on-line directory listings; developing and maintaining our Website and other internet marketing, as well as social media and other digital applications (and other successor technology platforms); sponsorship of organizations and events; purchasing promotional items and advertising materials; out-of-pocket expenses (including printing, postage, shipping, telephone and photocopying); our allocable overhead and administrative costs (including compensation and expenses of employees relating to the Advertising Fund); and providing promotional and other marketing materials and services to Pedal Pub Businesses operated under the System. We do not spend any money from the Advertising Fund for advertising that is primarily a solicitation of franchise sales except for the portion, if any, of our website specifically relating to soliciting franchisees.

(c) All sums paid to the Advertising Fund are maintained in an account separate from our general funds. The Advertising Fund is not our asset, and we or our designee maintain separate bookkeeping accounts for the Advertising Fund. We have the right to charge the Advertising Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Advertising Fund and advertising programs for you and the System (for example, salaries, costs of our personnel for creating and implementing, associated overhead, advertising, merchandising, promotional and marketing programs). The Advertising Fund and its earnings do not otherwise inure to our benefit and are not used to solicit the sale of franchises except for the portion, if any, of our website specifically relating to soliciting franchisees. We have no fiduciary obligation to you for administering the Advertising Fund. We may incorporate the Advertising Fund or operate it through a separate entity when we think best. The successor entity will have all of the rights and duties described in this paragraph. We may use collection agents and institute legal proceedings to collect the Advertising Fund contributions at the Advertising Fund's expense. We also may forgive, waive, settle and compromise all claims by or against the Advertising Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Advertising Fund.

(d) We may occasionally make available to franchisees marketing plans and promotional materials produced from contributions to the Advertising Fund. Additionally, we may sell these items to franchisees in the System at a reasonable price**,** and any proceeds from any those sales will be contributed to the Advertising Fund.

(e) The Advertising Fund may spend in any calendar year more or less than the total Advertising Fund contributions in that year, borrow from us or others to cover deficits (which borrowing will include the payment of interest) or invest any surplus for future use. In the event that the Advertising Fund borrows funds from us or our affiliates to cover its deficits, we generally will charge interest at the then-standard prime lending rate, over a term reasonably established in order to minimize costs to the Advertising Fund. We will use interest earned on Advertising Fund contributions to pay costs before spending the Advertising Fund's other assets. We anticipate all of our franchisees will contribute to the Advertising Fund, although there is no prohibition against us charging higher or lower rates for future franchisees. We may at any time defer or reduce a franchise owner's Advertising Fund contributions and, upon written notice to you, reduce or suspend Advertising Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Advertising Fund. If we terminate the Advertising Fund, we will either spend all monies in the Advertising Fund for advertising or promotional purposes, or distribute all unspent monies to franchise owners, and to us and our affiliates, in proportion to their, and our, respective contributions during the preceding twelve (12) month period.

(f) We will prepare, on an annual basis, an unaudited statement of the earnings and expenditures of the Advertising Fund, and a copy of this statement will be made available within sixty (60) days of our fiscal year end upon your written request. We are not required to have the Advertising Fund audited.

In our last fiscal year ended December 31, 2023, expenditures from the Advertising Fund by us were as follows:

Public Relations	40%
Media/Production	40%
Innovation/Product Launch	15%
Creative	5%

Your Local Advertising

You must spend a minimum of $500 per month, or 5% of monthly Gross Revenues, whichever is greater, on local advertising (e.g., marketing, promotions, publicity, social media) with arm's length parties ("**Minimum Local Advertising Obligation**"). We have the right to require that you provide us with proof that these funds were spent. Company or affiliate owned Pedal Pub Businesses are not required to spend any minimum percentage of their Gross Revenues on local advertising.

We have the right to establish local and/or regional advertising cooperatives for Pedal Pub Businesses, covering such geographical areas as we may designate at any time and from time to time. With respect to any advertising cooperative we establish and which we designate for your Pedal Pub Business, you must participate in such advertising cooperative and its programs and abide by its by-laws. You must contribute such amounts to the advertising cooperative(s) as they determine at any time and from time to time in accordance with their by-laws. Any Pedal Pub Business owned by us or any of our affiliates located in such designated local or regional area(s) will contribute to the cooperative(s) on the same basis. Contributions to such local and regional advertising cooperatives will be credited toward your Minimum Local Advertising Obligation, with the exception of certain special regional promotions we may designate from time to time. As of the date of this Disclosure Document, we have not established any local or regional advertising cooperatives. If we establish an advertising cooperative, its by-laws will be available for your review.

You will determine the amount of funds you spend for individual local market advertising, subject to the Minimum Local Advertising Obligation. Local advertising expenditures must comply with our requirements in order to count toward the Minimum Local Advertising Obligation. Local advertising includes amounts paid for advertising, public relations, Facebook advertisements, blogs, email campaigns, discounts or promotions if any, and may also include promotional materials purchased from us or our designated provider (Section 10 of the Franchise Agreement). Local advertising does not include incentive programs, including, without limitation, costs of honoring coupons and expenses and costs incurred in honoring sales promotions. If you do not spend at least the Minimum Local Advertising Obligation in a given annual year on local advertising, you must pay to us the difference between the applicable Minimum Local Advertising Obligation and the amount that you actually spent on local advertising.

Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You must follow the procedures provided in the Operations Manual with respect to all advertising and promotional requirements. You may not use any advertising or promotional plans that we have not approved in writing. Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding twelve (12) month period must be submitted to us for our approval before you may use it. The proposed advertising plans, advertising materials and your prices must be approved by us. We will have ten (10) days to review your proposed advertising plans and materials. Unless we provide our specific approval of your proposed advertising plans and materials they are deemed not approved. We also reserve the right to require you to discontinue the use of any previously approved advertising, sales, or marketing materials. Any materials you request us to create or submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials. At our request, you must include certain language in your local advertising materials, such as "Franchises Available" and our Website address, telephone number, social media icons, and addresses.

You must participate in any other promotional and advertising programs that we establish. You may only advertise or solicit customers within your own Protected Territory (as described in Item 12) unless you have our written approval, and likewise, we will require other franchisees not to solicit customers within your Protected Territory without our written approval, subject to each franchisee's ability to service

bona fide referrals as described in Item 12, and our then-current policies and procedures. We or our affiliates may advertise within your Protected Territory.

Grand Opening Advertising

A grand opening marketing and promotion program must be conducted prior to the opening of your Pedal Pub Business. Your grand opening marketing and promotion program will vary depending on the size of your market, competition in your market, and other factors. We require you to pay us $10,000 (if you have a Territory Type A or B) or $5,000 (if you have a Territory Type C) approximately 90 days prior to your scheduled opening to cover the costs and expenses of, and to compensate us for, conducting these activities for you. Generally, the grand opening advertising plan will be conducted in the 60 days prior to your opening and 30 days after opening. You are encouraged to engage in further marketing and promotional activities in connection with the grand opening of your Pedal Pub Business to ensure a successful opening, although you are not required to do so.

Websites

Websites are considered as "advertising" under the Franchise Agreement and are subject to our review and prior written approval before they may be used and before any content may be added or updated. To simplify the language in this Disclosure Document, "**Website**" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes Internet and world wide web home pages. We maintain a Website related to the System at www.pedalpub.com and we also have the right to designate a successor Website. You may not establish a Website that uses the Marks, nor may you offer, promote, or sell any mitigation services, or other products or services through a Website without our prior written approval. As a condition to granting any such consent, we will have the right to establish any requirement that we deem appropriate. You are not permitted to use the Marks in any fashion on any social media and/or networking Websites, including, but not limited to, Facebook, Instagram, LinkedIn and Twitter, without our prior written consent.

Email

We will provide an email address ("**Email Address**") to you as part of the Technology Fee, and you are required to use the Email Address solely for communications related to the Pedal Pub Business. You will only use the Email Address in accordance with terms of your Franchise Agreement and the Operations Manual, as well as any guidelines, directives or specifications issued by us.

Advisory Councils

We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Pedal Pub Businesses, advertising conducted by the marketing funds, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. An advisory council will be comprised of our representatives and franchisee representatives. The franchisee representatives may be chosen by us or elected by other franchisees in the System. We will have the right to form, change, merge or dissolve any advisory council. While we have not formed a System advisory council, we have established a marketing steering committee, comprised of franchisees from the United States and Canada, that advises us and makes recommendations on strategies, tools, and best practices for marketing. Members of the marketing steering committee have been selected by us. The marketing steering committee acts only in an advisory capacity, and we reserve the right to change or dissolve the marketing steering committee.

Computer Hardware and Software

Before opening your Pedal Pub Business, you will need to acquire (by purchase, lease or license) the computer system and required software that we specify (Section 9.04 of the Franchise Agreement). The term "**computer system**" and "**required software**" refers to hardware (monitor, keyboard, computer tower, mouse and tablets), software for the management and operation of the Pedal Pub Business and for reporting and sharing information with us, point of sale systems, credit and debit card processing and non-cash payment systems, communication systems (including routers, modems, cables, etc.), and external back-up for your computer and systems. We may change our specifications for the computer system and required software. You must use the computer system for your records management, back office reporting and emails, and for operating your business operations software and our proprietary digital application. The types of data to be generated or stored in the computer system include sales, labor, product and sales mix, employee information and statistics, inventory control, post sales tax, refunds and credits, and customer information. Our specific requirements for the computer system and required software, and the designation of any approved supplier for the computer system and required software, are included in the Operations Manual. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the computer system, and all associated costs.

You must maintain a functioning email address and secure, high-speed internet connection at all times. We may require you to purchase additional equipment depending on the size, configuration or other site-specific circumstances of your Pedal Pub Business.

Minimally, we recommend the following hardware specifications:

- DOS or Mac compatible – High Speed Broadband Internet Access Modem
- Windows Operating System® or Mac Operating System (Most current version available)
- Compatible printer

We estimate the cost of ongoing maintenance, upgrades and or updates to be $500 or less per year. Many franchisees choose to use their existing computer equipment, but if a new computer system is purchased, the expected cost to purchase a system which meets the requirements would be between $500 and $2,000 depending on the franchisee's choices regarding performance and features of the computer, payable to any normal and reasonable computer seller. You must schedule monthly data backups of QuickBooks data. This data may be requested by us on a regular monthly or on-demand basis.

We currently require that you license and/or use the following applications as part of your required software:CRM, Constant Contact email marketing service, chat bot, and music licensing, as part of your monthly Technology Fee that you pay to us, which is currently $200 per month, and which also includes the establishment of one email address. We also currently require that you pay us a monthly Digital Fee, which is currently $1,000 per month, for website management, website hosting, directory listing management, basic graphic design services, and certain digital marketing services which as of the date of this Disclosure Document include social and digital media management, SEO, SEM, and PPC (provided that amounts spent in connection with any digital campaigns are not included in this fee and are your responsibility). We reserve the right to increase this fee upon notice to you. In addition, you must use our designated booking platform and pay the vendor 2.5% of booked revenue, which we recommend you pass on to the customer (or which is otherwise your responsibility). You must also obtain licenses for certain off-the-shelf software, including QuickBooks, and digital messaging system. We anticipate the costs for this additional software are $200 per month, and this amount is not included in the Technology Fee or the Digital Fee.

We may require that you purchase a maintenance contract to service the computer system. The third parties from whom you purchase or lease the computer system have no contractual rights or obligations

to provide ongoing maintenance, repairs, upgrades or updates unless you obtain a service contract, or a warranty covers the product. If we designate a vendor for maintenance, repair, upgrade and update services, you must use our designated vendor for these services. You must also have a functioning email address and high-speed internet connection so that we can send you notices and otherwise communicate with you by this method.

Other than as provided in this Disclosure Document, there are no limitations on the frequency and cost of your obligation to comply with our requirements related to the computer system and required software. We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, required software related peripheral equipment, and/or communications systems into conformity with our then-current standards for new Pedal Pub Businesses, provided that we will not require the adoption of this requirement more than once a year for any franchisee. We will attempt to keep these changes infrequent and reasonable in cost, but other than set forth herein, there are no limits in the Franchise Agreement regarding either our ability to require you to obtain these changes, or the cost of any changes.

We will have independent, unlimited access to the information and data generated by the computer system via the Internet or otherwise. There are no contractual limitations on our right to access this information and data.

We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your rights and responsibilities concerning, the software or the technology. In addition to the fees described above, we or our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the term of your Franchise Agreement.

Operations Manuals

Exhibit D to this Disclosure Document is the table of contents of our Operations Manual. The total number of pages in our Operations Manual is 180 pages. Our Operations Manual is currently in electronic form and available online on our extranet. In addition, the Operations Manual may consist of computerized documents or software, printed materials, videos, or any other medium we adopt periodically for use and designate as part of the Operations Manual. (Section 4 of the Franchise Agreement).

Training

Before opening your Pedal Pub Business, you and/or your Operating Principal (described in Item 15) must successfully complete our initial training requirements to our satisfaction. Our initial training program is conducted via electronic media, at our corporate office in St. Paul, Minnesota, in the market of one of our existing franchisees, or on-site within your market area, as we may determine in our discretion. As of the date of this Disclosure Document, any initial training conducted in the market of one of our existing franchisees takes place at the site of our Nashville, Tennessee franchisee.

You may send additional employees to our initial training program, but you are ultimately responsible for training your employees. You will bear all expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance. If your Operating Principal is no longer associated with you, you must appoint a new Operating Principal who must successfully complete our initial training program.

We will provide the initial training program for up to three (3) people. We reserve the right to charge for additional employees, or replacement managers or Operating Principals, that you desire to attend our initial training program or required job specific training, either online or at our headquarters or other location that we designate.

The areas covered in the initial training program are described below. The duration of our initial classroom training program is approximately one (1) to two (2) days and will be offered at our corporate headquarters in St. Paul, Minnesota, via electronic media, in the market of one of our existing franchisees, on-site within your market area, or at such other location that we designate. The initial training is a maximum of five (5) days and is required for franchisees who are opening their first Pedal Pub Business. Training may take place prior to your opening and over the weekend.

INITIAL TRAINING PROGRAM

Subject	Classroom Training (hours)	Hands-On Training (hours)	Location
Pedal Pub Introduction	1	0	Corporate Office, Existing Franchisee Market, or electronically.
Routes and Schedules	1	2	Your Market.
Business Planning and Analysis	1	2 – 4	Corporate Office, Existing Franchisee Market, or electronically.
Tours and Customer Experience	1 – 2	1 – 2	Corporate Office, Existing Franchisee Market, or electronically.
Safety and Bike Operations	1 – 3	2 – 4	Corporate Office, Existing Franchisee Market, electronically, or in Your Market.
Q&A	1- 2	2 – 4	Corporate Office, Existing Franchisee Market, or electronically.
Digital Tools, Social Media and Marketing	1	2 – 4	Corporate Office, Existing Franchisee Market, or electronically.
Partnerships, Networking and Regulatory	1	2 – 4	Corporate Office, Existing Franchisee Market, or electronically.
Bike Maintenance	0	2 – 3	In Your Market or Existing Franchisee Market.
Driving the Bikes – Electric Assist	0	2 -3	In Your Market or Existing Franchisee Market.
Check In & Tour	0	2 – 3	In Your Market or Existing Franchisee Market.
Total	**8 – 12**	**19 – 33**	Corporate Office, Existing Franchisee Market, electronically, or in Your Market.

Jake Halbert, our Vice President of Operations, is the primary instructor for the initial training program. Jake has been coaching, training, and supporting franchisees for over 16 years. He also leads the hands-on training in each franchise market on-site. We may supplement or use additional instructors on our

training staff to conduct our training programs, at our discretion. Our additional instructors generally have substantial operations or business experience, and a minimum of three (3) months of experience with the Pedal Pub System.

The Operations Manuals contains instructional materials used during the training sessions. We have the right to change the duration and content of our initial training program. We currently do not have any fixed training schedules, such as monthly or bi-monthly classes. We will conduct our initial training program based on need and the number of franchisees to be trained.

You or your Operating Principal and all other previously trained and experienced managers and salespeople must attend and complete to our satisfaction various training courses that we will present and conduct, periodically. You are responsible for all related travel and living expenses and wages incurred in connection with attending these training sessions. You must also maintain a computer (PC, tablet or similar device) on which you and your employees can perform those training programs that are available digitally.

You must set up the necessary training programs for your staff (other than those individuals required to receive training by us above). Prior to initiating your training program, you must submit it for our review. We will notify you in writing with any changes to or our acceptance or denial of your proposed training program.

If, at any time during your operation of the Pedal Pub Business, you request that we provide additional training or assistance, or we determine that you require additional training or assistance you must pay our then-current per diem training fee for each trainer, currently ranging from $500 to $1,500 per day, and you must reimburse us for all out of pocket costs and expenses incurred by our trainers associated with the additional training, including lodging, food and travel arrangements of the trainers. Neither you nor your employees will receive any compensation from us for services performed during training. You will bear all other expenses incurred in such training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance.

We may periodically conduct a conference, convention, program, or training session. We will determine the duration, curriculum, and location of these. You and/or your Operating Principal must attend each conference, convention, program, or training session. We charge a fee for these sessions and you must pay all expenses. You may also be required, from time to time, to take part in additional training or updates as we designate. Lastly, as a condition of renewing your Franchise Agreement, we may require you to undergo further training.

ITEM 12. TERRITORY

Franchise Agreement

The Franchise Agreement grants to you the right to own and operate a Pedal Pub Business from a home office or from a specific location. You may not conduct the business of your Pedal Pub Business at any site other than your home office or the premises or relocate your Pedal Pub Business without our prior written consent. Except as noted below, as long as you are in compliance with the Franchise Agreement, we will not operate a Pedal Pub Business or grant to a third party the right to operate a Pedal Pub Business within your Protected Territory other than customers that are part of our national and regional accounts program and with respect to Non-Traditional Sites. National and regional accounts are those companies with a national or regional presence which have engaged us to assist them with employee or client entertainment. We will book such tours with franchisees with the nearest territory to the site of the specific event, to the extent such franchisee (a) is qualified and has the capacity and capability, in Franchisor's sole judgment, to handle such referral and, (b) agrees to the terms and conditions of participating in the national and regional accounts program, including, trip pricing as may be offered by us to the national and regional accounts.

Protected Territory

Your territory and location name will be agreed to by you and us prior to you signing the Franchise Agreement. Generally, territories are defined by the approximate population of the territory, however, we reserve the right to assign the size of protected territory we grant to you based on certain other factors, including policies regarding protected territories; topographical features that define contiguous areas, like rivers, bodies of water, mountains, highways, and undeveloped land areas; municipal or other political or geographic boundaries, area demographics; and other conditions that we deem appropriate. In determining population, we will use the most recent information available in the U.S. Census Data, or other statistical sources of our choosing.

Based on the type of territory you purchase, in order to receive and retain protected territory, you will be required to purchase a minimum number of bikes from us within the specified periods of time as described in the Development Schedule to the Franchise Agreement. If you have a Territory Type A you will be required to purchase at least five (5) bikes, with the total required number depending on amount of tourism, seasonality, and geographic size of the territory; if you have a Territory Type B you will be required to purchase at least three (3) to four (4) bikes, with the total required number depending on the amount of tourism, seasonality, and geographic size of the territory; if your location meets our criteria for a specialty small market and you therefore have a Territory Type C, you will be required to purchase at least one (1) bike. If you do not purchase the minimum number of bikes as described in the development schedule to the Franchise Agreement, the territory may no longer be protected.

Not Exclusive

Your Protected Territory has exceptions as described in this Item 12, and therefore is not 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.

Restrictions on Your Soliciting or Accepting Orders from Consumers Outside Your Territory

You may not solicit customers and advertise your Pedal Pub Business outside of your Protected Territory without our prior written approval, to be granted in our discretion. Likewise, we will require our other franchisees not to solicit or advertise in your Protected Territory. In certain circumstances, we may allow you to market outside of your Protected Territory if the area has not been granted to another franchisee as a protected territory. Our consent will be conditioned upon your written agreement that all customer information you obtain for customers outside of your Protected Territory will be provided to the franchisee who purchases the area in which the customers are located upon notice, and according to our policies.

You may not service customers outside of your Protected Territory without our prior written consent. Neither we nor any other party is obligated to pay compensation to any other party in the event soliciting or servicing customers from the other franchisee's Protected Territory occurs.

Other than described in this Disclosure Document, without our prior written consent you have no right to sell products through the Internet or worldwide web, through smart phone or other digital applications, mail order or catalogs, through telemarketing or other direct marketing or through any other form of distribution channel or method and you will not receive any compensation for our sales through alternative distribution channels. You have no right to use the Marks in connection with any business other than a Pedal Pub Business. We have the right to engage in any other activities not expressly prohibited in the Franchise Agreement. You may face competition from other franchisees, from businesses that we or our affiliates own, or from other channels of distribution or competitive brands that we control.

You have no options, right of first refusal or similar rights to acquire additional franchises or establish additional Pedal Pub Businesses. We have not established any minimum sales quota and do not require any certain level of sales, revenue volume or market penetration in order for you to maintain your Protected Territory. We will not reduce the size of your Protected Territory even if the population in it increases. Likewise, we will not expand the size of your Protected Territory if the population in it decreases. We cannot alter your Protected Territory unless you give us your written consent. Any rights that are not specifically granted to you under the Franchise Agreement are retained by us.

Similar Businesses by Us

Under the Franchise Agreement, we and our affiliates have reserved the right to establish anywhere franchises and/or company or affiliate owned businesses selling the same or similar products and providing the same or similar services as your Pedal Pub Business (including within your Protected Territory) under names and symbols other than the Marks, even if these outlets are near your Pedal Pub Business. Nevertheless, as of the date of this Disclosure Document, we have no present plans to exercise any of these rights. We also reserve the exclusive right to sell products identified with the Marks both within and outside your Protected Territory through any distribution channel or method (whether at retail or wholesale), including sales through catalogs, e-commerce, smart phone applications, mail order, mass merchandise, supermarkets and club stores, except through the operation of a Pedal Pub Business, even if you sell these products at your Pedal Pub Business. We are not required to compensate you for soliciting or accepting orders or otherwise making sales in your Protected Territory. We and our affiliates also have reserved the right to own and operate businesses that offer party bike, entertainment, and related services and products that we purchase (or as to which we purchase the rights as franchisor) that are part of another franchise system or chain and either continue to be operate them independently or convert them to Pedal Pub Businesses, even if they are located in your Protected Territory.

Finally, under the Franchise Agreement, we and our affiliates reserve the exclusive right to establish and operate, and license to licensees and franchisees the right to establish and operate, Pedal Pub Businesses that are located at what we determine to be non-traditional sites, which include, for example, food courts, convention centers, airports, train stations, subways and other transportation facilities, car and truck rest stops and travel centers, hotels, casinos, colleges and other schools, sports stadiums, theme parks, hospitals, military bases and other government offices ("**Non-Traditional Sites**"), regardless of whether they are located in your Protected Territory.

We or our affiliates may own, operate and/or franchise competitive party bike and entertainment concepts in the future and these concepts may be operated in close proximity to your Pedal Pub Business.

ITEM 13. TRADEMARKS

Under the Franchise Agreement, we grant to you the right to operate a Pedal Pub Business under the name "PEDAL PUB" and to use the Marks we authorize you to use.

We have registered the following Marks on the Principal Register of the United States Patent and Trademark Office (the **"USPTO"**), which Marks are owned by us or licensed to us to use.

Mark	Registration Number	Registration Date	Owner
PEDALPUB	3,957,751	5-10-2011	Us
THE BIKE WITH THE BARREL	5,349,803	12-5-2017	Us
PEDAL PUB	5,659,653	1-22-2019	Us
	5,659,652	1-22-2019	Us

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GATHER & GO!	5,659,654	1-22-2019	Us

Additionally, we have applied for registration of the following Mark on the Principal Register of the USPTO:

Mark	Serial No.	Application Date	Owner
POLAR PUB	97313163	3-15-2022	Us

Because we do not have a federal registration for this Mark, it does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to alternative trademarks, which may increase your expenses.

We have filed or intend to file all required affidavits and renewals for the principal Marks. There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court; nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving the Mark listed above. We do not know of any superior rights or infringing uses that could materially affect your use of the Marks.

You must follow the Franchise Agreement, the Operations Manual and our specifications and directives when you use the Marks. The Marks are the only marks you may use to identify the Pedal Pub Business. You may not use any Marks as part of any corporate or trade name or as part of any domain name or electronic address you maintain on the Internet, the worldwide web, or any other similar proprietary or common carrier electronic delivery system unless we expressly authorize you to do so in writing. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks other than a license to use the Marks during the term of the Franchise Agreement. You are not permitted to make any changes of any kind in or to the use of the Marks unless we permit.

You must notify us immediately when you learn about an infringement of or challenge to your use of a Mark. We will take the action we think appropriate. We have the right to exclusively control any litigation, USPTO proceeding, or other proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark.

You must not directly or indirectly contest our right to the Marks, trade secrets or business techniques that are part of our business. You must promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks, and bear the cost of any judgment or settlement, if we determine that you have used the Marks in accordance with the Franchise Agreement. However, if we determine that you have not used the Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement we will also reimburse you for your out-of-pocket costs.

You must modify or discontinue the use of a Mark and you must adopt or use additional or substituted marks, if we instruct you to do so. If this happens, you are responsible for your tangible costs

of compliance (i.e. changing signs) and we do not have to reimburse you for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark. You waive any claim against us for changing, modifying or discontinuing a Mark. We may also develop or acquire additional Marks and make them available for your use or require you to use them.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We have no patents or pending patents that are material to the operation of your Pedal Pub Business.

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of Pedal Pub Businesses, including the Operations Manuals, advertising and promotional materials, designs, informational brochures and flyers, and similar materials. We have not registered these materials with the United States Copyright Office.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

We may claim copyright protection in certain techniques we create and may patent certain processes and equipment we develop. If we do, we will notify you and, if the copyrights and patents are material to your obligations under the Franchise Agreement, we will authorize you to use them at no additional charge. Any modifications or improvements that you make to the System will be deemed works made for hire which shall be owned exclusively by us. We do not have to compensate you for your modifications or improvements. You must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, methods or techniques. Any and all copyrights, rights, title, and interest in advertising and promotional materials that you develop or prepare (or that are prepared by someone on your behalf) or that bear any Marks will belong to us. You must sign any documents we reasonably deem necessary to evidence our right, title, and interest in and to any advertising and promotional materials. We will have the right to use these materials and to provide them to other franchisees and advertising funds and programs of the System, without compensation to you, regardless of how the materials were developed. Additionally, we may periodically require that you sign a license agreement for the use of proprietary materials that we provide to you in an electronic format.

Confidential Information

Except for the purpose of operating a Pedal Pub Business under a Franchise Agreement, you may not communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the development and operation of the Pedal Pub Business that may be communicated to you or that you may learn by virtue of your operation of a Pedal Pub Business. Our Operations Manual is confidential information. If any confidential information, knowledge, or know-how constitutes a trade secret under applicable law, these restrictions will continue if the confidential information, knowledge, or know-how is considered a trade secret. You may divulge confidential

information only to those of your employees who must have access to it to operate the Pedal Pub Business. Any information, knowledge, know-how, and techniques that we designate as confidential will be deemed "confidential" for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain through publication or communication by others having the right to do so.

In addition, we may require you, your Operating Principal, other owners, managers, and your key employees, with access to confidential information to sign confidentiality and non-competition agreements. Each of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Pedal Pub Business. These agreements must be in a form that we find satisfactory and must include specific identification of us as a third-party beneficiary with the independent right to enforce the covenants. We have the right to take legal action against you if there has been an unauthorized use of our confidential information or trade secrets through you or your employees.

You must promptly notify us of any unauthorized use of our copyrighted materials or any unauthorized use or disclosure of confidential information, including by your employees. You must notify us of any challenge to your right to use or the ownership of any copyrighted materials or confidential information. We are not required to protect or defend our copyrights or confidential information although we intend to do so when it is in the best interests of the System. We have the exclusive right to control any copyright litigation. We have the right to keep all sums obtained in settlement or as a damages award in any proceeding or litigation without any obligation to share any portion of the settlement sums or damages award with you. While we are not required to participate in your defense or to indemnify you for damages or expenses you incur if you are a party to any administrative or judicial proceeding involving our confidential information or other information in which we claim common law rights and copyright protection, we may reimburse you for your liability and reasonable costs in connection with defending our confidential information and other information in which we claim common law rights and copyright protection.

We will have the right at any time, on notice to you, to make additions to, deletions from, and changes in any item in which we claim common law copyright or registered copyright protection including the Operations Manual. You must adopt and use all additions, deletions, and changes as we direct, at your expense.

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

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate an Operating Principal as defined in Item 1. This Operating Principal shall be an individual approved by us who must: (a) own and control, or have the right to own and control, subject to conditions reasonably acceptable to us, not less than ten percent (10%) of your equity and voting rights; (b) have the authority to bind you regarding all operational decisions with respect to your Pedal Pub Business; and (c) have completed our training program to our satisfaction. This person must also maintain the certifications for the operation of your Pedal Pub Business that we require.

You (or if you are an entity, your Operating Principal): (a) shall exert your best efforts to the development and operation of your Pedal Pub Business; and (b) may not engage in any other business or activity, directly or indirectly, that may conflict with your obligations under the Franchise Agreement. Your Pedal Pub Business must, at all times, be managed by you (or if you are an entity, your Operating Principal).

As more fully set forth in the Franchise Agreement, you must implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of confidential information. Such

procedures include the use of non-disclosure agreement in the form(s) approved by us with your owners, officers, directors, and key employees, and their respective spouses which will prohibit them from directly or indirectly disclosing our confidential and proprietary information and trade secrets. We also may require those employees who have received our confidential and proprietary information to enter into the same non-disclosure agreement. You and your owners must deliver copies of such agreements to us. At the end of the term of the Franchise Agreement, you must also deliver to us all of our confidential information and Operations Manuals in your possession.

We may require each of your owners holding at least a five percent (5%) equity interest in you, and their spouses, to personally guarantee, on a joint and several basis, your obligations to us under the Franchise Agreement. The guarantees will be in the form of the Guaranty Agreement attached as Exhibit D to the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must conduct your Pedal Pub Business as required by the Operations Manual and the Franchise Agreement. You must sell all products, merchandise and services that we determine from time to time to be appropriate for your Pedal Pub Business, including Pedal Pub Products and Services, and you may only sell and provide products and services that we have approved in writing and which conform to our standards and specifications. This means that we have the right to require you to carry the required products and offer the required services that we dictate and that we determine are appropriate for Pedal Pub Businesses. There are no limits to our right to make modifications to our approved Pedal Pub Products and Services, whether by a change in the Operations Manual or by another form of written directive. We may, in our discretion, establish certain marketing programs, including limited time offers, in which you must participate. We will not refund or exchange any unused products shipped to you in connection with these marketing programs.

You may only solicit and sell products and services to customers located within your Protected Territory and specific referral customers you obtain, as outlined in Item 12. In certain circumstances, we may allow you to solicit or sell Products or Services to customers outside of your Protected Territory, only pursuant to our written approval and as further described in Item 12.

We may conduct market research to determine consumer trends and salability of new products and services. You must participate in our market research programs by test marketing new products and services in your Pedal Pub Business and providing us with timely reports and other relevant information regarding such market research. You must purchase a reasonable quantity of such test products and make a reasonable effort to sell them.

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	Summary
a. Length of the franchise term	Section 2.01	10 years
b. Renewal or extension of the term	Section 15	If you meet the requirements, you can renew for a consecutive 5-year term.

Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 15	You must provide written notice of intent to renew between 6 and 9 months before the expiration of the Franchise Agreement; you and your owners and affiliates must be in compliance with all terms of the Franchise Agreement and all agreements with us or our affiliates, and must have been in material compliance with those agreements through the term of those agreements; sign the then-current form of Franchise Agreement; maintain control of the premises where the Pedal Pub Business is located; maintain licenses and permits necessary to operate the Pedal Pub Business; be current in all payments with us, our affiliates, your lenders and lessors, and System vendors and suppliers; attend additional training which we may require; pay a renewal fee; and refurbish the Pedal Pub Business, including upgrading computer systems and required software, if required; sign a general release. Terms and conditions of your new Franchise Agreement may differ materially from any and all of those contained in your previous Franchise Agreement. These terms are subject to state law.
d. Termination by franchisee	Section 14.01	You can terminate only if we fail to cure a default under the Franchise Agreement within 90 days (or 150 days in some instances) after you give us written notice of such default and intent to terminate. These terms are subject to state law.
e. Termination by franchisor without cause	Not Applicable	Not applicable.
f. Termination by franchisor with "cause"	Sections 14.02 and 14.03	We can terminate only if you default or if certain events (described in (g) and (h) below) occur. In some instances, you will have an opportunity to cure the default.
g. "**Cause**" defined – curable defaults	Section 14.03	Failure to comply with our standards and procedures or any term of the Franchise Agreement not covered in (h) below, including: failure to submit required reports; failure to attend our required training programs; failure to comply with any of the terms and conditions of any other agreement entered into by you in connection with your Pedal Pub Business; failure to maintain required insurance; and failure to restore the Pedal Pub Business to full operation if it is

Provision	Section in Franchise Agreement	Summary
		rendered inoperable by casualty. You have 30 days (or longer if applicable law requires) after we give you written notice to cure the default; except that you will have 15 days to cure default due to nonpayment.
h. "**Cause**" defined – non-curable defaults	Section 14.02	Bankruptcy or insolvency; liquidation; reorganization or dissolution; general assignment for benefit of creditors; failure to pay us or our affiliates or any creditor, supplier or lessor of the Pedal Pub Business any sums due within 5 days after written notification; failure to open the Pedal Pub Business within the later of 12 weeks after execution of the Franchise Agreement or 30 days from local governmental approval to operate the business; abandonment or ceasing operation of the Pedal Pub Business for a period of 3 consecutive business days or 5 individual days in any 12 month period without permission; conviction of you or any of your owners of a felony or crime involving moral turpitude; operation of the Pedal Pub Business as a health or safety hazard; making of material misrepresentations or knowingly maintaining false books or records; unauthorized transfer by you or your owners; failure to comply with non-competition and non-solicitation provisions; unauthorized use of or challenge to any Mark or unauthorized use or disclosure of confidential information; failure to comply with any anti-terrorism laws; unauthorized seizures; final judgment remains unsatisfied for more than 30 days; a levy of execution against the license or premises is not discharged within 5 days; failure to comply with any law or regulation, or obtain required permit or license, within 15 days after notice; soliciting customers outside of Protected Territory without our consent; underreporting of Gross Revenues during any period by more than 5%, or by more than 2% three or more times within any 18 month period; or receipt of 3 default notices within a 12 month period, or 2 default notices within a 12 month period for the same default; you and your Operating Principal fail to complete our initial training program within ten (10) weeks of the execution of the Franchise Agreement to our satisfaction; any other

Provision	Section in Franchise Agreement	Summary
		material breach which is not possible to cure.
i. Franchisee's obligations on termination / non-renewal	Sections 7 and 16	Obligations include complete ceasing to operate the Pedal Pub Business and holding yourself out as a Pedal Pub Business; at our option assigning to us any contracts for services to be performed post termination or expiration and paying us all amounts you have received for services to be performed after termination or expiration (or to customers as we may direct), and de-identification of the Pedal Pub Business and your bikes, and return any signage to us if we request; payment of amounts due to us and our affiliates, and to your lenders and System suppliers; return confidential materials and stop using our System; cancel assumed name registration; transfer telephone and fax numbers, Internet and social media listings, store leases and governmental licenses and permits; no investment in competitive business; no solicitation of employees; follow any procedures in the Operations Manual related to discontinuing operations of the Pedal Pub Business, including return to us the Operations Manual and any confidential information; offer us the right to purchase the bikes and other assets used in your Pedal Pub Business; sign such documentation as we require to effectuate the above.
j. Assignment of contract by franchisor	Section 13.07	There are no limits on our right to assign the Franchise Agreement.
k. "**Transfer**" by franchisee – defined	Sections 1.04(q) and 13	Includes transfer of Franchise Agreement, any interest in Franchise Agreement, any material assets of the Pedal Pub Business, or any equity interest in you if you are an entity or any equity interest in any owners of you if they are an entity.
l. Franchisor approval of transfer by franchisee	Section 13.01	We have the right to approve all transfers but will not unreasonably withhold approval if certain conditions are satisfied.
m. Conditions for franchisor approval of transfer	Section 13.02	You and your owners and affiliates must be in compliance with the Franchise Agreement and all other agreements with us or our affiliates, including paying all royalty and other fees or amounts owed to us or our affiliates; transferee must qualify, pay for and complete training and assume obligations

Provision	Section in Franchise Agreement	Summary
		under the Franchise Agreement and/or enter into a new franchise agreement and any other agreements we require; the transfer fee must be paid; you and your owners and affiliates must sign a general release and remain liable for all obligations arising prior to transfer effective date; transferee upgrades or refurbishes the Pedal Pub Business; the terms and conditions of transfer must be satisfactory to us; and we decline to exercise our right of first refusal. Subject to state law.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13.05	We can match any offer for the transfer of your business or any ownership interest in you.
o. Franchisor's option to purchase franchisee's business	Section 16.03	Upon expiration or termination of the Franchise Agreement, you must offer us the right to purchase assets of the Pedal Pub Business. We may acquire the assets of your Pedal Pub Business by giving you notice within 10 days of termination/expiration. The purchase price for bikes or other equipment purchased from us will be the pre-determined depreciated value of the equipment as described in the Equipment Sales Agreement. The purchase price of other assets will be the lesser of your cost or fair market value.
p. Death or disability of franchisee	Section 13.04	All rights in the Franchise Agreement or ownership interest must be assigned by estate to an approved buyer meeting conditions for Transfer within a reasonable time period not to exceed three (3) months from death or disability.
q. Non-competition covenants during the term of the franchise	Sections 7.01 and 7.02	No direct or indirect ownership or involvement in any competitive business and no solicitation of any employee of ours or our affiliates or employee of any other Pedal Pub Business, regardless of location.
r. Non-competition covenants after the franchise is terminated, expires, or is transferred	Sections 7.01 and 7.02	For two years, no involvement in competitive business located in your Protected Territory or within a fifty (50) mile radius of the protected territory of any Pedal Pub Business and no solicitation of any employee of ours or our affiliates or employee of any other Pedal Pub Business. Competitive business includes any business providing any mobile entertainment activity.
s. Modification of the agreement	Section 19.13	Generally, no modification except by written agreement signed by both parties; however,

Provision	Section in Franchise Agreement	Summary
		the Operations Manual is subject to change by us.
t. Integration/merger clause	Section 19.13	Only the terms of the Franchise Agreement, including the Operations Manual, are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration, negotiation or mediation	Section 18	Except for certain claims, all disputes must be mediated, and if not settled by mediation, are then subject to arbitration. Subject to state law.
v. Choice of forum	Sections 18.02 and 18.04	Litigation must be held in the federal or state court for the district where our principal executive office is located (subject to state law). Mediation and arbitration must occur in the office of the American Arbitration Association closest to our principal executive office. This provision is subject to state law.
w. Choice of law	Section 19.04	Minnesota law applies generally, provided that the Minnesota Franchise Act and other franchise-specific laws and regulations of the State of Minnesota generally do not apply to Pedal Pub Businesses located outside of Minnesota. This provision is subject to state law.

NOTES:

Note 1. Termination of your Pedal Pub Business upon your bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C.A. Sec. 101 et seq.).

Note 2. Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in Exhibit H attached to this Disclosure Document.

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We provide prospective franchisees with certain information regarding the historical gross revenues of our franchised and affiliate-owned outlets as set forth below. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request, provided, however, that such substantiation shall not disclose the sales, expenses or cash flows of any specific franchised unit without the written authorization of the franchisee, except as required by applicable state or federal registration authorities.

FACTUAL BACKGROUND

We provide prospective franchisees with certain information regarding actual historic gross revenues during calendar year 2023. We present this data in two sets: One for our franchised outlets and one for our sole affiliate-owned outlet. Because our predecessor allowed some Licensees to operate mobile entertainment tour businesses under marks other than the "Pedal Pub" marks, and some of these Licensees have converted to franchisees, some of the reported franchise outlets operate under names other than "Pedal Pub." Many outlets, especially those located in colder climates, have limited or no operations during the "off-season" months, which typically are January, February, and October through December.

The information presented in the first table below is based on the 13 franchised Pedal Pub Businesses that were open and operating during all of calendar year 2023. Because they were not open and operating during the entire reporting period of January 1, 2023, to December 31, 2023, excluded from this statement is information from: (a) three outlets that opened in 2023; (b) three outlets that closed in 2023; (c) one outlet that was closed during the entire reporting period due to municipal regulatory issues; (d) one outlet that was closed for more than six months as part of a transfer in ownership; and (e) one outlet that participates in a legacy information reporting system and has failed to report to us its sales information for the reporting period, and thus we do not have reliable information about its sales.

The information presented in the second table below is based on our sole affiliate-owned outlet, which operates in the Minneapolis, Minnesota area and has been open since 2010.

For the franchised Pedal Pub Businesses whose information is presented in the first table, we report the average and the median of gross revenues, the number and percentage of outlets whose performance met or exceeded the average, and the highest and lowest figures in the range. Additionally, we have separated the information into three tiers based the length of time the outlets have been open: (a) one tier for Pedal Pub Businesses that opened prior to January 1, 2019, and thus as of December 31, 2023, have been in operation five or more full calendar years, which we consider to be at maturity; (b) one tier for Pedal Pub Businesses that opened after January 1, 2019, but prior to December 31, 2020, and thus as of December 31, 2023 have been in operation for three to four full calendar years, which we consider to be in a ramp-up phase; and (c) one tier for Pedal Pub Businesses that opened after January 1, 2021 and thus as of December 31, 2023 have been in operation one to two full calendar years, which we consider to be in a start-up phase. For the Pedal Pub Business operated by our affiliate, we report in the second table its actual gross revenues in calendar year 2023.

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HISTORIC GROSS REVENUES OF PEDAL PUB BUSINESSES

Gross Revenues for Franchised Outlets for the Period of January 1, 2023 through December 31, 2023

Gross Revenues[1]	Average	Median	Number/Percentage Exceeding Average
All (13)[2]	$468,825	$113,984[6]	3/23%
5+ Full Years in Business (2)[3]	$2,112,747	$2,112,747[7]	1/50 %
3-4 Full Years in Business (4)[4]	$281,922	$287,756[8]	2/50 %
1-2 Full Years in Business (7)[5]	$105,935	$100,383[9]	3/43%

Gross Revenues for Sole Affiliate-Owned Outlet for the Period of January 1, 2023 through December 31, 2023

Gross Revenues[1]	
	$256,228[10]

[1] For purposes of this section, "Gross Revenues" includes all revenues generated by the Pedal Pub Business from January 1, 2023, through December 31, 2023, excluding bona fide customer refunds and sales taxes collected and paid to the proper authorities. This is the same definition we use for calculation of Royalty Fees and other items in this Disclosure Document.

[2] The parenthetical number following the description of each category indicates the number of outlets in that category. This line presents information about 13 franchised Pedal Pub Businesses that were open and operating during the entire 2023 calendar year. As described above, it does not include three outlets that opened in 2023, three outlets that closed in 2023, and three outlets that were closed for all or a portion of 2023 or from which we have not received sales information.

[3] This line presents information about two franchised Pedal Pub Businesses that opened prior to January 1, 2019, and were open and operating during the entire 2023 calendar year. Both of these outlets opened in 2010.

[4] This line presents information about four franchised Pedal Pub Businesses that opened after January 1, 2019, but prior to December 31, 2020, and were open and operating during the entire 2023 calendar year.

[5] This line presents information about seven franchised Pedal Pub Businesses that opened after January 1, 2021, and were open and operating during the entire 2023 calendar year.

[6] The high gross revenues in this category was $3,817,000 and the low was $41,100.

[7] The high gross revenues in this category was $3,817,000 and the low was $408,494.

[8] The high gross revenues in this category was $491,795 and the low was $60,380.

[9] The high gross revenues in this category was $171,027 and the low was $41,100.

[10] Due to its location in a cold climate, our affiliate-owned outlet in the Minneapolis, Minnesota area did not operate in 2023 during the months of January, February, November, and December.

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These figures are derived from data provided to us by our franchisees and our affiliate for the period indicated. The franchisees' financial information is not audited. Results from outlets in Canada are reported in U.S. Dollars. The figures do not reflect costs of sales, operating expenses, or other costs or expenses that must be deducted from net sales figures to obtain your net income or profit. The Pedal Pub Businesses reported above offer substantially the same products and services as you will as a franchisee operating a franchised outlet. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our Vice President of Operations, Jake Halbert, at 3212 Rice Street, St. Paul, MN 55126, (651) 484-0075, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2021 To 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised[1]	2021	12	16	+4
	2022	16	20	+4
	2023	20	20	0
Company-Owned or Affiliate-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	**2021**	**13**	**17**	**+4**
	2022	**17**	**21**	**+4**
	2023	**21**	**21**	**0**

[1] These figures include our outlets in Canada.

[2] This chart does not disclose the Licensees operating under license agreements under marks other than the Marks described in Item 1.

Table No. 2

Transfers of Outlets From Franchisees To New Owners (Other Than Franchisor)
For Years 2021 To 2023

State	Year	Number of Transfers
Florida	2021	0
	2022	0
	2023	2
Total	**2021**	**0**
	2022	**0**
	2023	**2**

Table No. 3

Status Of Franchised Outlets
For Years 2021 To 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AR	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
FL	2021	3	0	1	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
GA	2021	1	1	0	0	0	0	2
	2022	2	2	0	0	0	0	4
	2023	4	0	1	0	0	0	3
IA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
IN	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
LA	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2023	1	0	0	0	0	0	1
MO	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NC	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
TN	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
TX	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
VA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Domestic Total	**2021**	**9**	**4**	**1**	**0**	**0**	**0**	**12**
	2022	**12**	**2**	**0**	**0**	**0**	**0**	**14**
	2023	**14**	**3**	**2**	**0**	**0**	**0**	**15**
Canada	2021	3	1	0	0	0	0	4
	2022	4	2	0	0	0	0	6
	2023	6	0	1	0	0	0	5
Int'l Total	**2021**	**3**	**1**	**0**	**0**	**0**	**0**	**4**
	2022	**4**	**2**	**0**	**0**	**0**	**0**	**6**
	2023	**6**	**0**	**1**	**0**	**0**	**0**	**5**
Total - All	**2021**	**12**	**5**	**1**	**0**	**0**	**0**	**16**
	2022	**16**	**4**	**0**	**0**	**0**	**0**	**20**
	2023	**20**	**3**	**3**	**0**	**0**	**0**	**20**

[Remainder of page intentionally left blank]

Table No. 4

Status of Company-Owned and Affiliate-Owned Outlets
For Years 2021 To 2023

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
Minnesota	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Total	**2021**	**1**	**0**	**0**	**0**	**0**	**1**
	2022	**1**	**0**	**0**	**0**	**0**	**1**
	2023	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 5

Projected Sales and Openings

State	Franchise Agreements Signed as of December 31, 2023, But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year (Note 1)	Projected New Company-Owned Outlets In the Next Fiscal Year
Arizona	0	1-2	0
Arkansas	1	0	0
California	2	1-2	0
Connecticut	1	0	0
Florida	1	1-2	0
Georgia	0	1	0
Idaho	1	0	0
Illinois	2	0	0
Iowa	0	1	0
Kentucky	1	1	0
Louisiana	2	0	0
Massachusetts	1	0	0
Missouri	2	0	0
North Carolina	1	0	0
Nevada	0	1	0
North Dakota	2	0	0
Oklahoma	0	1	0
South Carolina	1	1-2	0

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State	Franchise Agreements Signed as of December 31, 2023, But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year (Note 1)	Projected New Company-Owned Outlets In the Next Fiscal Year
Texas	0	1-2	0
Totals	**18**	**10-15**	**0**

[1] We are looking for franchisees nationwide and cannot know in advance where we might find prospects. Therefore, any projection of this nature is speculative. We will add franchised prospects where we find qualified prospects.

Exhibit F includes a list of our franchisees as of the end of our last fiscal year. Exhibit G includes a list of the franchisees that terminated, canceled, or did not renew their Franchise Agreement in the last fiscal year, otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement in the last fiscal year, or that have not communicated with us within 10 weeks of application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are currently no franchise advisory councils and no other trademark-specific franchisee organizations associated with the Pedal Pub Business System. During the last three (3) fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

ITEM 21. FINANCIAL STATEMENTS

Attached to this document as Exhibit E are Pedal Pub's audited financial statements as of December 31, 2023, December 31, 2022, and December 31, 2021. We have also attached our unaudited financial statements for the period January 1, 2024, through March 31, 2024. These financial statements are prepared without an audit. Prospective Franchisees or Sellers of Franchisees should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to content or form. Our fiscal year end is December 31.

ITEM 22. CONTRACTS

The following contracts and related documents are attached to this Disclosure Document:

The Franchise Agreement is attached as Exhibit C to this Disclosure Document. The following additional contracts or agreements are attached to the Franchise Agreement:

Exhibit	Agreement
A	Territory and Initial Franchise Fee
B	Operating and Ownership Information
C	Development Schedule
D	Personal Guaranty
E	Personal Covenants

F	Collateral Assignment of Telephone Numbers, Telephone Listings, Internet Addresses, Social Media Pages
G	ACH Form
H	Compliance Certification Form [Not applicable in CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA and WI]
I	Franchise Addendum to Lease Agreement
J	State Specific Addenda

Attached to this document as Exhibit I to this Disclosure Document is our current form of Equipment Sales Agreement.

Attached to this document as Exhibit J to this Disclosure Document is our current form of Waiver and Release of Claims Agreement.

Attached to this document as Exhibit K to this Disclosure Document is our current form of Deposit Agreement.

ITEM 23. RECEIPTS

Two copies of an acknowledgement of your receipt of this Disclosure Document are attached as Exhibit L. One acknowledgment must be signed, dated and delivered to us. The other acknowledgment should be retained for your records.

EXHIBIT A

STATE ADMINISTRATORS

Listed below are the names, addresses and telephone numbers of the entities in charge of administering state franchise laws.

CALIFORNIA

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500 or (866) 275-2677

FLORIDA

Florida Department of Agriculture and Consumer Services
Division of Consumer Services
Plaza Level 10, The Capitol
400 South Monroe Street
Tallahassee, Florida 32399
(850) 410-3800

HAWAII

Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2744

ILLINOIS

Office of Attorney General
Franchise Bureau
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

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

MARYLAND

Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
G. Mennen Williams Building
525 West Ottawa Street
Lansing, Michigan 48909
(517) 335-7622

MINNESOTA

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

NEBRASKA

Department of Banking and Finance
1526 "K" Street, Suite 300
P.O. Box 95006
Lincoln, Nebraska 68508-2732
(402) 471-3445

NEW YORK

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Fl.
New York, New York 10005
(212) 416-8222

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NORTH CAROLINA

Department of the Secretary of State
Business Opportunities
2 South Salisbury Street
Raleigh, North Carolina 27601-2903
P.O. Box 29622
Raleigh, North Carolina 27626-0622
(919) 814-5400

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor, Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

RHODE ISLAND

Department of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH CAROLINA

SC Secretary of State's Office
Attn: Business Opportunities
1205 Pendleton Street, Suite 525
Columbia, South Carolina 29201
(803) 734-0367

SOUTH DAKOTA

Department of Labor and Regulation
Division of Securities
124 S. Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773-3563

TEXAS

Secretary of State
Statutory Documents Section
1019 Brazos
Austin, Texas 78711
(512) 475-1769

VIRGINIA

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

WASHINGTON

Securities Administrator
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8700

WISCONSIN

Department of Financial Institutions
Division of Securities
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 53703
(608) 266-1064

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EXHIBIT B

AGENTS FOR SERVICE OF PROCESS

Listed below are the names, addresses and telephone numbers of the state offices or officials designated as our agents for service of process in such states:

CALIFORNIA

California Commissioner of Department of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

HAWAII

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

MARYLAND

Office of Attorney General
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce
Corporations, Securities & Commercial Licensing Bureau
2407 North Grand River Avenue
Lansing, Michigan 48906

MINNESOTA

Minnesota Commissioner of Commerce
Department of Commerce
Securities Division
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

NEW YORK

Secretary of State
99 Washington Avenue
Albany, New York 12231

NORTH CAROLINA

Secretary of State
State of North Carolina
2 South Salisbury Street
Raleigh, North Carolina 27601-2903

NORTH DAKOTA

North Dakota Securities Commissioner
600 East Boulevard Avenue
State Capitol – 5th Floor, Dept. 414
Bismarck, North Dakota 58505-0510

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RHODE ISLAND

Director of Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Director of South Dakota Division Securities
Department of Labor and Regulation
124 S. Euclid, 2nd Floor
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219

WASHINGTON

Director,
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

WISCONSIN

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

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EXHIBIT C

FRANCHISE AGREEMENT

PP DEVELOPMENT, LLC
FRANCHISE AGREEMENT

_____
FRANCHISEE

_____
FRANCHISE LOCATION

_____
DATE OF AGREEMENT

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PP DEVELOPMENT, LLC
FRANCHISE AGREEMENT

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PP DEVELOPMENT, LLC
FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made as of this _____ day of _____, 20__ (the "Effective Date"), between PP Development, LLC, a Delaware limited liability company, with its principal place of business located at 3212 Rice Street, St. Paul, MN 55126 ("Franchisor"), and _____, a(n) _____, whose principal address is _____ ("Franchisee"). This Agreement sometimes refers to Franchisee as "you" or "your", and Franchisor as "we", "us" or "our".

1. INTRODUCTION.

1.01 The Franchisor. Franchisor and its Affiliates own, operate and franchise mobile entertainment tour businesses featuring party bike tours, and other products and services related to the Pedal Pub concept, as Franchisor may authorize from time to time. Franchisor has developed and owns a comprehensive system for developing and operating Pedal Pub Businesses, which includes trademarks, equipment, distinctive standards and specifications for services, products, equipment, materials and supplies; uniform standards, specifications, procedures, and methods for operations and customer service standards; purchasing and sourcing procedures, training and assistance; technology standards; trade dress; and marketing, advertising and promotional programs; as well as certain operational and business standards and policies, all of which Franchisor may improve, further develop or otherwise modify from time to time.

1.02 Acknowledgments. Franchisee acknowledges and agrees that it or its authorized officers have read this Agreement and Franchisor's Franchise Disclosure Document. By signing this Agreement, Franchisee accepts the proposition that to deliver a high-quality mobile entertainment tour experience requires a different approach to the quality of the service and customer experience (impacted by the quality of people and training) not typically found in other businesses, as well as related products. Franchisee understands the terms of this Agreement and accepts them as being reasonably necessary to maintain the uniformity of Franchisor's high-quality standards at all Pedal Pub Businesses in order to protect and preserve the goodwill of the Marks and the integrity of the System. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes that the market for mobile entertainment or adventure tour services is highly competitive and developed. Franchisee recognizes that the nature of Pedal Pub Businesses may change over time, that an investment in a Pedal Pub Business involves business risks, and that the success of the venture is largely dependent on Franchisee's own business abilities, efforts and financial resources.

1.03 Representations. Franchisee and its Owners, jointly and severally, represent and warrant to Franchisor that: (a) neither Franchisee nor any of its Owners have made any untrue statement of any material fact or has omitted to state any material fact in the written information submitted in obtaining the rights granted hereunder; (b) neither Franchisee nor any of its Owners have any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as Franchisee has otherwise completely and accurately disclosed in writing to Franchisor in connection with obtaining the rights granted hereunder; and (c) the execution and performance of this Agreement will not violate any other agreement to which Franchisee or any of its Owners may be bound. Franchisee recognizes that Franchisor has executed this Agreement in reliance on all of the statements Franchisee and its Owners have made in writing in connection with this Agreement.

1.04 Certain Definitions. The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

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(a) "Affiliate" - Any Person that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity, whether through ownership of voting securities, by contract or otherwise.

(b) "Business" - The Pedal Pub Business operated by Franchisee from a home office or the Premises.

(c) "Competitive Business" – Any business which provides mobile entertainment or adventure tour services. Restrictions in this Agreement on competitive activities do not apply to: (i) the ownership or operation of other Pedal Pub Businesses that are licensed or franchised by Franchisor or any of its Affiliates; or (b) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

(d) "Confidential Information" – Any information related to the Pedal Pub System or the development and operation of Pedal Pub Businesses that Franchisor or any of its Affiliates' discloses to Franchisee that is designated confidential or that by its nature would reasonably be expected to be held in confidence, including, without limitation: (i) equipment, products, supplies, and methods of service and execution; (ii) plans and specifications for the development of Pedal Pub Businesses; (iii) sales, marketing and advertising programs and techniques for Pedal Pub Businesses; (iv) identity of suppliers and knowledge of specifications, processes, procedures and equipment, and pricing; (v) knowledge of operating results and financial performance of Franchisor or any Pedal Pub Businesses, other than the Business and any other Pedal Pub Business owned by Franchisee or its Affiliates; (vi) methods of training and management relating to Pedal Pub Businesses; (vii) computer systems, software programs and software applications used or useful in Pedal Pub Businesses; and (viii) any and all other information that Franchisor provides or makes available that is labeled proprietary or confidential or which by its nature or character would reasonably be expected to be required to be treated as confidential. All information that comprises the System including the information and data in the Operations Manual will be presumed to be Confidential Information of Franchisor.

(e) "Entity" - A corporation, partnership, sole proprietorship, company, firm, limited liability company, joint venture, trust, business association, organization, joint stock company, unincorporated organization, union, group acting in concert, governmental entity or other entity.

(f) "Gross Revenues" – The amount of sales of all products and merchandise sold or services rendered in, on, about or from the Business, together with any other revenues derived from the operation of the Business, whether by Franchisee or by any other person, whether or not in accordance with the terms of the Franchise Agreement, and whether for cash or on a charge, credit, barter or time basis, and whether collected or uncollected. Gross Revenues excludes bona fide customer refunds, provided the related sales have previously been included in Gross Revenues and sales taxes collected and paid to the proper authorities.

(g) "Immediate Family" - Spouse, parents, brothers, sisters and children, whether natural or adopted.

(h) "Internet" - All communications between computers and between computers and television, phone, facsimile and similar communications devices, including the World Wide Web,

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proprietary online services, social media, digital applications, E-mail, news groups and electronic bulletin boards.

(i) "Marks" - The current and future trade names, trademarks, trade names, trade dress, logos, emblems, signs, slogans, insignia and other commercial symbols used to identify the services and/or products offered by Pedal Pub Businesses, including the trademarks "Pedal Pub," "The Bike with the Barrel," and the distinctive signage and color schemes of Pedal Pub Businesses.

(j) "Pedal Pub Businesses" – Businesses that operate offering mobile entertainment tours featuring party bike tours and other products and services using the System and the Marks.

(k) "Operating Principal" - Any individual you so designate in Exhibit B and any replacement thereof approved by Franchisor, as more fully described in this Agreement.

(l) "Operations Manual" – Franchisor's confidential operations manual, as amended from time to time, which may consist of one or more manuals containing Franchisor's mandatory and suggested standards, specifications and operating procedures relating to the development and operation of Pedal Pub Businesses and other information relating to Franchisee's obligations under this Agreement. The term "Operations Manual" includes alternative or supplemental means of communicating such information by other media which specifically reference that they are to be considered part of the Operations Manual, including items that may be posted on the cloud, Internet or an extranet, bulletins, e-mails, computer drives, and CD ROMs.

(m) "Owner" - Each Person that has a direct or indirect legal or beneficial ownership interest in Franchisee, if Franchisee is an Entity.

(n) "Person" – An individual or an Entity.

(o) "Personnel" - All persons employed or engaged by Franchisee in connection with the development, management or operation of the Businesses and all other persons who work in or for the Business.

(p) "System" - The business methods, designs and arrangements for developing and operating Pedal Pub Businesses, which include, without limitation, the Marks, designs and layouts, distinctive standards, specifications, and methods for operations and customer service standards; purchasing and sourcing procedures; training and assistance; technology standards; trade dress; and marketing, advertising and promotional programs, and certain operational and business standards and policies, all of which Franchisor may improve, further develop or otherwise modify from time to time.

(q) "Transfer" or similar words - The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of this Agreement, any interest in or right under this Agreement, the Premises, any form of ownership interest in Franchisee, if an Entity, or any Owner that is an Entity or the assets, revenues or income of the Business including: (i) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, or a membership or partnership interest in, or of any interest convertible to or exchangeable for capital stock of, or a membership or partnership interest in, Franchisee or any Owner of Franchisee that is an Entity; (ii) any merger or consolidation between Franchisee or any Owner of Franchisee that is an Entity, on the one hand, and another Entity, on the other hand, whether or not Franchisee, or such Owner of Franchisee that is an Entity, as applicable, is the surviving Entity; (iii) any transfer in, or as a result of, a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (iv) any

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transfer upon death of Franchisee or of any of Franchisee's Owners by will, declaration of or transfer in trust or under the laws of intestate succession; or (v) any foreclosure upon the Business or the transfer, surrender or loss by Franchisee of possession, control or management of the Business.

2. GRANT OF RIGHTS.

2.01 Grant of Franchise. Subject to the terms of this Agreement, Franchisor grants to Franchisee the right, and Franchisee assumes the obligation, to operate a Pedal Pub Business from a home office or from the location set forth on Exhibit A hereto (the "Premises") and to use the System solely in connection therewith, for a term of ten (10) years, starting on the date of this Agreement (the "Term"). If Franchisee operates from a home office, Franchisee is required to notify Franchisor of its home address and any intent to relocate its residence during the term hereof. If Franchisee purchases or leases space, Franchisee may not operate the business of the Business or use the System from any site other than the Premises, or relocate the Business, without Franchisor's prior written consent. The option for renewal of the rights granted to Franchisee in this Agreement is described in Section 15 below.

2.02 Protected Territory. During the Term, unless Franchisee fails to meet the Development Schedule set forth in Exhibit C, Franchisor will not operate (directly or through an Affiliate), nor grant to another Person the right to operate, any Pedal Pub Business located within the geographical area set forth on Exhibit A hereto (the "Protected Territory"). Notwithstanding the foregoing, Franchisor has the right to operate (directly or through an Affiliate), and to grant to others the right to operate, within the Protected Territory and elsewhere: (a) Pedal Pub Businesses or other businesses offering party bike, entertainment, and related services and products using any part or all of the System and/or Marks that are operating as of the Effective Date; (b) businesses that offer party bike, entertainment, and related services and products (or any other services and products) that Franchisor or its Affiliates purchase (or as to which Franchisor or its Affiliates purchases the rights as franchisor) that are part of another franchise system or chain and either continue to operate them independently or convert them to Pedal Pub Businesses; and (c) Pedal Pub Businesses operating within a food court, convention center, airport, train station, subway or other transportation facility, car or truck rest stop or travel center, hotel, casino, college or other school, sports stadium, theme park, hospital, military base or other government office or any such other location that Franchisor determines, in its sole discretion, to be non-traditional as a location for operation of a Pedal Pub Business (each, a "Non-Traditional Site"). Franchisee acknowledges and agrees that if it fails to meet the Development Scheduled set forth in Exhibit C, the territory will no longer be protected.

2.03 Reservation of Rights. Notwithstanding anything to the contrary set forth herein, Franchisor retains the right, in its sole discretion, to:

(a) establish and operate, and grant to other franchisees or licensees the right to establish and operate, a Pedal Pub Businesses or any other business using the Marks, the System or any variation of the Marks and the System, (i) in any location outside the Protected Territory; (ii) at any Non-Traditional Site, regardless of whether such Non-Traditional Site is located within or outside of the Protected Territory; or (iii) as otherwise contemplated by Section 2.02 above, on any terms and conditions that Franchisor deems appropriate;

(b) develop, use and franchise anywhere (including within the Protected Territory) the rights to any trade names, trademarks, service marks, commercial symbols, logos, emblems, signs, slogans, insignia, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the System, without granting Franchisee any rights therein;

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(c) own, operate, franchise or license anywhere businesses offering party bike, entertainment, and related services and products of any other type whatsoever operating under marks other than the Marks; and

(d) offer, distribute, sell and provide products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Protected Territory through any distribution channel or method, including convenience stores and the Internet (or any other existing or future form of electronic commerce); *provided, however*, that any such sales will not be made from a Pedal Pub Businesses located in the Protected Territory.

3. DEVELOPMENT OF THE BUSINESS.

3.01 Premises. Franchisee may operate the Business from a home office, provided that the home office must be established in a room or workspace separate from a home's living space, and may not be used for any other purpose than the operation of the Business. If Franchisee wishes to lease a site for the Business, Franchisor must review and approve the proposed site and Franchisee must submit to Franchisor such information and materials Franchisor requires and must obtain Franchisor's approval of the proposed site. Franchisor generally will respond to a site proposal within thirty (30) days. Franchisee may not develop or open the Business at (or move an existing Business to) a site that Franchisor has not expressly approved in writing. Following Franchisor's approval of a site, Franchisee must provide Franchisor with (a) a fully signed lease for the Premises and (b) the franchise addendum to lease agreement attached hereto as Exhibit I, which contains certain required terms and provisions of the lease, fully executed by Franchisee and the landlord. Franchisee may not modify the terms of the lease or franchise addendum to lease agreement without Franchisor's approval. Franchisor shall be deemed to have rejected a proposed location unless Franchisor has expressly approved it in writing.

3.02 Other Pre-Opening Assistance. Prior to opening of the Business, Franchisor will provide to Franchisee: (a) access to a website which is integrated with Franchisor's preferred booking software, electronic customer reviews, waivers and basic digital marketing; (b) Franchisor's specifications for required equipment and supplies; (c) a list of Franchisor's designated or approved suppliers, and a list of required equipment and supplies necessary for the opening of the Business; (d) forms and other pre-opening materials that Franchisor may develop, in its sole discretion, for use in the operation of the Business; (e) pre-opening and opening assistance that Franchisor deems appropriate in its sole discretion. Additionally, upon opening of the Business, Franchisor will launch Franchisee's Pedal Pub location website and Email Address.

4. TRAINING AND GUIDANCE.

4.01 Pre-Opening Training Programs.

(a) Franchisor Training Programs. The Business must have an individual that (a) is designated by Franchisee to assume primary responsibility for managing the Business, (b) will devote best efforts to the management and operation of the Business, and (c) owns and controls, or has the right to own and control, subject to conditions reasonably acceptable to us, not less than ten percent (10%) of Franchisee's equity and voting rights, which shall be the Operating Principal identified on Exhibit B. Prior to opening the Business, Franchisee and its Operating Principal must attend and successfully complete, the appropriate training programs, conducted at such time(s) and places as Franchisor designates. The initial training program will be provided for up to three (3) people, and Franchisee shall be responsible for the costs and expenses (such as transportation, lodging, meals, compensation and incidental expenses) of each individual who attends the training. Franchisor will conduct any of its in-market, electronic, and classroom training as needed as Franchisor determines.

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(b) Any replacement Operating Principals must successfully complete to the satisfaction of Franchisor the initial training program provided by Franchisor. In the event that an Operating Principal ceases active involvement in the Business, Franchisee must notify Franchisor within ten (10) days of cessation of the Operating Principal's active involvement in the Business and designate a new individual as Operating Principal. That person must attend training at Franchisor's headquarters or such other place(s) as Franchisor may designate. Franchisee is responsible for reimbursement of its Personnel's travel and living expenses and other related expenses and all related travel and living expenses and wages incurred in connection with any person attending these training sessions. Franchisor reserves the right to charge for training program fees beyond the initial training program for Franchisee and its original Operating Principal at its then-current rates.

4.02 Franchisee Training Programs. Franchisee shall implement a training program approved by Franchisor for Personnel of the Business and shall be responsible for the proper training of its employees. Franchisee agrees not to employ any person who fails or refuses to complete Franchisee's training program or is unqualified to perform his or her duties at the Business in accordance with the requirements established for the operation of a Pedal Pub Business.

4.03 Additional Assistance or Training. If, at any time during operation the Business, Franchisee requests that Franchisor provide additional training or assistance, or Franchisor determines in its discretion that Franchisee requires additional training or assistance, Franchisee must pay Franchisor's then-current per diem training fee for each trainer. Franchisee and its employees shall attend and conduct such additional training programs, as Franchisor may from time to time reasonably require relating to the operation of the Business and the System. Franchisee also may be required to purchase training, assistance or other instructional materials as specified by Franchisor from time to time in the Operations Manual or otherwise. Franchisee is responsible for reimbursement of Franchisor's trainers' travel and living expenses and other related expenses and all related travel and living expenses and wages incurred in connection with any Personnel attending any additional assistance or training. Franchisor reserves the right to charge for assistance and training program fees beyond the initial training program for Franchisee and its original Operating Principal.

4.04 Operations Manual. During the Term, Franchisor will loan to Franchisee one (1) copy of, or provide Franchisee with electronic access to, the Operations Manual. The Operations Manual is confidential, copyrighted and Franchisor's exclusive property. The Operations Manual will contain information, standards and specifications concerning the System, the development and operation of the Business and any other information and advice Franchisor may periodically provide to its franchisees. Franchisor may update and change the Operations Manual periodically to reflect changes in the System and the operating requirements applicable to Pedal Pub Businesses, and Franchisee expressly agrees to comply with each requirement within such reasonable time as Franchisor may require, or if no time is specified, within thirty (30) days after receiving notification of the requirement. Franchisee shall at all times ensure that its copy of the Operations Manual and any other confidential materials supplied by Franchisor to Franchisee are kept current and up to date. Franchisee must keep any printed Operations Manual in a secure location at the Business and must restrict employee access to the Operations Manual on a need to know basis, and take reasonable steps to prevent unauthorized disclosure or copying of any information in any printed or computerized Operations Manual. If Franchisor and Franchisee have any disagreement about the most current contents of the Operations Manual, Franchisor's master copy of the Operations Manual will control. Upon the expiration or termination of this Agreement for any reason, Franchisee must return all copies of the Operations Manual to Franchisor, and upon Franchisor's request, certify to Franchisor that Franchisee has not kept any copies in any medium.

4.05 Nature of Assistance and Training. Franchisee agrees that Franchisor is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of

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Franchisor's experience, knowledge, and judgment. Franchisee also acknowledges that Franchisor is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes Franchisor has failed to adequately provide any pre-opening services to Franchisee, Franchisee must notify Franchisor in writing within thirty (30) days following the opening of the Business or Franchisee will be deemed to have conclusively acknowledged that all pre-opening and opening services required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment, and complied with all representations made to Franchisee.

5. TRADEMARKS; MODIFICATIONS.

5.01 Ownership of the Marks. Franchisee acknowledges that Franchisor and its Affiliates own all right, title and interest in and to the Marks. Franchisee's right to use the Marks is derived solely from this Agreement and is limited to conducting business at or in connection with the Business pursuant to and in compliance with this Agreement. Franchisee's unauthorized use of any of the Marks constitutes a breach of this Agreement and an infringement of Franchisor's and its Affiliates' rights to the Marks. This Agreement does not confer on Franchisee any goodwill or other interests in the Marks. Franchisee's use of the Marks and any goodwill established thereby inures to the exclusive benefit of Franchisor and its Affiliates. All provisions of this Agreement applicable to the Marks apply to any additional or substitute trademarks, service marks and trade dress Franchisor authorizes Franchisee to use. Franchisee agrees not to, at any time during or after the Term, contest, or assist any other Person in contesting, the validity or ownership of any of the Marks.

5.02 Use of the Marks. Franchisee agrees to use the Marks as the sole identification of the Business and identify itself as the independent owner thereof in the manner Franchisor prescribes. Franchisee agrees to use only the Marks as Franchisor prescribes in connection with the Business and the sale of authorized products and services. Other than in connection with the Email Address (as defined below), Franchisee may not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or in any other manner (including any Internet related use such as an electronic media identifier, for web sites, web pages or domain names) not expressly authorized by Franchisor in writing. Franchisee may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Franchisor.

5.03 Discontinuance of Use of Marks. If Franchisor decides to change, add or discontinue use of any Mark, or to introduce additional or substitute Marks, Franchisee, upon a reasonable period of time after receipt of written notice, shall take such action, at its sole expense, as is necessary to comply with such change, alteration, discontinuation, addition or substitution. Franchisor shall have no liability for any loss of revenue or goodwill due to any new Mark or discontinued Mark.

5.04 Notification of Infringements and Claims. Franchisee must notify Franchisor immediately of any apparent infringement of or challenge to Franchisee's use of any Mark, or any claim by another Person of any rights in any Mark. Franchisee may not communicate with any Person, other than its legal counsel, and Franchisor, in connection with any such infringement, challenge or claim. Franchisor will have sole discretion to take such action as it deems appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. Franchisee must sign any and all documents, render such assistance and do such things as may be advisable in the opinion of Franchisor's counsel to protect Franchisor's interests in any litigation or U.S. Patent and Trademark Office proceeding or other administrative proceeding or otherwise to protect its interests in the Marks.

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5.05 Indemnification of Franchisee. Franchisor shall indemnify Franchisee against, and reimburse Franchisee for, all damages for which Franchisee is held liable in any proceeding arising out of its authorized use of any Mark pursuant to and in compliance with this Agreement and, except as provided herein, for all costs Franchisee reasonably incurs in defending any such claim brought against Franchisee, provided Franchisee has timely notified Franchisor of such claim and provided further that Franchisee and its Owners and Affiliates are in compliance with this Agreement and all other agreements entered into with Franchisor or any of its Affiliates. At Franchisor's sole discretion, Franchisor is entitled to prosecute, defend and/or settle any proceeding arising out of Franchisee's use of any Mark pursuant to this Agreement, and, if Franchisor undertakes to prosecute, defend and/or settle any such matter, Franchisor has no obligation to indemnify or reimburse Franchisee for any fees or disbursements of any legal counsel retained by Franchisee.

5.06 Modification by Franchisor. Franchisee recognizes and agrees that from time to time hereafter, Franchisor may change, modify or improve the System, including, without limitation, modifications to the Operations Manual, the processes and systems to support the business, the products and services offered for sale, the required equipment, the signage, the presentation and usage of the Marks, and the adoption and use of new, modified or substituted Marks or other proprietary materials. Franchisee agrees to accept, use and/or display for the purposes of this Agreement any such changes, modifications or improvements to the System, including, without limitation the adoption of new, modified or substituted Marks, as if they were part of the System as of the date of this Agreement, and Franchisee agrees to make such expenditures as such changes, modifications or improvements to the System may require.

5.07 Modification by Franchisee. If Franchisee develops any new modification, concept, process, improvement or slogan (including any and all inventions, discoveries, trademarks, improvements, ideas, concepts, methods or techniques) in the operation or promotion of the Business or to the System, the same shall be deemed a work made for hire, and Franchisee shall promptly notify Franchisor of, and provide Franchisor with all necessary information regarding, such modification, concept, process, improvement or slogan, without compensation to Franchisee. Franchisee acknowledges that any such modification, concept, process, improvement or slogan shall become Franchisor's sole and exclusive property and that Franchisor may use and/or allow other franchisees to use the same in connection with the System or the operation of Pedal Pub Businesses, without compensation to Franchisee. Franchisee shall assist Franchisor, at Franchisor's expense, in obtaining execution of all documents and taking all other actions which Franchisor may reasonably request to make possible the filing of patent applications for any such developments and to establish that Franchisor is the owner of both the developments and any patent applications made in connection with such developments.

6. FEES AND OTHER PAYMENTS.

6.01 Initial Franchise Fee. Franchisee agrees to pay to Franchisor an initial franchise fee as set forth on Exhibit A (the "Initial Franchise Fee"). Franchisee acknowledges and agrees that the Initial Franchise Fee is paid as consideration for Franchisor granting Franchisee the right to develop, open and operate the Business using the Marks and the System, that the Initial Franchise Fee is fully earned by Franchisor at the time this Agreement is executed. A portion of the Initial Franchise Fee (the "Refundable Portion") will be refunded to Franchisee if, and only if, despite Franchisee's best good-faith efforts, as reasonably documented by Franchisee, Franchisee is unable, after eighteen (18) months of continual efforts, to secure, from the local governmental authority(ies) having jurisdiction over the Protected Territory, the necessary approval to operate the Business. The Refundable Portion shall be equal to the Initial Franchise Fee minus Fifteen Thousand Dollars ($15,000). Franchisee hereby acknowledges and agrees that the non-refundable portion of the Initial Franchise Fee is fair and reasonable in consideration

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of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others.

6.02 Royalty Fee. Franchisee agrees to pay Franchisor a continuing monthly royalty fee (the "Royalty Fee") equal to the greater of: (a) the Standard Royalty Rate multiplied by the amount of Gross Revenues collected each month; or (b) the Minimum Monthly Royalty Fee. The "Standard Royalty Rate" is eight percent (8%) for the first twelve (12) months following Standard Royalty Start Date, nine percent (9%) for the thirteenth (13th) through the twenty-fourth (24th) month following the Standard Royalty Start Date, and ten percent (10%) for the twenty-fifth (25th) month following the Standard Royalty Start Date and each and every subsequent month during the Term. The "Minimum Monthly Royalty Fee" is equal to Five Hundred Dollars ($500) per month for the first twelve (12) months after Minimum Royalty Start Date, after which time it increases to: (i) Seven Hundred Dollars ($700) per month for the thirteenth (13th) through the twenty-fourth (24th) month following the Minimum Royalty Start Date, (ii) Nine Hundred Dollars ($900) per month for the twenty-fifth (25th) through the thirty-sixth (36th) month following the Minimum Royalty Start Date, (iii) One Thousand Two Hundred Dollars ($1,200) per month for the thirty-seventh (37th) through the forty-eighth (48th) month following the Minimum Royalty Start Date, and (iv) One Thousand Five Hundred Dollars ($1,500) per month for the forty-ninth (49th) month following the Minimum Royalty Start Date and each and every subsequent month during the Term. Payment of the Royalty Fee, and all other fees payable monthly, shall be made no later than the fifteen (15th) day of the month for the preceding month during the Term. The "Standard Royalty Start Date" means the date that Franchisee's first tour is booked in Franchisor's designated electronic systems. The "Minimum Royalty Start Date" means the earlier of: (y) the date that Franchisee's first tour is booked in Franchisor's designated electronic systems, or (z) the date that is 12 months after the Effective Date, *provided that,* if Franchisee's location is subject to regulatory restrictions that Franchisor determines in its sole discretion will not permit Franchisee to open within 12 months after the Effective Date despite Franchisee's best and continuous efforts, Franchisor will extend the Minimum Royalty Start Date to account for additional time to address such regulatory issues. All Royalty Fees are non-refundable.

6.03 Other Fees.

(a) Advertising Fund Contributions. During the Term of this Agreement, Franchisor reserves the right to require Franchisee to pay Franchisor a monthly Advertising Fund Contribution in an amount not to exceed the lesser of: (i) two percent (2%) of Gross Revenues, or (ii) One Thousand Dollars ($1,000), as further described in Section 10.02. All Advertising Fund Contributions are non-refundable.

(b) Digital and Technology Fees. Franchisor reserves the right to charge Franchisee its then current "Digital Fee" and "Technology Fee" for certain products and services related to information technology utilized in connection with the System and the Business (the "Digital and Technology Fees"), including without limitation license and support of certain applications and software, email hosting, website management and hosting, social digital marketing applications and services, and other products and services as we determine from time to time. The first monthly Digital Fee shall be due upon the completion of a Franchisee-specific website. The first monthly Technology Fee shall be due upon Franchisee's inaugural use of Franchisor's information technology systems. Franchisor may increase the Digital Fee or the Technology Fee upon thirty (30) days' notice to Franchisee. If Franchisor does not directly provide these services, Franchisee may be required to sign a separate agreement with a designated provider of these services (which may be an affiliate of Franchisor). All Digital and Technology Fees are non-refundable.

(c) Early Termination Fee. Franchisee shall pay Franchisor a fee in the amount of Seven Thousand Five Hundred Dollars ($7,500) as an early termination fee if Franchisee requests to discontinue operations of the Business prior to the end of the Term and Franchisor approves the request.

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Franchisor may approve or deny such a request in its sole discretion. The early termination fee is non-refundable.

6.04 Automated Bank Draft. All Royalty Fees, Advertising Fund Contributions, Digital and Technology Fees, Advertising Cooperative contributions if applicable, and other fees or contributions required to be paid to Franchisor or any Advertising Cooperative hereunder shall be paid by automated bank draft or such other method as determined by Franchisor or the Advertising Cooperative, as applicable, in its sole discretion. Franchisee shall also submit a monthly statement reporting its Gross Revenue and other information as Franchisor may require, prepared on a form prescribed by Franchisor, to Franchisor by the fifth (5^{th}) day of each month for the preceding calendar month. At the signing of this Agreement, Franchisee shall also sign the ACH authorization form attached as Exhibit G. Upon Franchisor's written notice to Franchisee, Franchisee agrees to execute such further forms and written authorizations as are required to establish electronic funds transfers to pay the fees due hereunder. Franchisee agrees to maintain sufficient funds in its bank accounts to pay the amounts due hereunder. If Franchisee fails to report to Franchisor the monthly statement as and when required hereunder: (i) Franchisee agrees to pay late fee of One Hundred Dollars ($100) per month until the statement is submitted; and (ii) Franchisor may debit Franchisee's account for 120% of the last Royalty Fees, Digital and Technology Fees, and Advertising Fund Contributions that Franchisor debited. If the Royalty Fees, Digital and Technology Fees, and Advertising Fund Contributions and other amounts Franchisor debits are less than the fees Franchisee actually owes Franchisor, Franchisor will debit Franchisee's account for the balance on a day Franchisor specifies. If the Royalty Fees, Digital and Technology Fees, and Advertising Fund Contributions and other amounts Franchisor debits are greater than the fees Franchisee actually owes Franchisor, Franchisor will credit the excess against the amount Franchisor otherwise would debit from Franchisee's account during the following month.

6.05 Late Payments and Insufficient Funds. A late fee of $500 will be imposed upon Franchisee for each instance in which Franchisee fails to pay any amount owed to Franchisor. All overdue payments for fees required to be paid hereunder shall bear interest from the date due at the rate specified by Franchisor from time to time, up to the highest rate permitted by law, but in no event shall such rate exceed one and one-half percent (1½%) per month. Interest shall accrue on all late payments regardless of whether Franchisor exercises its right to terminate this Agreement as provided for herein. In addition to its right to charge interest as provided herein, and in addition to the return costs charged by Franchisor's bank, Franchisor may charge Franchisee a $25 insufficient funds fee for each check, automated bank draft payment, or other payment method that is not honored by Franchisee's financial institution.

6.06 Application of Payments. Notwithstanding designation by Franchisee to the contrary, all payments made by Franchisee hereunder will be applied by Franchisor at its discretion to any of Franchisee's past due amounts. Franchisee acknowledges that Franchisor has the right to set-off amounts Franchisee owes Franchisor against any amounts Franchisor may owe Franchisee. Franchisee agrees not to set off or withhold payment of any monthly or other amounts due to Franchisor or its Affiliates, due to the nonperformance or alleged nonperformance by Franchisor of any of its obligations hereunder.

7. RESTRICTIVE COVENANTS.

7.01 Covenants Not to Compete.

(a) Non-Competition during Term. In addition to and not in limitation of any other restrictions on Franchisee contained herein, Franchisee and Franchisee's spouse, and, if Franchisee is not an individual, each of its Owners and their spouses (each, a "Restricted Party"), agree that they will not, directly or indirectly, for and on behalf of itself, himself, herself or any other Person, without the prior

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written consent of Franchisor, during the Term (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, regardless of location or (ii) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business, regardless of location.

(b) Post-Term Non-Competition. In addition to and not in limitation of any other restrictions on Franchisee contained herein, Franchisee and the Restricted Parties agree that they will not, for two (2) years following the effective date of termination or expiration of this Agreement for any reason, or following the date of a Transfer by Franchisee, or, with respect to a Restricted Party only, by such Restricted Party, directly or indirectly, for and on behalf of itself, himself, herself or any other Person, without the prior written consent of Franchisor, (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business or (ii) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business which, in either case, is located or operating within the Protected Territory or within a fifty (50) mile radius of the protected territory of any Pedal Pub Business.

(c) General. The parties acknowledge that the covenants contained in this Section 7.01 are given in consideration of the fact that Franchisee and the Restricted Parties will possess knowledge of Franchisor's business and operating methods and Confidential Information, disclosure and use of which would prejudice the interest of Franchisor and its franchisees and licensees of other Pedal Pub Businesses. Franchisee further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants. If any part of this restriction is found to be unreasonable in scope, time or distance, such scope, time or distance may be reduced by appropriate order of the court to that deemed reasonable. Franchisor shall, as a matter of course, receive injunctive relief to enforce such covenants in addition to any other relief to which it may be entitled at law or in equity. Franchisor shall receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived.

7.02 Intentionally Omitted.

7.03 Confidential Information.

(a) Franchisee acknowledges and agrees that in connection with the ownership, development and/or operation of Pedal Pub Businesses by Franchisor and its Affiliates, Franchisor and its Affiliates have developed at great expense Confidential Information that is part of the System and that is not commonly known by or available to the public. This Confidential Information does not include any information that (i) is commonly known by or available to the public; (ii) has been voluntarily disclosed to the public by Franchisor or its Affiliates; (iii) has been independently developed or lawfully obtained by Franchisee (other than by virtue of disclosure by Franchisor or its Affiliates in connection with this Agreement), as Franchisee can demonstrate with written documentation; or (iv) has otherwise entered the public domain through lawful means.

(b) Franchisee and each Restricted Party agree that while this Agreement remains in effect such party will not, directly or indirectly, disclose or publish to any Person, or copy or use for such party's own benefit, or for the benefit of any other Person, any Confidential Information, except as required to carry out Franchisee's obligations under this Agreement or as Franchisor has otherwise expressly approved in writing. Franchisee will implement all reasonable procedures Franchisor prescribes from time to time to prevent the unauthorized use or disclosure of Confidential Information. As between Franchisor, on the one hand, and Franchisee and the Restricted Parties, on the other hand, all Confidential Information is the sole and exclusive property of Franchisor. Franchisee and each Restricted Party agree that the restrictions contained in the preceding sentences in this Section 7.03(b) will remain in effect with

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respect to Confidential Information for five (5) years following termination or expiration of this Agreement for any reason; provided, however, if the Confidential Information rises to the level of a trade secret under applicable law, then such restriction shall remain in effect until such time as the information does not constitute a trade secret. Franchisee also agrees that it and all of its Personnel will take appropriate steps to protect Confidential Information from any unauthorized disclosure, copying or use. At any time upon Franchisor's request, and in any event upon expiration or termination of this Agreement, Franchisee will immediately return any copies of documents where there are materials containing Confidential Information and will take appropriate steps to permanently delete and render unusable any Confidential Information stored electronically.

7.04 Data and Customers. In addition to the obligations set forth in Sections 7.01, 7.02, and 7.03 above, Franchisee: (a) shall not reproduce, release or in any way make available or furnish, either directly or indirectly, to any person or Entity at any time, any information concerning the customers of Franchisee under this Agreement, which may be used to solicit sales or business from such customers including, but not limited to, the type of sales or business covered by this Agreement; (b) shall protect all said customer information from disclosure, destruction, loss or theft during the Term of this Agreement and until all copies of customer lists and copies of all other information concerning customers are turned over to Franchisor; (c) agrees not to use or permit to be used said information concerning Franchisee's customers in any manner except in the performance of this Agreement; and (d) shall at all times maintain any information, including lists, relating to the customers of Franchisee separate and distinct from any customer information Franchisee may maintain that is unrelated to this Agreement. In addition to the obligations set forth above, upon termination of this Agreement for any reason, Franchisee shall immediately deliver to Franchisor all copies of lists of customers and copies of all other information concerning customers, including, but not limited to, all computer generated data regarding such customers, and neither Franchisee nor its directors, officers, Owners, managers, employees, successors and assigns shall use any said information concerning such customers to solicit any of such customers. All of the information Franchisor or its Affiliates obtain from Franchisee or the Pedal Pub Business, and all information in Franchisee's or Franchisor's records about the customers of the Pedal Pub Business (the "**Information**") and all revenues Franchisor derives from the Information will be Franchisor's property. However, Franchisee may at any time during the term of this Agreement use it in the operation of the Pedal Pub Business (but for no other purpose), to the extent lawful and at Franchisee's sole risk and responsibility, any information that Franchisee acquires from third parties in operating the Pedal Pub Business, including customer data. The Information (except for information Franchisee provides to Franchisors or its affiliates about Franchisee and its Affiliates, including Franchisee's respective officers, directors, shareholders, partners, or Owners) will become Franchisor's property, which Franchisor may use for any reason Franchisor deems necessary or appropriate in its discretion. Franchisee hereby authorizes any software providers or other vendors to release this information to Franchisor at any time. After termination or expiration of this Agreement, Franchisee will no longer use any of the Information, except to comply with Franchisee's post-term obligations under this Agreement.

7.05 Personal Covenants of Restricted Parties. As a condition to the effectiveness of this Agreement, and at the time Franchisee delivers this signed Agreement to Franchisor, each Restricted Party must sign and deliver to Franchisor the Personal Covenants attached hereto as Exhibit E (the "Personal Covenants"), agreeing to be bound personally by all the provisions of Sections 7.01, 7.02, 7.03, 7.04 and 13.05 hereof. If there are any changes in the identity of any such Restricted Party while this Agreement is in effect, Franchisee must notify Franchisor promptly and cause the new Restricted Party to sign and deliver to Franchisor the Personal Covenants.

7.06 Agreements by Other Third Parties. As a condition to Franchisor's execution of this Agreement, Franchisee, if requested by Franchisor, shall cause each of its management and supervisory employees and other employees to whom disclosures of Confidential Information are made to execute a

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nondisclosure agreement in the form(s) approved or prescribed by Franchisor from time to time, which shall include specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them

7.07 Reasonable Restrictive Covenants. Franchisee and each Restricted Party acknowledge and agree that the covenants and restrictions in this Section 7: (a) are reasonable, appropriate and necessary to protect the System, other Pedal Pub Businesses and the legitimate interest of Franchisor and its Affiliates, and (b) do not cause undue hardship on Franchisee or any of the other individuals required by this Section 7 to comply with the covenants and restrictions.

8. YOUR ORGANIZATION AND MANAGEMENT.

8.01 Organizational Documents. If Franchisee is an Entity as of the date hereof, or if the original Owner(s) of the franchise sign this Agreement in their individual capacities and thereafter elect to Transfer this Agreement (as permitted herein) to an Entity, the Franchisee and each of the Owners represent, warrant and agree that: (a) the Franchisee Entity is duly organized and validly existing under the laws of the state of its organization, and, if a foreign business corporation, partnership, limited liability company or other legal entity, it is duly qualified to transact business in the state in which the Business is located; (b) the Franchisee Entity has the authority to execute and deliver this Agreement and to perform Franchisee's obligations hereunder; (c) true and complete copies of the articles or certificate of incorporation, partnership agreement, by-laws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to the ownership, organization, capitalization, management and control of the Franchisee Entity have been delivered, if requested, to Franchisor and all amendments thereto shall be promptly delivered to Franchisor upon request; and (d) the Franchisee Entity's activities are restricted to those necessary solely for the development, ownership and operation of one or more Pedal Pub Businesses in accordance with this Agreement and in accordance with any other agreements entered into with Franchisor or any of its Affiliates.

8.02 Disclosure of Ownership Interests. Attached hereto as Exhibit B is a description of the legal organization of Franchisee, the names and addresses of each Owner and the percentage of such interest owned by such Owner. Franchisee agrees to notify Franchisor in writing whenever there is any change in the organizational structure or ownership interest of Franchisee as set forth on Exhibit B. Franchisor may require each Owner (and the spouse of each Owner) owning an interest in Franchisee of five percent (5%) or more to execute the Personal Guaranty attached hereto as Exhibit D.

8.03 Management of Business. If Franchisee is, or at any time becomes, an Entity, Franchisee must designate on Exhibit B an "Operating Principal", which individual must be approved by Franchisor and: (a) own and control, or have the right to own and control (subject to terms and conditions reasonably acceptable to Franchisor), not less than a ten percent (10%) interest in Franchisee's equity and voting rights; (b) have the authority to bind Franchisee regarding all operational decisions with respect to the Business; and (c) have completed Franchisor's training program to its satisfaction. The Operating Principal (i) shall exert his or her best efforts to the development and operation of the Business; and (ii) may not engage in any other business or activity, directly or indirectly, that may conflict with his or her obligations hereunder. Franchisee shall provide Franchisor with a copy of any proposed arrangement, agreement or contract, and all amendments thereto, with the Operating Principal for Franchisor's prior review and approval, and upon approval thereof, executed copies thereof. Franchisor shall have no responsibility, liability or obligation to any party to any such arrangement, agreement or contract, or any amendments thereto, on account of Franchisor's approval thereof or otherwise, and Franchisee agrees to indemnify and hold Franchisor harmless with respect thereto. The Business at all times must be managed by the Operating Principal who has completed the appropriate training programs.

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9. OPERATING STANDARDS AND FRANCHISEE OBLIGATIONS.

9.01 Obligations of Franchisee. Franchisee recognizes the mutual benefit to Franchisee, Franchisor and other Pedal Pub Businesses of the uniformity of the appearance, products, services and advertising of the System and acknowledges and agrees that such uniformities are necessary for the successful operation of a Pedal Pub Business. Franchisee also acknowledges and agrees that Franchisor has worked to develop and maintain a reputation for excellence with respect to the products and services sold under the Marks and at Pedal Pub Businesses, and Franchisee acknowledges and agrees that it is of the utmost importance to Franchisor, Franchisee and all other Pedal Pub Businesses that such reputation be maintained. As such, Franchisee covenants and agrees with respect to the operation of the Business that Franchisee and its employees and agents will comply with all of the requirements, standards, specifications, and methods of the System and the Operations Manual, and will throughout the Term:

(a) Operate the Business and prepare and sell all products, services and merchandise sold therein in accordance with, and comply with all requirements of, this Agreement, Franchisor, the System and the Operations Manual as they are now or hereafter established, including, without limitation, any specifications, standards, business practices and policies. The Business' days and hours of operations must be approved in writing by Franchisor and in accordance with Franchisor's standards. Franchisor and its duly authorized representatives shall have the right, if they so elect, at all reasonable times, to enter and inspect the Business to ensure that Franchisee is in compliance therewith and to test any and all equipment, bikes, systems, and products used in connection with the operation of the Business.

(b) Maintain at all times, at its expense, the Business and its bikes, equipment, fixtures, furnishings, furniture, décor, premises, and interior and exterior signs in a clean, attractive and safe condition in conformity with the Operations Manual and Franchisor's high standards and public image. Franchisee shall promptly make all repairs and replacements thereto as may be required to keep the Business in compliance with Franchisor's specifications. If Franchisor changes the System or standards of operation with respect to the Business, Franchisee expressly agrees to comply with each change within such reasonable time as Franchisor may require, or if no time is specified, within thirty (30) days after receiving notification of the change. Franchisee shall also maintain maintenance contracts and/or service contracts on all bikes, equipment and machinery as may be designated by Franchisor and Franchisor shall have the right to designate the vendor(s) for such contracts and the requirements for the contracts.

(c) Comply with all applicable laws, rules, ordinances, regulations and licensing and permitting requirements that affect or otherwise concern the Business or the Premises, including, without limitation, municipal ordinances, alcoholic beverage control laws and regulations, zoning, disability access, signage, fire and safety, sales tax registration, health and sanitation, construction, HVAC, plumbing, mold remediation, lead paint and asbestos testing and abatement services, environmental laws, and other data privacy regulations, guidelines and best practices. Franchisee must promptly forward to Franchisor any correspondence stating that Franchisee is not in compliance with any laws, rules, ordinances and regulations. Franchisee may be required to secure approval from a local governing body, such as a city council, to operate the Business. In no event will Franchisee support or promote restrictions on the operation of the Business, or the operation of party bikes generally (including without limitation limits on the numbers of bikes or limits on locations where bikes may be operated) within the Protected Territory without the prior written consent of Franchisor. Franchisee must abide by: (a) the Payment Card Industry Data Security Standards ("PCIDSS") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act ("FACTA"); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("Electronic Payment Requirements"). If Franchisee or

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Franchisor is required by one of the credit card companies or another third party (including any governmental body) to provide evidence of compliance with PCIDSS, FACTA or applicable Electronic Payment Requirements, Franchisor may require Franchisee to provide, or make available, to Franchisor copies of an audit, scanning results, or related documentation relating to such compliance. If Franchisee suspects or knows of a security breach, Franchisee must immediately give Franchisor notice of such security breach and promptly identify and remediate the source of any compromise or security breach. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of the Pedal Pub Business.

(d) Maintain sufficient staff to operate the Business at its maximum capacity and efficiency, and operate the Business for such hours or days so approved by Franchisor.

(e) Require all employees of the Business abide by the System dress code and to conduct themselves at all times in a competent and courteous manner and use best efforts to ensure that its employees maintain a neat and clean appearance and render competent, sober and courteous service to customers of the Business. Notwithstanding anything contained herein to the contrary, Franchisor shall have no control over Franchisee's employees, including, without limitation, work hours, scheduling, recordkeeping, wages, supervision, discipline, hiring or firing.

(f) To pay when due all amounts which it owes to anyone for supplies, equipment, services, and other items used in connection with the Business and all payments owed hereunder or under any other agreement entered into in connection with the operation of the Business. Franchisee must notify Franchisor immediately when and if Franchisee becomes more than thirty (30) days delinquent in the payment of any of the obligations mentioned above.

(g) Prominently display at the Business, signs using the name "PEDAL PUB," and/or other signs, of such nature, form, color, number, location and size, and containing such material as Franchisor may from time to time reasonably direct or approve in writing; and not display in the Business or on the Premises or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects.

(h) Refrain from deviating from the specifications of materials, equipment, products and services, as specified by Franchisor, without the prior written consent of Franchisor, adhere to all changes, alterations, additions and subtractions thereof, thereto or therefrom as specified by Franchisor from time to time, follow all specifications of Franchisor as to the uniformity of products and services, and quality and quantity of Business products and services sold, and offer and sell only such products and services as are designated by Franchisor.

(i) Participate in all national, regional or local advertising and promotional activities Franchisor or an Advertising Cooperative requires. Franchisee understands that Franchisor does or may implement promotions such as discount coupons, certificates, frequent customer cards, special promotions, gift cards and other activities intended to enhance customer awareness of the System on a national, regional or local level. Franchisor may establish procedures and regulations related to these promotions in the Operations Manual and Franchisee agrees to honor and participate in these programs in accordance with such procedures and regulations specified by Franchisor in the Operations Manual or otherwise in writing.

(j) Refurbish equipment, bikes, computers and software at Franchisee's expense to conform the Business to the then-current image for Pedal Pub Businesses, including, without limitation, with respect to trade dress, color schemes and presentation of the Marks.

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(k) Become and remain in good standing a member of any purchasing and/or distribution cooperative or program designated by Franchisor and/or established by Franchisor for the System. In addition, as required by Franchisor, maintain contracts with, or participate in any Franchisor contracts, with any third-party(ies) offering customer service, mystery shopper, or other service programs designed to audit, survey, evaluate or inspect business operations. Franchisee understands that Franchisor has the right to specify the third party(ies) and the required level of participation in such programs and that Franchisee will bear the cost thereof.

(l) Abide by any maximum, minimum or other pricing requirements established by Franchisor with respect to products and services provided at the Business.

(m) Refer all inquiries, leads and potential customers who are located outside of the Protected Territory to Franchisor or other franchisees as directed by Franchisor in accordance with its policies and procedures.

(n) Attend, or have the Operating Principal and the person holding a controlling interest in the Business (if different) attend, Franchisor's annual conference of franchisees, if one is held, and pay any amounts charged by Franchisor with respect to all attendees.

(o) Immediately notify Franchisor of—and deliver to Franchisor a copy of—any notice about a breach, default, claim, lawsuit, administrative or agency proceedings or investigations, or other actions or proceedings relating to the Business. Upon request from Franchisor, Franchisee will provide additional information as may be required by Franchisor about the same.

9.02 Purchases and Approved Suppliers.

(a) Franchisee shall purchase or lease all products, vehicles, machinery, equipment, signs, décor, uniforms, supplies, cleaning products, fixtures, furnishings, services, merchandise and other supplies and products (including the Proprietary Products) required for the establishment and operation of the Business from suppliers designated or approved in writing by Franchisor (as used in this Section 9 the term "supplier" shall include manufacturers, distributors and other forms of suppliers). In determining whether it will approve any particular supplier, Franchisor shall consider various factors, including but not limited to whether the supplier can demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then-current standards, specifications and requirements for such items; whether the supplier possesses adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; whether approval would enable the System, in Franchisor's sole opinion, to take advantage of marketplace efficiencies; and whether the supplier has been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier, and has not thereafter been disapproved. Franchisor reserves the right to designate, at any time and for any reason, a single supplier for any equipment, supplies, services, or products (including any Proprietary Products) and to require Franchisee to purchase exclusively from such designated supplier, which exclusive designated supplier may be Franchisor or an affiliate of Franchisor.

(b) Notwithstanding anything to the contrary in this Agreement, Franchisee shall purchase all of its requirements for Proprietary Products from Franchisor's designee(s), as set forth in Section 9.03 below (through such distributor or distributors as Franchisor may designate). Franchisor shall have the right to introduce additional, substitute new, or discontinue Proprietary Products from time to time.

(c) If Franchisee desires to purchase any Products (except for Proprietary Products) or other items, equipment, supplies or services from suppliers other than those previously designated or

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approved by Franchisor, Franchisee must first submit to Franchisor a written request for authorization to purchase such items. Franchisee shall not purchase from any supplier until, and unless, such supplier has been approved in writing by Franchisor. Franchisor may deny such approval for any reason, including its determination to limit the number of approved suppliers. Franchisee must submit to Franchisor such information and samples as Franchisor may reasonably require, and Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or supplier's facilities, and that samples from the proposed supplier, or of the proposed items, be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. Permission for such inspections shall be a condition of the initial and continued approval of such supplier. Franchisor's then-current charge (of not less than the reasonable cost of the evaluation and testing, but not to exceed Five Thousand Dollars ($5,000)) shall be paid by Franchisee. Franchisor may also require that the supplier comply with such other requirements as Franchisor may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to Franchisor by the supplier on account of their dealings with Franchisee or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that Franchisor may render to such suppliers.

(d) Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Upon receipt of written notice of such revocation, Franchisee shall cease to sell or use any disapproved item, Products and/or cease to purchase from any disapproved supplier.

(e) Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier, nor to require Franchisor to make available to prospective suppliers, standards and specifications for formulas, which Franchisor shall have the right to deem confidential.

(f) Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally known suppliers who are willing to supply all or some Pedal Pub Businesses with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of Pedal Pub Businesses. In this event, Franchisor may limit the number of approved suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all Products and other products and services, and/or refuse any of Franchisee's requests if Franchisor believes that this action is in the best interests of the System or the franchised network of Pedal Pub Businesses. Franchisor shall have unlimited discretion to approve or disapprove of the suppliers who may be permitted to sell Products to Franchisee.

(g) Franchisor and its affiliates may receive payments or other compensation from suppliers on account of such suppliers' dealings with Franchisee and other franchisees; and Franchisor may use all amounts so received for any purpose Franchisor and its affiliates deem appropriate. The Operations Manual and other communications will identify the System's standards and specifications and the names of Designated Suppliers and Approved Suppliers. If Franchisor or its Affiliates are or become a Designated Supplier or an Approved Supplier, Franchisor and/or such Affiliates may charge Franchisee a reasonable mark-up, surcharge and/or handling fee on any items Franchisee purchases therefrom. Monies paid will include a profit for Franchisor and/or such Affiliates. All Proprietary Products and/or other products sold by Franchisor and/or its Affiliates to Franchisee shall be subject to Franchisor's or the applicable Affiliate's then current terms and conditions of sale.

9.03 <u>Proprietary Products</u>. Franchisor may, from time to time throughout the Term, in its sole discretion, require that Franchisee use, offer and/or promote, and maintain in stock at the Business in

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such quantities as are needed to meet reasonably anticipated consumer demand, certain products which are manufactured in accordance with Franchisor's and its Affiliates' proprietary specifications and/or formulas, which bear the Marks, or which are unique to the System or Franchisor ("Proprietary Products"). Franchisee shall purchase Proprietary Products only from Franchisor or its Affiliates or such independent third parties whom Franchisor authorizes to manufacture and/or distribute Proprietary Products ("Designated Suppliers"). Franchisor shall not be obligated to reveal such specifications, and/or formulas of such Proprietary Products to Franchisee, non-designated suppliers, or any other Person. Franchisee agrees not to reverse-engineer, assemble or analyze any Proprietary Product. Franchisor expressly reserves the right to designate any product as a Proprietary Propriety from time to time, in its discretion.

Franchisee acknowledges and agrees that the Proprietary Products offered and sold by Pedal Pub Businesses are manufactured in accordance with standards and specifications of Franchisor and/or Franchisor's affiliates, and are Proprietary Products of Franchisor and/or its affiliates. In order to maintain the high standards of quality and uniformity associated with Proprietary Products sold at all Pedal Pub Businesses in the System, Franchisee agrees to purchase Proprietary Products only from Franchisor and/or its affiliates or their designee(s), and not to offer or sell any other items not approved by Franchisor at or from the Pedal Pub Businesses. In connection with the handling, storage, transport and delivery of any Proprietary Products purchased from Franchisor, its affiliates or designee(s), Franchisee acknowledges that any action or inaction by any third party (e.g., an independent carrier) in connection with the handling, storage, transport and delivery of the Proprietary Products shall not be attributable to nor constitute negligence of Franchisor.

9.04 Computer System and Required Software. The following terms and conditions shall apply with respect to the Computer System and Required Software:

(a) Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Pedal Pub Businesses, including without limitation: (i) computerized data processing systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Pedal Pub Businesses, between or among Pedal Pub Businesses, and between and among the System and Franchisor and/or Franchisee; (ii) credit card, debit card, and other non-cash payment systems, and related hardware; (iii) physical, electronic, and other security systems; (iv) tablets, printers and other peripheral devices; (v) archival back-up systems; and (vi) internet access mode and speed (collectively, the "**Computer System**").

(b) Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (i) computer software programs and accounting system software that Franchisee must use in connection with the Computer System ("**Required Software**"), which Franchisee shall install; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install; (iii) the tangible media upon which such Franchisee shall record data; and (iv) the database file structure of Franchisee's Computer System.

(c) Franchisee shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing, and Franchisor may periodically require Franchisee, at its expense, to upgrade or update the Computer System and Required Software to remain in compliance with the standards and specifications required by Franchisor. (collectively, "**Computer Upgrades**").

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(d) Franchisee shall comply with all specifications issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. Franchisee shall also afford Franchisor unimpeded access to Franchisee's Computer System and Required Software as Franchisor may request, in the manner and form, and at the times, requested by Franchisor.

(e) Franchisor may require Franchisee to pay Franchisor or its designated third party(ies) reasonable fees to support and upgrade the Computer System and Required Software. Franchisee will be required to pay the costs for technology licensed for use in the Business and with respect to the Computer System and Required Software. If Franchisor does not directly provide these services, Franchisee will be required to sign a separate agreement with Franchisor's designated provider of these services (which may be an Affiliate of Franchisor).

9.05 Insurance. Franchisee agrees to maintain in force policies of insurance issued by carriers approved by Franchisor covering various risks, as specified by Franchisor from time to time in the Operations Manual. Franchisor reserves the right to specify the types and amounts of coverage required under such policies and require different and/or additional kinds of insurance at any time, including excess liability insurance. Each insurance policy must name Franchisor and any Affiliate Franchisor designates as additional named insured, contain a waiver of all subrogation rights against Franchisor, its Affiliates, and any successors and assigns, and provide for thirty (30) days' prior written notice to Franchisor of any material modifications, cancellation, or expiration of such policies. Franchisee's obligation to maintain insurance coverage shall not be affected by reason of any separate insurance maintained by Franchisor, nor will the maintenance of such insurance relieve Franchisor of any obligations under this Agreement or otherwise.

On Franchisor's written request, Franchisee will provide Franchisor with: (1) a copy of each insurance policy to be maintained by Franchisee for the term of this Agreement; and (2) evidence of premium payment for each such policy. If Franchisee fails to maintain the required insurance coverage, fail to furnish satisfactory evidence thereof or fail to pay its insurance premiums, Franchisor reserves the right to obtain such insurance coverage on Franchisee's behalf. Franchisee shall fully cooperate with Franchisor in efforts to obtain such insurance policies, promptly execute all forms or instruments required, allow any required inspections of the Business(es), and pay to Franchisor, on demand, any costs and premiums incurred by Franchisor.

9.06 Bikes. Franchisee agrees to purchase, at Franchisor's sole option, from Franchisor or its Affiliate, a minimum number of bikes, within the specified time periods, as set forth in the Development Schedule attached hereto as Exhibit C. Franchisee shall maintain such bikes in a clean condition and in good working order and repair and in accordance with the standards set forth in the Operations Manual. Franchisee shall use the bikes, and all other equipment used in the Business, for not more than the useful life of the bike or equipment as set forth in the Operations Manual. Franchisee shall be solely responsible for registration and licensing of such bikes and for the payment of all taxes and assessments thereon. Franchisor shall have no responsibility for any expense in connection with the maintenance of such vehicles, such expenses being the sole responsibility of Franchisee.

9.07 Customers. During the Term of this Agreement, Franchisee will conform to all quality and customer service standards prescribed by Franchisor in writing. All of the services performed by Franchisee shall be of a high standard of workmanship and quality. Franchisee shall at all times maintain a general policy of satisfaction of customers and shall address all complaints of and controversies with customers arising out of the operation of the Business. Franchisee shall use its best efforts to respond to each customer complaint within twenty-four (24) hours after receipt of such complaint from the customer or from Franchisor (if the customer complains first to Franchisor). If Franchisee fails to respond to a complaint within such twenty-four (24) hour period, Franchisor may intervene and address and/or resolve

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such complaint (without incurring liability); if Franchisor incurs costs and/or expenses in addressing and/or resolving the complaint, Franchisor may charge such costs and/or expenses back to Franchisee the full amount of such costs and expenses. Franchisee shall comply with all customer service standards and procedures adopted by Franchisor as necessary to protect the goodwill of the System.

9.08 National and Regional Accounts. Franchisor, or others acting on its behalf, may from time to time establish customer accounts of that have multiple locations across the country and possess either a national or regional presence (each, a "National Account"). Franchisor will have the sole right to establish such programs and pricing for National Accounts as it deems to be in the best interest of the System, in its sole discretion, which may be lower than what Franchisee offers at its Business. Franchisee will have the opportunity to participate in, and receive the benefits of, programs Franchisor established with National Accounts as set forth herein. Franchisee acknowledges that such National Account activities are reserved unto Franchisor; however, to the extent that Franchisor refers any business from such National Account to its franchisees, Franchisor shall book such tours with franchisees with the nearest protected territory to the site of the specific National Account opportunity, to the extent such franchisee (a) is qualified and has the capacity and capability, in Franchisor's sole judgment, to handle such referral and, (b) agrees to the terms and conditions of participating in the National Account opportunity, including trip pricing, as may be offered by Franchisor to the National Account.

9.09 Right to Use Franchisee's Name. Both before and after the expiration or termination of this Agreement, Franchisee agrees to give Franchisor and those acting under Franchisor's authority the right to reasonably and fairly use Franchisee's name, photograph or biographical material (including the names, photographs or biographical materials regarding Franchisee's Owners) in any publication, circular or advertisement related to the business of Franchisor or Franchisee, in any place for an unlimited period, without compensation.

9.10 Existing Operators. If Franchisee or one or more of its Affiliates or Owners operates or manages an existing business as of the Effective Date of this Agreement that it is converting to a Pedal Pub Business (an "Existing Business"), Franchisee, on its behalf and on behalf of its Affiliates and Owners, makes the following representations:

(a) There is no pending or, to Franchisee's knowledge, threatened litigation, proceeding or investigation against or affecting the Existing Business.

(b) The Existing Business has been managed and operated in material compliance with all federal, state and local laws, regulations and ordinances, and the Existing Business has not received a notice from any governmental authority which asserts or alleges a violation of law.

(c) All information given to Franchisor by Franchisee with respect to Franchisee's prior revenues, profits, expenses and number of customers is true and correct.

(d) All of the operations of party bike, entertainment and related services which are owned, operated or managed by Franchisee and its Affiliates and Owners are within the Protected Territory and will be subject to this Agreement.

10. MARKETING AND ADVERTISING.

10.01 Grand Opening Advertising Fee. Franchisee shall pay Franchisor Ten Thousand Dollars ($10,000) (the "Grand Opening Advertising Fee") at the time specified by Franchisor prior to the opening of the Business, which amount Franchisor will use to advertise the opening of the Business via local marketing campaigns and promotional programs, Internet advertising and Internet search engine

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campaigns, and/or other marketing and promotional efforts, provided that, if Franchisee is operating in market that meet's Franchisor's then-current criteria as a specialty small market, Franchisee shall pay Franchisor Five Thousand Dollars ($5,000) for the Grand Opening Advertising Fee. The Grand Opening Advertising Fee is non-refundable.

10.02 Advertising Fund.

(a) In addition to all other amounts required to be paid hereunder, during the Term, Franchisor has established an advertising fund (the "Advertising Fund"), and Franchisee must pay to Franchisor, or such other entity designated by Franchisor, on a monthly basis, an "Advertising Fund Contribution" in an amount not to exceed the lesser of (i) two percent (2%) of Gross Revenues, or (ii) One Thousand Dollars ($1,000), which amount shall be used by the Advertising Fund. Payment of the Advertising Fund Contribution shall be made no later than the fifteenth (15^{th}) day of each month for Gross Revenues from the prior month during the term of this Agreement, or on such schedule as Franchisor may establish in its discretion.

(b) The Advertising Fund Contribution will be expended for the benefit of Franchisor, Franchisee and all other franchisees, licensees or users of the System for brand development initiatives and programs intended to maximize general public recognition, acceptance, and use of the System as Franchisor deems necessary or appropriate, in its sole discretion, on a national, regional or local basis. The expenditure of such funds for advertising is to be under the control of, and in the discretion of, Franchisor, at all times, or such other entities designated by Franchisor. Franchisee understands and acknowledges that the Advertising Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of Pedal Pub Businesses for the benefit of all Businesses, and Franchisor undertakes no obligation to ensure that the Brand benefits each Pedal Pub Business in proportion to its respective contributions. Franchisee agrees that all funds contributed to the Advertising Fund may be used to meet any and all costs (including, without limitation, reasonable salaries and overhead incurred by Franchisor) of maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities including, without limitation, the costs of preparing and conducting media marketing campaigns and System advertising, marketing and sales programs and campaigns; consumer research and marketing surveys designed to assist in maintaining high quality standards; public relations activities; trade show participation (including travel and expenses for Franchisor's staff); the development and operation of a national and regional accounts program; on-line directory listings; developing and maintaining Franchisor's Website and other Internet marketing, as well as social media and other digital applications (and other successor technology platforms); sponsorship of organizations and events; purchasing promotional items and advertising materials; out-of-pocket expenses (including printing, postage, shipping, telephone and photocopying); Franchisor's allocable overhead and administrative costs (including compensation and expenses of employees relating to the Advertising Fund); and providing promotional and other marketing materials and services to the Pedal Pub Businesses operating under the System, and employing advertising agencies to assist therewith and providing promotional brochures, decals and other marketing materials.

(c) The Advertising Fund shall be established as a separate banking account and monies received shall be accounted for separately from Franchisor's other funds and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration or direction of the Advertising Fund and its advertising programs. The Advertising Fund will not be Franchisor's asset. An unaudited financial statement of the operations of the Advertising Fund shall be prepared annually and shall be made available to Franchisee within sixty (60) days of the Franchisor's fiscal year end upon written request. Franchisor may spend in any fiscal year more or less than the aggregate contribution of all Pedal Pub Businesses to the Advertising Fund in that year, and the

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Advertising Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. Any lender loaning money to the Advertising Fund shall receive interest at a reasonable rate. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended. Franchisor may cause the Advertising Fund to be incorporated or operated through a separate entity at such time as Franchisor may deem appropriate, and such successor entity, if established, will have all rights and duties specified in this Section. Franchisor will not be liable for any act or omission with respect to the Advertising Fund that is consistent with this Agreement and done in good faith. Except as expressly provided in this paragraph, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund. Franchisee acknowledges and agrees that Franchisor is not operating or acting as a trustee or fiduciary with respect to the Advertising Fund Contributions collected. Franchisor may reduce contributions of franchises to the Advertising Fund and upon notice to Franchisee, reduce the Advertising Fund's operation or terminate the Advertising Fund and distribute unspent monies to those contributing franchisees in proportion to their contributions in the past.

10.03 Local Advertising. Franchisee agrees that, in addition to the payment of the Advertising Fund Contributions and any amounts required under Section 10.02 hereof, it will spend such amount for local advertising (e.g., marketing, promotions, publicity, social network) as determined by Franchisee but in no event less than the greater of: (a) Five Hundred Dollars ($500), or (b) five percent (5%) of Gross Revenues, per month. Local marketing may also include digital marketing services, which Franchisor may require Franchisee to purchase from it or its Affiliates. Franchisee must provide proof of such local advertising expenditures upon Franchisor's request therefor. Local advertising expenditures shall not include incentive programs, including, without limitation, costs of honoring coupons and expenses and costs incurred in honoring sales promotions. If Franchisee fails to make advertising expenditures in accordance with this Section, Franchisee shall pay the amount of the deficiency directly to Franchisor as an additional Advertising Fund Contribution. Failure to comply with this Section shall be deemed a material breach of this Agreement.

10.04 Advertising Cooperatives. In connection with the Business and any and all other Pedal Pub Businesses owned or operated by Franchisee, Franchisee shall participate, if required by Franchisor, in any local, regional or national cooperative advertising group, consisting of other franchisees and licensees of Pedal Pub Businesses and company- or affiliate-owned Pedal Pub Businesses, when and if any such groups are created (each, an "Advertising Cooperative"). The particular Advertising Cooperative(s) in which Franchisee may be required to participate shall be designated by Franchisor in its sole discretion. Franchisee's payments to any Advertising Cooperative shall be determined by Franchisee and the other participants in such Advertising Cooperative, as set forth in the by-laws of that Advertising Cooperative or membership, dues, participation or other payment agreements of such Advertising Cooperative. Franchisee, however, may not be required to spend more than the amount of the local advertising requirement as provided in Section 10.03 above per annum in connection with any Advertising Cooperative. Amounts paid to an Advertising Cooperative shall be credited against payments Franchisee is otherwise required to make for local advertising as required by Section 10.03 above. Any payments to an Advertising Cooperative shall be in addition to the amounts required to be paid or spent under Sections 10.01 and 10.02 hereof. Franchisee shall enter into such agreements as shall be necessary or appropriate to accomplish the foregoing, and Franchisee shall abide by such agreements and decisions that the Advertising Cooperative is authorized to make related to advertising and marketing in the area covered by the Advertising Cooperative. Franchisor may, upon thirty (30) days' written notice to Franchisee, suspend or terminate an Advertising Cooperative's program or operations. As a member of any Advertising Cooperative, at the request of Franchisor, Franchisee shall provide to Franchisor all information requested by Franchisor related to such Advertising Cooperative within ten (10) days after Franchisor's request therefor.

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10.05 Approval of Advertising. All of Franchisee's local advertising and promotion must be dignified, must conform to Franchisor's standards and requirements, and must be conducted in the media, type, and format that Franchisor has approved. Franchisee must follow the procedures provided in the Operations Manual with respect to all advertising and promotional requirements. Franchisee may not use any advertising or promotional plans that Franchisor has not approved in writing. Any advertising that Franchisee proposes to use that has either not been prepared by Franchisor or has not been approved by Franchisor in the immediately preceding twelve (12) month period must be submitted to Franchisor for its approval before Franchisee may use it. Franchisor will have ten (10) days to review Franchisee's proposed advertising plans and materials. Unless Franchisor provides its specific approval of the proposed advertising plans and materials they are deemed not approved. Franchisor also reserves the right to require Franchisee to discontinue the use of any previously approved advertising, sales, or marketing materials. Any materials Franchisee requests Franchisor to create or submits to Franchisor for its review will become Franchisor's property, and there will be no restriction on Franchisor's use or distribution of these materials. At Franchisor's request, Franchisee must include certain language in its local advertising materials, such as "Franchises Available" and Franchisor's Website address, telephone number, social media icons, and addresses.

Franchisee must participate in any other promotional and advertising programs that Franchisor establishes. Franchisee may only advertise or solicit customers within the Protected Territory unless Franchisee has Franchisor's written approval. You acknowledge and agree that Franchisor or its Affiliates may advertise within the Protected Territory.

10.06 Franchisee Website. Franchisee agrees not to promote, offer or sell any products or services relating to the Business, or to use any of the Marks, through the Internet or social media without Franchisor's consent. In connection with any such consent, Franchisor may establish such requirements as Franchisor deems appropriate, including (a) obtaining Franchisor's prior written approval of any Internet domain name, home page addresses and social media accounts; (b) submission for Franchisor's approval of all Web site pages, social media, and online or digital materials and content; (c) use of all hyperlinks and other links; (d) restrictions on use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has any ownership interest; and (e) obtaining Franchisor's prior written approval of any modifications.

As of the date of this Agreement, Franchisor maintains a website related to Pedal Pub Businesses at http://www.pedalpubpartybikes.com (the "Website"). Franchisor shall have the right to designate a successor Website. Subject to the terms of this Agreement, during the Term, Franchisor will provide an e-mail address under the Website's domain for Franchisee's use as part of the Technology Fee (collectively, the "Email Address"). If you desire to purchase additional email accounts, and we agree to provide them to you, in our discretion you will pay our then-current charges. Franchisee will be permitted to use the Email Addresses solely to promote, and provide to customers information related to, the Business operated by Franchisee. Franchisee shall only use the Email Address in accordance with terms of this Agreement as well as any guidelines, directives or specifications in the Operations Manual. Franchisee understands and agrees that any message sent from the Email Address may not contain content which references any other Business other than the Business operated by Franchisee.

Franchisee acknowledges and understands that the registration for the Website domain name is and shall be maintained exclusively in the name of Franchisor or its designee. Franchisee acknowledges Franchisor's or its designee's exclusive right, title and interest in and to the domain name for the Website and further acknowledges that nothing herein shall give it any right, title or interest in such domain name. Franchisee will assist Franchisor in preserving and protecting Franchisor's or its designee's rights in and to the Website domain name.

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Franchisee further acknowledges and agrees that Franchisor may, at any time in its sole discretion, cease to make the Email Address available to Franchisee. Franchisee agrees that Franchisor shall have no liability for failing to make the Email Address available to Franchisee.

ADDITIONALLY, TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF THE WEBSITE AND THE EMAIL ADDRESS, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NONINFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFIT OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF THE WEBSITE OR EMAIL ADDRESS. Upon the termination or expiration of this Agreement for any reason or Franchisee's default under this Agreement for any reason, all right of Franchisee to use the Email Address shall immediately cease, and Franchisor may cease to make the Email Address available to Franchisee.

Franchisor also currently operates, and may in the future operate social media accounts related to the System (collectively, the "Social Media Accounts"). Other than in connection with the Email Address, Franchisee shall be strictly prohibited from using the Marks in any fashion on any website, including any social and/or networking accounts or websites, including, but not limited to, Facebook, LinkedIn, Snapchat, Instagram and Twitter, without Franchisor's prior written consent. Any such use must be in compliance with any policies issued by Franchisor relating to advertising, promotion, marketing and social media, as such may be amended, modified and/or expanded by Franchisor at any time in its sole discretion. Franchisee will not violate Franchisor's privacy policies as posted on any Website or other location.

10.07 Franchisee Advisory Councils. If Franchisor should, during the term of this Agreement, form or require the formation of a franchisee advisory council or association (hereinafter, "Advisory Council") or such successor council to serve as an advisory council to Franchisor with respect to advertising, marketing, and other matters relating to Pedal Pub Businesses, Franchisee may be required to become a member of the Advisory Council. In such event, Franchisee shall abide by the rules and regulations of the Advisory Council and shall at all times maintain its membership in the Advisory Council in good standing.

11. RECORDS.

11.01 Bookkeeping and Recordkeeping. Franchisee agrees to establish a bookkeeping and recordkeeping system conforming to the requirements prescribed from time to time by Franchisor, relating, without limitation, to the use and retention of invoices, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, payroll records, journals and general ledgers. In establishing and maintaining Franchisee's bookkeeping and recordkeeping system, Franchisee shall use all form documents established by Franchisor in the Operations Manual or otherwise. Franchisee acknowledges and agrees that if Franchisor is required or permitted by statute, rule, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Business, including, without limitation, earnings or other financial information, Franchisor shall be entitled to disclose such information. In addition, Franchisee hereby expressly permits Franchisor to disclose any such information to potential purchasers (and their employees, agents and representatives) of Franchisor in connection with the sale or transfer of any equity interests or assets of Franchisor or any merger, reorganization or similar restructuring of Franchisor.

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11.02 Periodic Reports. Franchisee must provide Franchisor with those financial reports, data, information and supporting records required thereby from time to time, including, without limitation:

(a) A statement of relevant Gross Revenues in the form required by Franchisor to be delivered no later than the fifth (5^{th}) of each month;

(b) Quarterly financial statements in a form satisfactory to Franchisor, which shall include a statement of income and retained earnings, a statement of cash flows and a balance sheet of Franchisee for each quarter year, to be delivered to Franchisor no later than the tenth (10^{th}) day after the end of each calendar quarter. Franchisor shall have the right at any time to require audited annual statements to be provided to it, at Franchisee's expense;

(c) Upon, Franchisor's request, an annual copy of Franchisee's signed tax filings (including all supporting schedules) as filed with the Internal Revenue Service (or any forms which take the place of those forms), and all other federal, state and local sales and use and income tax reports Franchisee is required to file, all to be delivered within thirty (30) days after filing;

(d) A statement of local advertising expenditures made pursuant to Section 10.03 below for fiscal year to date, in a form satisfactory to Franchisor, along with invoices documenting such expenditures (if required by Franchisor), to be delivered within ten (10) days after the end of each calendar month;

(e) Such other information as Franchisor may require from time to time, within thirty (30) days of Franchisor's request.

All such reports or other information shall be prepared (i) using any form documents established by Franchisor as set forth in the Operations Manual or otherwise, if available, and (ii) in accordance with the generally accepted accounting principles of the state in which the Business is located, to the extent applicable. If any of the reports or other information required to be given to Franchisor in accordance with this Section are not received by Franchisor by the required deadline, Franchisor may charge Franchisee a late submission fee equal to $50 per month.

12. INSPECTIONS OF THE BUSINESS; AUDITS.

Franchisee shall allow representatives of Franchisor to inspect Franchisee's books and records at all reasonable times in order to verify Gross Revenues that Franchisee reports as well as to verify Franchisee's advertising expenditures required by Section 10.03 and any other matters relating to this Agreement or the operation of the Business. Franchisor may require Franchisee to submit to Franchisor, or Franchisor's representatives, copies of Franchisee's books and records for any offsite inspection that Franchisor or Franchisor's representatives conduct to audit the Business. If an inspection reveals that Gross Revenues of Franchisee have been understated, Franchisee shall immediately pay to Franchisor the amount of Royalty Fee, Advertising Fund Contribution, Technology Fees, and other amounts required to be paid to the Franchisor overdue, unreported or understated, together with interest as prescribed in Section 6.04 above. All inspections shall be at the expense of Franchisor; provided, however, if the inspection results in a discovery of a discrepancy in the total amount owed by Franchisee to Franchisor during the applicable audit period of two percent (2%) or more, or if the audit is required because Franchisee failed to comply with Franchisor's reporting requirements, then Franchisee shall pay or reimburse Franchisor for any and all reasonable expenses incurred by Franchisor in connection with the inspection, including, but not limited to, attorneys' and accounting fees, travel expenses, room and board and compensation of Franchisor's employees.

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13. TRANSFER OF INTEREST.

13.01 Franchisor's Approval. The rights and duties created by this Agreement are personal to Franchisee or, if Franchisee is an Entity, its Owners. Accordingly, neither Franchisee nor any of its Owners may Transfer the Business, the Premises, this Agreement or any of its rights or obligations hereunder, or suffer or permit any such Transfer of the Business, the Premises, this Agreement or its rights or obligations hereunder to occur by operation of law or otherwise without the prior written consent of Franchisor. In addition, if Franchisee is an Entity, its Owners may not Transfer their equity interests in such Entity, without the prior written consent of Franchisor. Furthermore, in the event that any Owner is an Entity, the interests of the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, in such Owner, may not be Transferred, without the prior written consent of Franchisor. Franchisor will not unreasonably withhold consent to a Transfer provided the requirements of Section 13.02 have been satisfied. Any Transfer in violation of this Section shall be void and of no force and effect.

13.02 Conditions for Approval. If Franchisor has not exercised its right of first refusal under Section 13.05, Franchisor will not unreasonably withhold its approval of a Transfer that meets all of the reasonable restrictions, requirements and conditions Franchisor may impose on the Transfer, the transferor(s) and/or the transferee(s), including the following:

(a) Franchisee and its Owners and Affiliates must be in compliance with the provisions of this Agreement and all other agreements with Franchisor or any of its Affiliates and have paid all outstanding amounts owed thereto, as well as to the approved suppliers to the System;

(b) The transferee shall demonstrate to Franchisor's satisfaction that the terms of the proposed transfer do not place an unreasonable financial or operational burden on the transferee, and that the transferee (or, if the transferee is other than an individual, such owners of beneficial interests in the transferee as Franchisor may request) meets Franchisor's then-current application qualifications (which may include educational, managerial, socially responsible, and business standards, good moral character, business reputation, and credit rating); has the aptitude and ability to operate the Business and absence of conflicting interests; and has adequate financial resources and capital to operate the Business;

(c) The proposed transferee must enter into an agreement in writing to assume and perform all of Franchisee's duties and obligations hereunder and/or, as required by Franchisor, execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher and/or additional fees;

(d) The transferee (and, if the transferee is not an individual, the Operating Principal), shall, at the transferee's expense, successfully attend and successfully complete any training programs then in effect for operators upon such terms and conditions as Franchisor may reasonably require;

(e) Franchisee or the proposed transferee must pay Franchisor its then-current transfer fee;

(f) Franchisee and its Owners and Affiliates must, except to the extent limited or prohibited by applicable law, execute a general release, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates, stockholders, officers, directors, employees, agents, successors and assigns;

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(g) The transferee of an Owner shall be designated as an Owner and each transferee who is designated an Owner shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as an Owner under the terms of this Agreement as long as such person or entity owns any interest in Franchisee. Additionally, the transferee and/or such owners of the transferee as Franchisor may request shall guarantee the performance of the transferee's obligations in writing in a form satisfactory to Franchisor;

(h) If Franchisee (or any of its Owners or Affiliates) finances any part of the sale price of the transferred interest, Franchisee and/or such Owners or Affiliates must agree that all obligations of the transferee, and security interests reserved by any of them in the assets transferred, will be subordinate to the transferee's obligations to pay all amounts due Franchisor and its Affiliates; and

(i) If so requested by Franchisor, Franchisee, at its expense, shall upgrade the Business and all equipment of the Business to conform to the then-current standards and specifications of new Pedal Pub Businesses then being established in the System, and shall complete the upgrading and other requirements within the time specified by Franchisor; and

(j) The transferor shall remain liable for all of the obligations to Franchisor in connection with the Pedal Pub Business that arose prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability.

13.03 Special Transfers. Neither Section 13.05 nor Section 13.02(e)(i) shall apply to any Transfer to an Entity formed solely for the convenience of ownership, among any of Franchisee's then-current Owners or to any member of Franchisee's Immediate Family or the Immediate Family of a then-current Owner of Franchisee.

13.04 Death or Disability of Franchisee. Upon Franchisee's death or permanent disability, or the death or permanent disability of the Operating Principal or an Owner of a controlling interest in Franchisee, the executor, administrator or other personal representative of such person shall transfer his or her interest in this Agreement or his or her interest in Franchisee to a third party approved by Franchisor in accordance with all of the applicable provisions of Section 13 within a reasonable period of time, not to exceed three (3) months from the date of death or permanent disability.

13.05 Franchisor's Right of First Refusal. If Franchisee or any of its Owners desire to consummate a Transfer, Franchisee or such Owner must obtain a *bona fide*, executed written offer from a responsible and fully disclosed purchaser and must deliver immediately to Franchisor a complete and accurate copy of such offer. If the offeror proposes to buy any other property or rights from Franchisee or any of its Owners or Affiliates (other than rights with respect to other Pedal Pub Businesses or an ownership interest therein) as part of the *bona fide* offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is fully disclosed to Franchisor, but which will not be part of this right of first refusal.

Franchisor has the option, exercisable by notice delivered to Franchisee or its Owners, as applicable, within thirty (30) days from the date of delivery of a complete and accurate copy of such offer to Franchisor, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) Franchisor may substitute cash for any form of payment proposed in such offer; (b) Franchisor's credit shall be deemed equal to the credit of any proposed purchaser; and (c) Franchisor will have not less than ninety (90) days from the option exercise date to consummate the transaction. Franchisor has the right to investigate and analyze the business, assets and liabilities and all other matters it deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of the transaction triggering the right of first refusal. Franchisor may conduct such

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investigation and analysis in any manner it deems reasonably appropriate, and Franchisee and its Owners must cooperate fully with Franchisor in connection therewith.

If Franchisor exercises its option to purchase, Franchisor is entitled to purchase such interest subject to all representations and warranties, closing documents and indemnities as are customary for a transaction of this type. If Franchisor does not exercise its option to purchase, Franchisee or its Owners, as applicable, may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to Franchisor's approval of the Transfer as provided in Sections 13.01 and 13.02, provided that if the sale to such offeror is not completed within ninety (90) days after delivery of such offer to Franchisor, or if there is a material change in the terms of the offer, Franchisee or such Owners, as applicable, must promptly notify Franchisor, which will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty (30)-day period following such notification of the expiration of the ninety (90)-day period or the material change to the terms of the offer.

13.06 Intentionally Omitted.

13.07 Transfer by Franchisor. This Agreement may be unilaterally assigned by Franchisor and shall inure to the benefit of its successors and assigns. Franchisee agrees and affirms that Franchisor may sell itself, its assets, the Marks and/or the System to a third-party; may go public; may engage in private placement of some or all of its securities; may merge, acquire other Entities, or be acquired by another Entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Franchisee further agrees and affirms that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Pedal Pub Businesses operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be proximate to the Business. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the System and/or the loss of association with or identification of Franchisor under this Agreement.

14. TERMINATION OF AGREEMENT.

14.01 Termination by Franchisee. Franchisee may terminate this Agreement if Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such material breach within ninety (90) days after written notice thereof is delivered to Franchisor. Notwithstanding the foregoing, if the breach is curable but is of a nature that cannot reasonably be cured within such ninety (90) day period and Franchisor has commenced and is continuing to make good faith efforts to cure such breach, Franchisor shall be given an additional sixty (60) day period to cure the same, and this Agreement shall not terminate. In the event of termination by Franchisee, all post-termination obligations of Franchisee described herein shall not be waived but shall be strictly adhered to by Franchisee.

14.02 Termination by Franchisor without a Cure Period. Franchisor may immediately terminate this Agreement upon written notice to Franchisee, without opportunity to cure, if:

(a) Franchisee files a petition under any bankruptcy or reorganization law, becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of its property;

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(b) Franchisee seeks to effect a plan of liquidation, reorganization, composition or arrangement of its affairs, whether or not the same shall be subsequently approved by a court of competent jurisdiction; it being understood that in no event shall this Agreement or any right or interest hereunder be deemed an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding;

(c) Franchisee has an involuntary proceeding filed against it under any bankruptcy, reorganization, or similar law and such proceeding is not dismissed within sixty (60) days thereafter;

(d) Franchisee makes a general assignment for the benefit of its creditors;

(e) Franchisee fails to pay when due any amount owed to Franchisor or its Affiliates, whether under this Agreement or not, and Franchisee does not correct such failure within five (5) days after written notice thereof is delivered to Franchisee;

(f) Franchisee fails to pay when due any amount owed to any creditor, supplier, lessor, or vendor of the Business or the Premises or any taxing authority for federal, state or local taxes (other than amounts being bona fide disputed through appropriate proceedings) and Franchisee does not correct such failure within five (5) days after written notice is delivered thereof to Franchisee;

(g) Franchisee or its Operating Principal fails to complete Franchisor's initial training program within ten (10) weeks of the execution of this Agreement;

(h) Franchisee fails to commence operation of the Business at the Premises within the later of: (i) twelve (12) weeks after execution of this Agreement, or (ii) thirty (30) days following receipt of approval by the local government authority to operate the Business, except for any delay that is agreed to in writing by Franchisor, in its sole discretion, including but not limited to consideration of the seasonality of the Protected Territory;

(i) Following commencement of the operation of the Business, Franchisee abandons the Business, or ceases to operate the Business for more than three (3) consecutive business days, or five (5) individual days in any twelve (12) month period, without Franchisor's prior written consent;

(j) Franchisee or any of the Owners are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the System and the goodwill associated with the Marks;

(k) Franchisee operates the Business in a manner that presents a health or safety hazard to Franchisee's customers, employees or the public;

(l) Franchisee makes a material misrepresentation to Franchisor before or after being granted the franchise or knowingly maintains false books and records;

(m) Franchisee, any Owner or any other Person makes an unauthorized Transfer of this Agreement, the franchise, the Business or an ownership interest in Franchisee or Franchisee's Owners;

(n) Franchisee or any Restricted Party breaches or fails to comply fully with Section 7 above;

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(o) Franchisee (i) misuses or makes an unauthorized use of or misappropriates any Mark, (ii) commits any act which can be reasonably expected to materially impair the goodwill associated with any Mark, (iii) challenges Franchisor's ownership of any Mark or (iv) files a lawsuit involving any Mark without Franchisor's consent;

(p) The franchised business, the Business or the Premises is seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor, a final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedes or other appeal bond has been filed), or a levy of execution has been made upon the license granted by this Agreement or any property used in the franchised business or the Business, and it is not discharged within five (5) days of such levy;

(q) Franchisee fails to comply with all applicable laws and ordinances relating to the Business, including Anti-Terrorism Laws, or if Franchisee's or any of its Owner's assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of its Principals otherwise violate any such law, ordinance, or regulation

(r) Franchisee fails to comply with any law or regulation, or obtain any required permit or license, within fifteen (15) days after notice;

(s) Franchisee knowingly solicits or services customers outside of its Protected Territory in violation of Franchisor's policies and without Franchisor's consent;

(t) Franchisee underreports any of Gross Revenues during any period by more than five percent (5%), or by more than two percent (2%) three (3) or more times within any eighteen (18) month period;

(u) Franchisee, after curing a default pursuant to the terms of this Agreement, commits the same default again in any twelve (12) month period, whether or not cured after notice;

(v) Franchisee commits three or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice (this provision in no way limits subsection (t) above); or

(w) Franchise makes unauthorized use or disclosure of Confidential Information; or

(x) Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.

14.03 Termination by Franchisor with a Cure Period. In addition to, and without limiting, the termination rights of Franchisor pursuant to Section 14.02 above, after any other default by Franchisee, Franchisor may give written notice of default stating the nature of the default to Franchisee. If any such default is not cured within thirty (30) days, or such longer period as applicable law may require, Franchisor shall have the right to terminate this Agreement upon notice to Franchisee, including without limitation, with respect to the following defaults:

(a) Failure or refusal to submit financial statements, reports or other operating data, information or supporting records to Franchisor when due;

(b) Failure attend or require personnel to attend any required training programs;

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(c) Failure to provide or maintain required insurance coverage;

(d) Failure to comply with any other provision of this Agreement; the Operations Manual or any mandatory specification, standard or operating procedure prescribed by Franchisor;

(e) Failure to comply with any terms and conditions of any other agreement Franchisee entered into in connection with the Business; or

(f) Failure to restore the Business to full operation if it is rendered inoperable by casualty.

Any default by Franchisee (or any Affiliate of Franchisee) under any other agreement, including, but not limited to any lease and/or sublease, between Franchisor (or any Affiliate of Franchisor) and Franchisee (or any Affiliate of Franchisee) which continues past any applicable cure period may be regarded by Franchisor as a default under this Agreement. Any default by Franchisee under any real estate lease or loan agreement (whether with Franchisor or any third party) which continues past any applicable cure period may be regarded by Franchisor as a default under this Agreement. In each of the foregoing cases, Franchisor will have all remedies allowed at law, including termination of Franchisee's rights and Franchisor's obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

14.04 Right of Franchisor to Discontinue Services to Franchisee.

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of default or termination pursuant to this Section 14, Franchisor has the right to (a) suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products (including without limitation those provided in connection with the Digital Fee and Technology Fee) for which Franchisor is an approved supplier to Franchisee, (b) remove the Business' listing from the Website and all advertising Franchisor publishes or approves, and/or (c) prohibit Franchisee from attending any meetings, seminars, or conventions held or sponsored by Franchisor, in all cases until such time as Franchisee corrects the breach.

14.05 Franchisor's Cure Right.

If Franchisee breaches any provision of this Agreement, Franchisor shall have the right, but not the obligation, to take such action as Franchisor deems appropriate to cure the breach. Franchisee shall reimburse Franchisor on demand for all costs and expenses incurred by Franchisor in connection with such cure or attempt to cure

15. RENEWAL RIGHTS.

15.01 Right To Acquire a Successor Franchise. Franchisee has the right, subject to the conditions contained in this Section 15, to acquire a successor franchise for the Business for one (1) additional five (5) year term on the terms and conditions of the then-current form of franchise agreement for Pedal Pub Businesses, if upon expiration of the applicable Term: (a) Franchisee and its Owners and Affiliates are in compliance with this Agreement and any other agreements with Franchisor or any of its Affiliates, and Franchisee and its Owners have been in substantial compliance with this Agreement throughout the Term; (b) Franchisor has not notified Franchisee of its decision that any federal or applicable state legislation, regulation or rule, which is enacted, promulgated or amended after the date hereof, may have an adverse effect on Franchisor's rights, remedies or discretion in franchising Pedal Pub Businesses such that it creates an unreasonable or overly burdensome requirement on Franchisor's ability

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to continue to offer franchises in such location; and (c) the following additional conditions have been met: (i) the Premises and the Business meet Franchisor's then-current guidelines; (ii) Franchisee maintains the right to possession of the Premises for the term of the successor franchise agreement; (iii) Franchisee maintains all permits and licenses necessary to operate the Business; (iv) Franchisee does not have any past due monetary obligations or other outstanding obligations to Franchisor and its affiliates, or Franchisee's lenders, lessors, vendors, and suppliers, (iv) if required by Franchisor, Franchisee enters into an agreement with Franchisor whereby Franchisee agrees within a specified time period (not to exceed six (6) months), to send required personnel to such training programs established and required by Franchisor, (v) Franchisee will make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the Premises as Franchisor may reasonable require, including installation of new equipment and renovation of signs, furnishings, fixtures, and décor to reflect the then-current standards and image of the System, and including upgrading Computer Systems and Required Software, if required. Upon the exercise of the right to acquire a successor franchise, Franchisee shall pay to Franchisor a renewal fee equal to fifty percent (50%) of Franchisor's then-current Initial Franchise Fee at the time of renewal.

15.02 Notices. Franchisee must give Franchisor written notice of its desire to acquire a successor franchise not less than six (6) months nor more than nine (9) months prior to the expiration of this Agreement. Notwithstanding any notice or communication of Franchisor to Franchisee that Franchisee has the right to acquire a successor franchise for the Business, Franchisee's right will be subject to its continued compliance with all the provisions of this Agreement up to the date of its expiration.

15.03 Agreements. If Franchisee has the right to acquire a successor franchise in accordance with Section 15.01 and states its desire to exercise that right in accordance with Section 15.02, Franchisor and Franchisee (and its Owners) will execute the form of franchise agreement (which may contain provisions, including royalty fees, materially different from those contained herein) and all ancillary agreements (including, personal guarantees by Franchisee's Owners on such terms as Franchisor determines to be appropriate) which Franchisor then customarily uses in granting franchises for the operation of Pedal Pub Businesses (collectively, the "**New Agreements**"), and Franchisee and its Owners must execute general releases, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor, and its Affiliates, officers, directors, managers, employees, agents, successors and assigns. Failure by Franchisee (and its Owners) to sign such agreements and releases within thirty (30) days after delivery to Franchisee shall be deemed an election by Franchisee not to acquire a successor franchise for the Business.

15.04 Expiration. Any successor franchise shall be conditioned upon the satisfaction of the conditions set forth above in this Section. Upon the expiration of the Term, any renewal term will be governed by the New Agreements. If Franchisee fails to meet any of the conditions set forth this section above, the franchise granted to Franchisee hereunder shall automatically expire at the end of the Term.

16. EFFECT OF TERMINATION OR EXPIRATION.

16.01 Payment of Amounts Owed. Within ten (10) days after the effective date of termination or expiration (without Franchisee's successful exercise of the right to acquire a successor franchise) of this Agreement, Franchisee must pay Franchisor and its Affiliates all amounts owed thereto, including, without limitation, unpaid Royalty Fees, Advertising Fund Contributions, Technology Fees, amounts owed for purchases from Franchisor or its Affiliates, and all other amounts due to Franchisor or its Affiliates and interest and late fees due on any of the foregoing. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and termination.

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16.02 Discontinue Use of Marks and Confidential Information. Upon the termination or expiration (without Franchisee's successful exercise of the right to acquire a successor franchise) of this Agreement, Franchisee and its Owners will:

(a) Refrain from operating or doing business under any name or in any manner that may give the general public the impression that this Agreement is still in force or that Franchisee is connected in any way with Franchisor or that Franchisee has the right to use the System or the Marks, and Franchisee, shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former operator of Franchisor in connection with the promotion or operation of any other business;

(b) Promptly, and in no event more than three (3) days after the termination or expiration of this Agreement, provide to Franchisor any and all information Franchisor requests regarding tours or other products or services to be provided by Franchisee or the Business after the date of expiration or termination, and at Franchisor's option, Franchisee will either (i) pay to Franchisor any amounts it has received from customers for tours or other products or services to be provided after the date of termination or expiration, and assign to Franchisor or its designee any contracts or related agreements to such tours, products or services, or (ii) return such amounts to customers directly as well as any termination fees or penalties under such contracts. Nothing herein will obligate Franchisor to take assignment of any obligations of Franchisee under any such contracts or relieve Franchisee of any liability for its obligations to customers or third parties after the termination or expiration of this Agreement;

(c) At the option of Franchisor, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Premises if Franchisee leases a location for the Business, and assign to Franchisor any interest which Franchisee has in any lease for equipment, machinery or signs used in connection with the Business. In the event Franchisor does not elect to exercise its option to acquire any lease or sublease as described herein, Franchisee must, at Franchisee's expense, make such reasonable modifications to the exterior and interior décor of the Business and the Premises, and with respect to any equipment, machinery or signs, as Franchisor requires to eliminate any identification of a Pedal Pub Business. If Franchisee fails to modify the exterior and interior décor of the Business, the Premises, and equipment, machinery or signs, as Franchisor requires to eliminate its identification as a Pedal Pub Business, Franchisor may take such action to modify the exterior and interior décor of the Business and the Premises or the equipment, machinery or signage, and charge Franchisee for the cost of such action plus an administrative fee of fifteen percent (15%) of actual costs incurred in doing so. Franchisee shall immediately pay Franchisor for the cost of any such action taken by Franchisor.

(d) discontinue all use of the Marks, including at the Premises and on the bikes, and the use of any and all signs, products, equipment and other items bearing the Marks. Any signs containing the Marks that Franchisee is unable to remove within one (1) day of the termination or expiration of this Agreement shall be completely covered by Franchisee until the time of their removal, which shall be in any event within ten (10) days following the expiration or termination of this Agreement;

(e) take such action as may be required to cancel all assumed names or equivalent registrations relating to the use of any Mark;

(f) promptly return to Franchisor all material furnished by Franchisor containing proprietary or confidential information, operating instructions, business practices, or methods or procedures, including, without limitation, the Operations Manual;

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(g) refrain from making use of or availing itself to any of the Confidential Information, Operations Manual, any confidential methods, procedures, and techniques associated with the System, and other information received from Franchisor or disclosing or revealing any of the same in violation of Section 7 hereof;

(h) discontinue all use of the Email Address, and any and all online and social media listings and accounts;

(i) assign to Franchisor or its designee all of Franchisee's rights, title, and interest in and to the telephone numbers, telephone directory listings and advertisements, website URLs, social media accounts, e-mail addresses, real estate leases and governmental licenses or permits used for the operation of the Business (and contemporaneously with the execution of this Agreement, Franchisee agrees to sign the Collateral Assignment of Telephone Numbers, Telephone Listings, Internet Addresses and Social Media Pages in substantially the form set forth on Exhibit F hereto); and

(j) strictly comply with the terms and conditions of Section 7 above and any other procedures in the Operations Manual that are established by Franchisor related to discontinuing operations of the Business.

16.03 Option to Purchase the Business. Upon termination or expiration (without Franchisee's successful exercise of the right to acquire a successor franchise) of this Agreement, Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the bikes, furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Business with respect to which this Agreement is terminated or expires in part. If Franchisor exercises this option, it will pay: (i) in the case of bikes, the pre-determined depreciated value of the bikes as described in the Equipment Sales Agreement; and (ii) in the case of other assets, the lesser of (A) Franchisee's cost or (B) fair market value. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

16.04 Continuing Obligations. The expiration and termination of this Agreement will be without prejudice to the rights of Franchisor against Franchisee. All obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect until they are satisfied in full or by their nature expire.

16.05 Liquidated Damages. Upon termination of this Agreement by reason of a default by Franchisee, Franchisee agrees to pay to Franchisor within five (5) days after the effective date of termination, in addition to the amounts owed hereunder, liquidated damages equal to the lesser of (i) the sum of Royalty Fees that would have been due through the expiration of the term of the Franchise Agreement; or (ii) the sum of Royalty Fees that would have been due for a period of three (3) years from the termination date; in each case calculated by taking the average Royalty Fees you paid to us for the twelve (12) month period prior to the termination date and amortizing it for such calculation period; provided that if your Pedal Pub Business was not open for such entire twelve (12) month period, utilizing the average Royalty Fees paid to us by Pedal Pub businesses within the System for any period in which your Pedal Pub Business was not open and operating.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the fees would have grown over what would have been this Agreement's remaining term. The

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parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages, and not a penalty.

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from specific listed fees. It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement. Franchisee and each of its Owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the sections requiring payment of Royalty Fees.

17. RELATIONSHIP OF THE PARTIES.

17.01 Independent Contractors.

(a) Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence between the parties hereto. Franchisor and Franchisee, as between themselves, are and shall be independent contractors. Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, joint employer, partner or employee of the other for any purpose whatsoever. Franchisee must conspicuously identify itself in all dealings with customers, lessors, contractors, suppliers, public officials, employees and others as the owner of the Business and must place such other notices of independent ownership on such forms, business cards, stationery, advertising and other materials as Franchisor may require from time to time. Franchisee may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in Franchisor's name or on Franchisor's behalf or represent that the relationship of the parties hereto is anything other than that of independent contractors. Franchisor will not be obligated by or have any liability under any agreements made by Franchisee with any third party or for any representations made by Franchisee to any third party. Franchisor will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of Franchisee's business hereunder.

(b) If applicable law shall imply a covenant of good faith and fair dealing in this Agreement, the parties hereto agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such covenant, the parties acknowledge and agree that (i) this Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's explicit rights and obligations hereunder that may affect favorably or adversely Franchisee's interests; (ii) Franchisor will use its judgment in exercising such discretion based on its assessment of its own interests and balancing those interests against the interests of the owners of Pedal Pub Businesses generally (including Franchisor's Affiliates and other franchisees and licensees), and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee; (iii) Franchisor will have no liability to Franchisee for the exercise of its discretion in this manner so long as such discretion is not exercised in bad faith toward Franchisee; and (iv) in the absence of such bad faith, no trier of fact in any legal action or arbitration proceeding shall substitute its judgment for Franchisor's judgment so exercised.

(c) During the Term, Franchisee agrees as follows:

(i) Franchisee has no authority to employ or engage persons on behalf of Franchisor, and NO EMPLOYEES, INDEPENDENT CONTRACTORS OR AGENTS OF

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FRANCHISEE SHALL BE DEEMED TO BE EMPLOYEES, INDEPENDENT CONTRACTORS OR AGENTS OF FRANCHISOR, EACH OF WHICH SHALL AT ALL TIMES REMAIN FRANCHISEE'S EMPLOYEES, INDEPENDENT CONTRACTORS OR AGENTS, AS APPLICABLE. SUBJECT TO THE TERMS OF THIS AGREEMENT, FRANCHISEE HAS SOLE AND EXCLUSIVE CONTROL OVER ITS LABOR AND EMPLOYEE RELATIONS POLICIES, AND ITS POLICIES RELATING TO WAGES, HOURS, SCHEDULING AND WORKING CONDITIONS OF ITS EMPLOYEES. FRANCHISEE HAS THE SOLE AND EXCLUSIVE RIGHT TO HIRE, TRANSFER, SUSPEND, LAY OFF, RECALL, PROMOTE, ASSIGN, DISCIPLINE AND DISCHARGE ITS EMPLOYEES AND TO RESPOND TO EMPLOYEE GRIEVANCES.

(ii) Franchisee is solely responsible for all salaries and other compensation of all its employees and will make all necessary salary deductions and withholdings from its employees' salaries and other compensation, and is solely responsible for the payment of any and all contributions, taxes and assessments and all other requirements of the Federal Social Security Administration, Federal and state unemployment compensation laws, Federal, state and local withholding of income tax laws on all salary and other compensation of its employees and any other laws affecting the income or withholdings of employees' wages.

(iii) Franchisee will comply (and will cause its employees to comply) with all other Federal, state or local laws, ordinances, rules, or regulations regarding its employees, including, but not limited to, Federal or state laws or regulations regarding minimum compensation, overtime and equal opportunity for employment, the Federal Civil Rights Acts, Age Discrimination in Employment Act, the Federal Fair Labor Standards Act, the Americans With Disabilities Act and the Family Leave Act.

17.02 Indemnification. Franchisee agrees to indemnify Franchisor, its Affiliates and its and their respective directors, managers, officers, employees, shareholders, members, agents, successors and assigns (collectively "Indemnitees"), and to hold the Indemnitees harmless to the fullest extent permitted by law, from any and all Losses and Expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the Indemnitees in connection with the development, ownership, operation or closing of the Business or Franchisee's breach of this Agreement, and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees, provided, however, that this indemnity will not apply to any liability arising from a breach of this Agreement by the Indemnitees or the gross negligence or willful acts of the Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to Franchisee). For purposes hereof "Losses and Expenses" includes obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnitees, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees. Franchisor agrees to give Franchisee reasonable notice of any event of which Franchisor becomes aware for which indemnification may be required. Franchisor has the exclusive right to defend any such claim. This indemnity will continue in effect after the expiration or termination of this Agreement.

17.03 Taxes. Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement including, but not limited to, if applicable, state employment tax, state sales tax (including any sales or use tax on equipment purchased or leased) and all other taxes and expenses of operating the Business. In no event shall Franchisee permit a tax sale or

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seizure by levy or execution or similar writ or warrant to occur against the Business, the Premises or any tangible personal property used in connection with the operation of the Business.

18. DISPUTE RESOLUTION.

18.01 Injunctive Relief and Attorneys' Fees. Franchisor and Franchisee will each be entitled to the entry of temporary restraining orders and temporary and permanent injunctions to: (i) enforce Franchisee and Franchisor's ability to terminate this Agreement for the causes set forth in Section 16 of this Agreement; and (ii) prevent or remedy a breach of this Agreement if that breach could materially impair the goodwill associated with Franchisee or Franchisor's business, including but not limited to, the enforcement of obligations upon termination of this Agreement and the enforcement of the non-compete provisions of this Agreement. Franchisor and Franchisee will also be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing these provisions. If Franchisor is successful in obtaining an injunction, or any other judicial relief or order from an arbitrator against Franchisee, or in successfully defending any claim Franchisee has brought against Franchisor, Franchisee will pay Franchisor an amount equal to all of Franchisor's costs of prosecuting and defending the action, including reasonable attorneys' fees, costs of investigation, court and arbitration costs, and other litigation or arbitration expenses. Franchisor and Franchisee's respective rights to obtain injunctive or other equitable relief is in addition to any other right Franchisor or Franchisee may have under this Agreement. It will in no way limit or prohibit Franchisor from obtaining money damages from Franchisee if Franchisee breaches this Agreement.

18.02 Mediation. Except where it is necessary for either Franchisor or Franchisee to obtain equitable relief to preserve the goodwill of their respective businesses (including, but not limited to, the enforcement of obligations upon termination of this Agreement and the covenants not to compete contained in this Agreement), Franchisor and Franchisee each agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between them, for a minimum of four (4) hours, before initiating any legal action or arbitration against the other. Upon written notice by either Franchisee to Franchisor, to the other, of Franchisee or Franchisor's desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within ten (10) days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section 18.02 did not exist, or, at its option, make the selection of the organization to provide mediation services. If Franchisee or Franchisor selects an organization that is unwilling to serve as mediator, then the other party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to Franchisee and Franchisor. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If Franchisee and Franchisor cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both parties, given all of the claimed conflicts in dates. The person actually mediating the dispute will be required to have at least ten (10) years of experience as either a franchisee or franchisor (or as an officer of such an entity) or in franchise law. Franchisor and Franchisee will equally share the cost of the mediator. The mediator will select the location for the mediation, but unless Franchisor and Franchisee agree otherwise, the mediation will be held in a metropolitan area within fifty (50) miles of Franchisor's principal office.

Except for the matters identified above where Franchisor or Franchisee are permitted to seek injunctive relief without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this paragraph (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the

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provisions of this Section), then upon petition of whichever of the parties has a lawsuit or arbitration proceeding brought against it, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award reasonable attorneys' fees and costs to the party seeking dismissal in an amount equal to the reasonable attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all reasonable attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section.

18.03 Arbitration. EXCEPT IN SO FAR AS FRANCHISOR OR FRANCHISEE SEEKS TO ENFORCE THIS AGREEMENT BY JUDICIAL PROCESS AND INJUNCTION AS PROVIDED IN, AND EXCEPT FOR CONTROVERSIES, CLAIMS OR DISPUTES BASED ON FRANCHISEE'S USE OF THE MARKS, ALL CONTROVERSIES, CLAIMS OR DISPUTES BETWEEN FRANCHISOR AND FRANCHISEE ARISING OUT OF OR RELATING TO (A) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE, (B) THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR OR (C) THE SCOPE AND VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE (INCLUDING THE SCOPE AND VALIDITY OF THE ARBITRATION OBLIGATIONS UNDER THIS SECTION, WHICH FRANCHISOR AND FRANCHISEE ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR AND NOT A COURT) SHALL BE DETERMINED BY ARBITRATION WITH THE AMERICAN ARBITRATION ASSOCIATION ("AAA") AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA.

The arbitration proceedings will be conducted by one arbitrator and, except as this Section 18 otherwise provides, according to the AAA's then current rules. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator appointed must have at least ten (10) years' experience in franchising or franchise law, and the arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers, and limitations of this Agreement. The arbitrator will have no authority to add, delete, or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions, and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties before the start of the arbitration hearing, and the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 18.06 below, award any punitive, exemplary or multiple damages against either party (Franchisor and Franchisee hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 18.06 below, any right to or claim for any punitive, exemplary or multiple damages against the other). The arbitrator will have the right to award or include in any award the specific performance of this Agreement, but will be required to file a reasoned brief with his or her award.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor.

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Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, officers, directors, managers, agents, and/or employees, and Franchisee (and/or Franchisee's Owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Franchisor and Franchisee acknowledge that judgment upon an arbitration order may be entered in any court of competent jurisdiction and will be binding, final, and nonappealable, except for mistakes of law, as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section. Unless this Agreement is terminated in accordance with the provisions herein, during the pendency of any arbitration proceeding, Franchisor and Franchisee will fully perform the requirements of this Agreement.

If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with the provisions of Section 18.01, the arbitrability of the claim will be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement.

The provisions of this Section 18 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

18.04 Jurisdiction and Venue. For actions that are not subject to mandatory arbitration under Section 18.03, FRANCHISEE HEREBY SUBMITS AND IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS FOR THE DISTRICT WHERE FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE IS LOCATED ON THE DATE OF THE FILING OF THE ACTION, AND AGREES NOT TO RAISE AND HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION BASED UPON *FORUM NON CONVENIENS* OR ANY OTHER OBJECTION IT MAY NOW HAVE OR HEREAFTER HAVE TO SUCH JURISDICTION OR VENUE. Further, nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that will cause irreparable harm.

18.05 Waiver of Right to Jury Trial. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, THE PARTIES HERETO HEREBY WAIVE, AND COVENANT THAT THEY SHALL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT, OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT.

18.06 Damages and Timing of Claims. The parties agree that neither party shall have the right to receive or collect punitive or exemplary damages from the other party. Any and all claims and actions arising out of or relating to this Agreement, the relationship between Franchisee and Franchisor, or the operation of the franchise and the Business brought by Franchisee, the Owners or the Restricted Parties against Franchisor shall be commenced within one (1) year from the discovery of the facts giving rise to any such claim or action, or such claim or action shall be barred. The parties understand that such time limit may be shorter than otherwise allowed by law. Franchisee, the Owners and the Restricted Parties agree that their sole recourse for claims arising between the parties shall be against Franchisor and

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its successors and assigns. Franchisee, the Owners and the Restricted Parties agree that the owners, directors, managers, officers, employees and agents of Franchisor and its Affiliates shall not be personally liable nor named as a party in any action between Franchisor and Franchisee and/or any Owner or Restricted Party.

19. MISCELLANEOUS.

19.01 Successors and Third Party Beneficiaries. This Agreement and the covenants, restrictions and limitations contained herein shall be binding upon and shall inure to the benefit of Franchisor and its successors and assigns and shall be binding upon and shall inure to the benefit of Franchisee and its permitted heirs, successors and assigns. Except as contemplated by Section 17.02, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any Person not a party hereto. This Agreement is, however, intended to bind the Restricted Parties to the extent set forth in this Agreement.

19.02 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee shall be deemed to be joint and several covenants, agreements and obligations of each of the Persons named as Franchisee, if more than one (1) Person is so named. Except where this Agreement expressly obligates Franchisor not to unreasonably withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right, in its sole and arbitrary discretion, to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed or effected actions that require Franchisor's approval.

19.03 Interpretation and Headings. The parties agree that this Agreement should be interpreted according to its fair meaning. Franchisee waives to the fullest extent possible the application of any rule that would construe ambiguous language against Franchisor as the drafter of this Agreement. The words "include," "includes" and "including" when used in this Agreement will be interpreted as if they were followed by the words "without limitation". References to section numbers and headings will refer to sections of this Agreement unless the context indicates otherwise. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

19.04 Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §1 et seq.) except to the extent provided by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.) or other applicable federal law, and the terms of this Agreement shall be interpreted and construed in accordance with the laws of the State of Minnesota without regard to its conflicts of law provisions. The parties agree, however, that if Franchisee is not a resident of Minnesota, and if the Business is not located in Minnesota, then they hereby waive the provisions of the Minnesota Franchise Act, Minnesota Statutes, Section 80C.01, et seq. and the regulations promulgated thereunder. If the Minnesota Franchise Act would not otherwise apply to the franchise relationship created hereby, but there is a statute in the state in which the business franchised hereunder is located that specifically governs relationships between franchisees and franchisors, then that particular law will apply in lieu of the Minnesota Franchise Act.

19.05 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, by certified, express or registered mail, or by an overnight delivery service, postage prepaid, addressed to the party to be notified at the respective address first above written, or at such other address or addresses as the parties may from time

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to time designate in writing. Notices shall be deemed delivered on the date shown on the return receipt or in the delivery service's records as the date of delivery or on the date of first attempted delivery, if actual delivery cannot for any reason be made.

19.06 Costs and Attorneys' Fees. If Franchisor incurs any expenses in connection with Franchisee's failure to pay any amounts it owes when due, submit any required reports when due or otherwise comply with this Agreement, Franchisee agrees to reimburse Franchisor for any of the costs and expenses that Franchisor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

19.07 Waiver. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or a different kind; nor shall any delay or omission of Franchisor to exercise any right arising from any such default affect or impair Franchisor's rights as to such default or any future default.

19.08 Severability. If any term, restriction or covenant of this Agreement is deemed invalid or unenforceable, all other terms, restrictions and covenants and the application thereof to all Persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any Person or circumstance is deemed invalid or unenforceable, the application of such term, restriction or covenant to other Persons and circumstances shall remain unaffected to the extent permitted by law.

19.09 Force Majeure. Neither Franchisor nor Franchisee will be liable for loss or damage or deemed to be in breach of this Agreement if Franchisor's or Franchisee's failure to perform any obligation results from: (a) transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (b) acts of God; (c) fires, strikes, embargoes, wars or riots; or (d) any other similar event or cause beyond the control of the affected party. Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed by Franchisee to Franchisor hereunder.

19.10 Delegation by Franchisor. Franchisor shall have the right to delegate performance of any or all of its obligations and duties hereunder. Franchisee hereby agrees to any such delegation.

19.11 No Right of Set Off. Franchisee agrees that it will not set off or withhold payment of any amounts it owes Franchisor on the grounds of Franchisor's alleged nonperformance of any of Franchisor's obligations under this Agreement or for any other reason. Franchisee agrees that all such claims will, if not otherwise resolved, be submitted to arbitration as provided in Section 18.03.

19.12 Cumulative Rights. The rights granted hereunder are cumulative, and no exercise or enforcement by either party of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy to which either Franchisor or Franchisee are entitled.

19.13 Entire Agreement. This Agreement and any addendum, schedule or exhibit attached hereto contains the entire agreement between the parties hereto relating to the operation of the Business and the franchised business and no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, have been made or relied upon by the parties other than those set forth herein. No agreement altering, changing, waiving or modifying any of the terms and conditions of this

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Agreement shall be binding upon either party unless and until the same is made in writing and executed by all interested parties. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in Franchisor's most recent franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or Franchisee's representative.

19.14 Counterparts. This Agreement may be signed in multiple counterpart copies, each of which will be deemed an original, and all of which together constitute one and the same document.

19.15 Time is of the Essence. Franchisee understands that time is of the essence with respect to its obligations hereunder.

19.16 Anti-Terrorism Laws.

(a) Franchisee and the 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. In connection with such compliance, Franchisee and the 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 the Owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(b) "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States ("Executive Order 13224"), the Terrorism Sanctions Regulation (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, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war.

(c) Franchisee and the Owners certify that none of them, their respective employees, agents, bankers, Affiliates or anyone associated with them 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. (A copy of the Annex can be accessed on the Internet at the following address: http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html.)

(d) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities set forth in Section 17.02 above of this Agreement pertain to Franchisee's obligations under this Section 19.16.

(e) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's Owners, agents, bankers, employees and Affiliates shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or an Affiliate thereof, in accordance with Section 14.02 above.

19.17 Timing. Franchisee acknowledges that it has had a copy of Franchisor's franchise disclosure document for at least fourteen (14) calendar days before signing this Agreement or any franchise or related agreement; or at least fourteen (14) calendar days before the payment of any consideration to Franchisor. Franchisee has had the opportunity to have this Agreement and the business offered hereunder reviewed by professionals of Franchisee's choosing before executing this Agreement.

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19.18 Disavowal of Oral Representations. Franchisor and Franchisee acknowledge that each party desires all terms of their business relationship to be defined in this written agreement, and that neither party desires to enter into a business relationship with the other in which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, Franchisor and Franchisee agree that this Agreement will supersede and cancel any prior and contemporaneous discussions between them. Franchisor and Franchisee each agree that each party has placed, and will place, no reliance on any discussions. Franchisee agree that no representations have been made to it about this Agreement, the Business, or the System other than as contained in this Agreement and in the franchise disclosure document received before Franchisee signed this Agreement. Franchisee agrees that no claims, representations, or warrantees of earnings, sales, profits, or success of the Business have been made to Franchisee.

19.19 No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

FRANCHISOR:

PP DEVELOPMENT, LLC
a Delaware limited liability company

By: _____

Print Name: _____
Title: _____

FRANCHISEE:

If a corporation, partnership, limited liability company or other legal entity:

_____

(Name of corporation, partnership, limited liability company or other legal entity)

By: _____
Print Name: _____
Title: _____

If Individual(s):

_____
(Signature)

_____
(Print Name)

[SIGNATURE PAGE TO PP DEVELOPMENT, LLC FRANCHISE AGREEMENT]

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EXHIBIT A TO THE FRANCHISE AGREEMENT

TERRITORY AND INITIAL FRANCHISE FEE

1. Protected Territory

The Protected Territory conveyed by this Franchise Agreement will be the following _____ and is Territory Type _____. In the event of any future disputes regarding the boundaries of the Territory, Franchisee agrees that the Franchisor will have the complete and final authority to make a final determination of the Territory's boundaries. The Territory conveyed by this franchise agreement will be designated as Pedal Pub of (Franchised Location Name) from the date of execution and when referred to in any marketing materials used by you or us, including the Company website. This designation cannot be changed without written authorization from Franchisor.

2. Initial Franchise Fee

The initial franchise fee is $_____

3. Location (Premises) (if applicable)

_____

_____

_____

_____INITIALS

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EXHIBIT B TO THE FRANCHISE AGREEMENT

OPERATING AND OWNERSHIP INFORMATION

1. Operating Principal. The name, home address and social security number of the Operating Principal is as follows: _____

_____

2. Form of Entity of Franchisee.

(a) Corporation or Limited Liability Company. Franchisee was organized on _____, _____ under the laws of the State of _____. Its Federal Identification Number is _____. It has not conducted business under any name other than its corporate or company name. The following is a list of all of Franchisee's directors and officers or managing members as of _____, _____.

Name of Each Director/Officer/Managing Member	Position(s) Held
_____	_____
_____	_____
_____	_____

(b) Partnership. Franchisee is a [general] [limited] partnership formed on _____, _____ under the laws of the State of _____. Its Federal Identification Number is _____. It has not conducted business under any name other than its partnership name. The following is a list of all of Franchisee's general partners as of _____, _____.

Name of Each General Partner

_____

_____

3. Owners. Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Franchisee, including the full name, mailing address and social security number of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee. Franchisee and each Owner as to his or her ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his or her ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

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Owner's Name, Address and Social Security Number	Percentage and Nature of Ownership Interest
_____	_____
_____	_____
_____	_____

Submitted by Franchisee
on _____, _____.

_____
(Name of corporation,
limited liability company
or partnership)

By: _____
Print Name: _____
Title: _____

Accepted by Franchisor and
made a part of the Franchise
Agreement as of _____, _____.

PP DEVELOPMENT, LLC
a Delaware limited liability company

By: _____
Print Name: _____
Title: _____

Owners:

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

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EXHIBIT C TO THE FRANCHISE AGREEMENT

DEVELOPMENT SCHEDULE

You agree to purchase the following number of bikes, including any bikes owned or purchased before or concurrently with this Agreement, in accordance with the following schedule (the "Development Schedule"):

Development Phase	Length of Time After This Agreement is Executed	Minimum Number of Bikes operated within the Territory
Date of this Agreement	--	
#1	12 months	
#2	24 months	
#3	36 months	
#4	48 months	
#5	60 months	

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EXHIBIT D TO THE FRANCHISE AGREEMENT

PERSONAL GUARANTY

In consideration of, and as an inducement to, the execution of the Franchise Agreement dated as of _____, _____ (the "Agreement") by and between PP DEVELOPMENT, LLC, a Delaware limited liability company ("Franchisor"), and _____ ("Franchisee"), each of the undersigned owners of an interest in Franchisee and his/her spouse hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (and any amendments) and that each and every representation of Franchisee made in connection with the Agreement (and any amendments) is true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement (and any amendments).

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; (e) notice of any amendment to the Agreement; and (f) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that: (i) his or her direct and immediate liability under this Personal Guaranty shall be joint and several; (ii) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses to do so punctually; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty, which shall be continuing and irrevocable until satisfied in full.

Any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty will be subject to and enforced according to Section 18 of the Franchise Agreement.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his or her signature, under seal, effective as of the Effective Date of the Agreement.

GUARANTOR(S):

PERCENTAGE OF OWNERSHIP INTERESTS IN FRANCHISEE	**OWNER**	**SPOUSE OF OWNER**
_____	_____ (Signature)	_____ (Signature)
	_____ (Print Name)	_____ (Print Name)
_____	_____ (Signature)	_____ (Signature)
	_____ (Print Name)	_____ (Print Name)
_____	_____ (Signature)	_____ (Signature)
	_____ (Print Name)	_____ (Print Name)
_____	_____ (Signature)	_____ (Signature)
	_____ (Print Name)	_____ (Print Name)

DATE: _____, _____

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EXHIBIT E TO THE FRANCHISE AGREEMENT

PERSONAL COVENANTS

These Personal Covenants are being made and executed in connection with that certain FRANCHISE AGREEMENT, dated as of the ___ day of _____, ____ (the "Franchise Agreement"), by and between PP DEVELOPMENT, LLC ("Franchisor") and _____ ("Franchisee"). All capitalized terms used but not defined in these Personal Covenants shall have the meanings set forth in the Franchise Agreement.

Each of the undersigned hereby agrees that:

1. He or she is a Restricted Party.

2. As an inducement to Franchisor to enter into the Franchise Agreement, and in consideration of the direct and personal benefits the undersigned will derive from the Franchise Agreement, the undersigned acknowledges and agrees that: (a) he or she has read and understood Sections 7.01, 7.02, 7.03, 7.04 and 13.05 of the Franchise Agreement in their entirety; (b) he or she is and shall be personally bound by all of the obligations and covenants of Franchisee contained in such Sections as if such obligations and covenants were made and given personally thereby directly to Franchisor; and (c) such covenants and restrictions are reasonable, appropriate and necessary to protect the System, other Pedal Pub Businesses and the legitimate interest of Franchisor and do not cause undue hardship on the undersigned.

3. If any sentence, clause, paragraph, or combination of any of them in Sections 7.01, 7.02, 7.03, 7.04 or 13.05 of the Franchise Agreement is held by a court of competent jurisdiction to be unenforceable as applied to the undersigned, then such unenforceable sentence, clause, paragraph, or combination may be modified by such court to the extent necessary to render it enforceable, and if it cannot be so modified, it shall be severed and the remainder of Sections 7.01, 7.02, 7.03, 7.04 and 13.05 of the Franchise Agreement shall remain in full force and effect.

4. These Personal Covenants shall be governed by the internal laws of the State of Minnesota, unless the law of another jurisdiction applies as provided for in Section 19.04 of the Franchise Agreement. These Personal Covenants may be enforced by Franchisor and its Affiliates in accordance with the terms of the Franchise Agreement.

The undersigned hereby execute and deliver this instrument effective as of the Effective Date of the Franchise Agreement.

_____ Date:_____
[Name]

_____ Date:_____
[Name]

_____ Date:_____
[Name]

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EXHIBIT F TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, SOCIAL MEDIAL PAGES

THIS ASSIGNMENT is entered into this ____ day of _____, 20___, in accordance with the terms of the PP Development, LLC Franchise Agreement ("Franchise Agreement") between _____ ("Franchisee") and PP Development, LLC ("Franchisor"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a Franchised Business ("Franchise Business").

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "Telephone Numbers and Listings") and (2) those certain internet website addresses ("URLs"), and (3) those certain social media pages and the associated content contained on such social media pages (e.g., Facebook, Instagram, TikTok, TripAdvisor, etc.) ("Social Media Pages") which are associated with Franchisor's trade and service marks and used in connection with the operation of the Franchise Business. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "Telephone Company") and/or Franchisee's internet service provider ("ISP") or social media platforms on which the Marks have been utilized ("Social Media Platforms") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement, Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers, the Listings, the URLs, and the Social Media Pages and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers, Listings, URLs, or Social Media Pages and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company, the ISP and the Social Medial Platforms on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers, Listings, URLs, and Social Media Pages and Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Telephone Company, the ISP or Social Medial Platform to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company, the ISP and the Social Media Platform to assign the Telephone Numbers, Listings, URLs and Social Media Pages to Franchisor. If Franchisee fails to promptly direct the Telephone Company, the ISP and Social Medial Platform to assign the Telephone Numbers, Listings, URLs, and Social Media Pages to Franchisor, Franchisor shall direct the Telephone Company, the ISP and the Social Media Platform to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company, the ISP and the Social Media Platform may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers, Listings, URLs and Social Media Pages upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's, ISP's and Social Media Platform's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company, the ISP or the Social Medial Platform requires that the parties execute the Telephone Company's, the ISP's or the Social Medial Platform's assignment forms or other documentation at the time of termination or expiration of the

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Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

FRANCHISOR:	FRANCHISEE:
PP DEVELOPMENT, LLC	**FRANCHISEE ENTITY**
By:_____	By:_____
Its: _____	Its:_____

EXHIBIT G TO THE FRANCHISE AGREEMENT

ACH Form

3212 Rice St.
St. Paul, MN 55126

Recurring ACH Payment Authorization Form

Sign and complete this form to authorize PP Development, LLC to make monthly debits to your checking or savings account.

By signing this form you give us permission to debit your account for the amount indicated on or after the indicated date, as part of the Franchise Agreement ("Franchise Agreement") with PP Development, LLC or any related agreement with such entity or its affiliates.

Please complete the information below:

I _____, the owner or authorized representative of
(Full Name)
_____, authorize PP Development, LLC and its affiliates to charge my bank account
(Business Name)
indicated below for any fees owed to PP Development, LLC or its affiliates in connection with the Franchise Agreement or any other related agreement to the franchise relationship established thereunder.

Billing Address _____ Phone# _____

City, State, Zip _____ Email _____

Account Type: ☐ Checking ☐ Savings

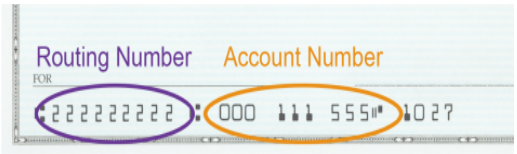
Name on Acct _____

Bank Name _____

Account Number _____

Bank Routing # _____

Bank City/State _____



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SIGNATURE _____ DATE _____

I understand that because this is an electronic transaction, these funds may be withdrawn from my account as soon as the above noted transaction date. In the case of the payment being rejected for Non Sufficient Funds (NSF) I understand that PP Development, LLC and its affiliates may at their respective discretion attempt to process the charge again within 10 days, and I agree to an additional $25 charge for each returned NSF, which will be initiated as a separate transaction from the authorized payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I will not dispute billing hereunder with my bank so long as the transaction corresponds to the terms indicated in this agreement.

EXHIBIT H TO THE FRANCHISE AGREEMENT

PP DEVELOPMENT, LLC
COMPLIANCE CERTIFICATION FORM

THIS DOCUMENT SHALL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

DO NOT SIGN THE ACKNOWLEDGEMENT IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, MARYLAND.

The Franchise Disclosure Document was provided to me by:

1) At least 14 calendar days before I signed a binding agreement.

Franchisee's Initials _____

2) At least 14 calendar days before I made any payment to PP Development, LLC.

Franchisee's Initials _____

Representations:

No promises, agreements, contracts, commitments, understanding, "side-deals", options, rights-of-first-refusal or otherwise have been made to or with me respect to any matter (including but not limited to any representatives or promises regarding advertising, marketing, site location, operational assistance or otherwise) nor have I relied in any way on any such except as expressly set forth in the Franchise Agreement or written Addendum signed by me and the President or Executive Vice President of Franchisor except as follows:

_____
_____

Franchisee's Initials _____

No oral, written or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicted, expanded upon or was inconsistent with the Disclosure Document or the Franchise Agreement was made to me by any person or entity except as follows:
_____
_____

Franchisee's Initials _____

No oral, written, or visual claim or representation (including but not limited to charts, tables, spreadsheets, or mathematical calculations) which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) was made to me by any person or entity, except as follows:

_____
_____

Franchisee's Initials _____

No contingency, condition, prerequisite, prior requirement, provision, reservation, impediment, stipulation, provision, or otherwise exists with respect to any matter (including but not limited to obtaining financing, selection, purchase, lease or otherwise of site, operational matters or otherwise) and/or with respect to my fully performing all of my obligations under the Franchise Agreement and/or any other documents to be executed by me nor have I relied in any way on such, except as expressly set forth in a writing signed by me and the President or Executive Vice President of Franchisor, except as follows:

_____
_____

Franchisee's Initials _____

A list of current franchisees and their contact information was provided to me in the FDD by the Franchisor and I acknowledge that I had the opportunity to contact any of the franchisees included in such list. Neither Franchisor nor any of its officers, employees or agents (including any area representative or franchise broker) have made any statements leading me to believe that I may not contact current franchisees; nor have they made any statements leading me to believe I may only contact certain franchisees except as follows:

_____
_____

Franchisee's Initials _____

I understand that the Franchise Agreement includes a personal guaranty which requires me to personally guaranty all of the Franchisee's obligations included in the Franchise Agreement, except as follows:

_____
_____

Franchisee's Initials _____

The Franchisor advised me to consult with a legal and/or financial advisor prior to entering into the Franchise Agreement. Neither Franchisor nor any of its officers, employees or agents (including any area representative or franchise broker) shall be responsible for any advice or statements made by such advisors nor shall they be responsible for my failure to consult with a legal and/or financial advisor, except as follows:

_____
_____

Franchisee's Initials _____

Franchisor does not make or endorse nor does it allow any marketing representative, broker or other individual to make or endorse any oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets, or mathematical calculations) which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects, or otherwise (or from which such items might be ascertained) with respect to this or any other Franchise,

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whether made on behalf or for Franchisor, any Franchisee or other individual and expressly disclaims any such information, data or results.

In addition, Franchisor does not permit any promises, agreements, contracts, commitments, understandings, "side deals", options, rights-of-first-refusal or otherwise or variations of, changes in or supplements to the Franchise Agreement or the existence of any contingencies or conditions to Franchisee's obligations except by means of a written Addendum signed by Franchisee and Franchisor.

If any such representations, "side deals", contingencies or otherwise have been made by you, by any person or otherwise exist, immediately inform the President of the Franchisor.

The prospective franchisee understands and agrees to all of the foregoing and certifies that all of the above statements are true, correct and complete.

Franchisee acknowledges that Franchisor has relied upon Franchisees' representations made herein as a basis on which to enter into the Franchise Agreement.

Franchisee Entity:

By: _____
Name: _____
Date: _____

EXHIBIT I TO THE FRANCHISE AGREEMENT

FRANCHISE ADDENDUM TO REAL ESTATE LEASE AGREEMENT

This Lease Addendum ("Addendum") is made and entered into as of _____20__, is by and between _____ ("Landlord"), and _____("Tenant") and modifies, supplements and forms a part of that certain _____ dated as of the same date hereof (the "Lease").

RECITALS

A. Landlord and Tenant have entered into the Lease concerning real estate commonly known and addressed as _____ and as more particularly described in the Lease (the "Premises").

B. Tenant has agreed to use the Premises for the operation of a PEDAL PUB business pursuant to a franchise agreement, as same may be amended, modified, supplemented, replaced or restated (collectively hereinafter referred to as the "Franchise Agreement") with PP Development, LLC ("Franchisor").

C. The parties desire to modify and supplement the Lease in accordance with the terms and conditions contained in this Addendum.

AGREEMENT

NOW THEREFORE, in consideration of the promises hereinafter contained, the sufficiency of which is hereby acknowledged by the parties hereto, Landlord and Tenant agree as follows notwithstanding anything contained in the Lease to the contrary:

1. Remodeling and Décor. Landlord agrees to allow Tenant to remodel, equip, paint and decorate the interior of the Premises and to display proprietary marks and signs on the interior and exterior of the Premises pursuant to the Franchise Agreement.

2. Restrictive Covenants. Landlord represents and warrants that (i) the use of the Premises for the operation of a PEDAL PUB business as contemplated by the Franchise Agreement is in compliance with, and does not violate, any restriction or covenant regarding use of the Premises, and (ii) no other party has any contractual right inconsistent with the use of the Premises for the operation of a PEDAL PUB business.

3. Assignment. Tenant has the right to assign all of its right, title and interest in the Lease to Franchisor, or its affiliates, at any time during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent to such assignment; *provided*, *however*, no assignment of the Lease will be effective until Franchisor or its designated affiliate gives Landlord written notice of its acceptance of such assignment. If Franchisor, or its affiliate, elects to accept assignment of the Lease under this paragraph or unilaterally accepts assignment of the Lease as provided for in this Addendum, then Landlord and Tenant agree that (i) Tenant will remain liable for the responsibilities and obligations under the Lease, including without limitation, amounts owed to Landlord, prior to the date of such assignment, and (ii) Franchisor, or its affiliate, will have the right to thereafter assign the Lease or sublease the Premises to a franchisee of Franchisor without the prior consent or approval of Landlord; *provided*, *however*, such franchisee shall agree to operate the Premises pursuant to a franchise agreement

with Franchisor. Franchisor, or its affiliate, shall only be responsible for obligations under the Lease arising or incurred during such time that Franchisor, or such affiliate, is the tenant under the Lease.

4. Default and Notice. In the event there is a default or violation by Tenant under the terms of the Lease, Landlord agrees to give Franchisor written notice of such default or violation on the same day Landlord provides such notice to Tenant. Landlord agrees that Franchisor has the right, but is under no obligation, to cure the default or violation of Tenant set forth in any notice provided by Landlord. Franchisor shall have an additional fifteen (15) days after the expiration of Tenant's cure period in which to cure the default or violation. All notices to Franchisor must be sent by registered or certified mail, postage prepaid, to PP Development, LLC, 3212 Rice Street, St. Paul, MN 55126. Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees to notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent. Upon Tenant's default and failure to cure a default under either the Lease or the Franchise Agreement, Franchisor has the right (but not the obligation) to unilaterally accept assignment of Tenant's interest in the Lease in accordance with this Addendum.

5. Termination or Expiration. Upon the expiration or termination of the Franchise Agreement, Franchisor shall have the right (but not the obligation) to unilaterally accept assignment of Tenant's interest in the Lease in accordance with this Addendum. Upon the expiration or termination of the Lease, if Franchisor does not accept assignment of Tenant's interest in the Lease, then Landlord agrees to cooperate and allow Franchisor to enter the Premises, without cost and without being liable for trespass and without incurring any liability to Landlord, to remove all signs and all other items identifying the Premises as a PEDAL PUB business and to make such other modifications as are reasonably necessary to protect the proprietary marks and franchise system of Franchisor, and to distinguish the Premises from PEDAL PUB businesses. In the event Franchisor exercises its option to acquire title or any other interest in the assets of Tenant, Landlord agrees to permit Franchisor to remove all such assets from the Premises.

6. Consideration; No Liability. Landlord acknowledges and agrees that (i) the provisions of this Addendum are required pursuant to the Franchise Agreement and that Tenant may not lease the Premises without this Addendum, (ii) Tenant is not an agent or employee of Franchisor and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor and that Landlord has entered into this Addendum with full understanding that it creates no duties, obligations, or liabilities of or against Franchisor or any affiliate of Franchisor, and (iii) nothing contained in this Addendum makes Franchisor or its affiliates a party or guarantor to the Lease, and does not create any liability or obligation of Franchisor or its affiliates.

7. Modification. No amendment or variation of the terms of this Addendum shall be valid unless made in writing and signed by the parties and the parties have obtained Franchisor's prior written consent thereto.

8. Reaffirmation of Lease. Except as supplemented or modified by this Addendum, all of the terms, conditions, and covenants of the Lease remain in full force and effect.

9. Miscellaneous. Landlord and Tenant agree that Franchisor is a third party beneficiary of this Addendum, with independent rights of enforcement. References to the Lease and to the Franchise Agreement include all amendments, addenda, extensions, and renewals to such documents. References to Landlord, Tenant, and Franchisor include the successors and assigns of each of the parties.

[*signature page follows*]

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IN WITNESS WHEREOF, the parties have executed this Addendum as of the date written above.

LANDLORD:	TENANT:
_____	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

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EXHIBIT J TO THE FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDA

Attached.

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ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **PP DEVELOPMENT, LLC**, a Delaware limited liability company (**"Franchisor**") with its principal business address at 3212 Rice Street, St. Paul, MN 55126, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum.

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

3. **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.

4. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

PP DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

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ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **PP DEVELOPMENT, LLC**, a Delaware limited liability company (**"Franchisor**") with its principal business address at 3212 Rice Street, St. Paul, MN 55126, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Business that Franchisee will operate under the Franchise Agreement will be located in Illinois, and/or (b) Franchisee is domiciled in Illinois.

2. **FORUM FOR LITIGATION**. The following sentence is added to the end of Section 18.04 ("Jurisdiction and Venue") of the Franchise Agreement:

> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void.

3. **GOVERNING LAW**. Section 19.04 of the Franchise Agreement is deleted and replaced with the following:

> Illinois law shall govern this Agreement.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as a new Section 19.19 to the Franchise Agreement:

> 19.19 Illinois Franchise Disclosure Act. 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 the Act or any other law of Illinois is void. Franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

5. **FEE DEFERRAL**. Section 6.01 of the Franchise Agreement is amended by adding the following:

> The State of Illinois has required a financial assurance. Therefore, we have agreed to defer all initial fees owed by you to us until we have fulfilled all pre-opening obligations to you and you have commenced doing business pursuant to the Franchise Agreement.

6. 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

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person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

PP DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

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ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **PP DEVELOPMENT, LLC**, a Delaware limited liability company (**"Franchisor**") with its principal business address at 3212 Rice Street, St. Paul, MN 55126, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Maryland, and/or (b) the Business that Franchisee will operate under the Franchise Agreement will be located in Maryland.

2. **RELEASES.** The following is added to the end of Sections 13.02(f) and 15.03 of the Franchise Agreement:

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

3. **INSOLVENCY**. The following sentence is added to the end of Section 14.02 of the Franchise Agreement:

> Section 14.02 may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **FORUM FOR LITIGATION**. The following language is added to the end of Section 18.04 ("Jurisdiction and Venue") of the Franchise Agreement:

> Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **GOVERNING LAW**. The following sentence is added to the end of Section 19.04 ("Governing Law") of the Franchise Agreement:

> Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

6. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 18.06 ("Damages and Timing of Claims") of the Franchise Agreement:

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

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7. **ACKNOWLEDGMENTS**. The following is added as a new Section 19.19 to the end of the Franchise Agreement:

19.19. ACKNOWLEDGEMENTS.

All representations requiring Franchisee 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.

8. **ARBITRATION**. The following sentences are added to the end of Section 18.03 ("Arbitration"):

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

9. **FEE DEFERRAL**. Section 6.01 of the Franchise Agreement is amended by adding the following:

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 completes its pre-opening obligations under the franchise agreement.

[Signature page follows.]

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IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

PP DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

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ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **PP DEVELOPMENT, LLC**, a Delaware limited liability company (**"Franchisor**") with its principal business address at 3212 Rice Street, St. Paul, MN 55126, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) the Business that Franchisee will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 13.02(f) and 15.03 of the Franchise Agreement:

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

3. **RENEWAL TERM AND TERMINATION TERM**. The following is added to the end of Sections 14 and 15 of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS**. The following sentence is added to the end of Section 5.05 of the Franchise Agreement:

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

5. **FORUM FOR LITIGATION**. The following language is added to the end of Section 18.04 of the Franchise Agreement:

> NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR FRANCHISEE'S RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

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6. **GOVERNING LAW**. The following statement is added at the end of Section 19.04 of the Franchise Agreement:

> NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR FRANCHISEE'S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

7. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**. If and then only to the extent required by the Minnesota Franchises Law, Sections 18.05 and 18.06 of the Franchise Agreement are deleted.

8. **LIMITATION OF CLAIMS**. The following is added to the end of Section 18.06 of the Franchise Agreement:

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

9. **INJUNCTIVE RELIEF**. The last sentence of Section 18.04 of the Franchise Agreement is deleted and replaced with the following:

> Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm Franchisor, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee agrees that Franchisor may seek such injunctive relief. Franchisee agrees that its only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing, and Franchisee hereby expressly waives any claim for damages caused by such injunction. A court will determine if a bond is required.

10. **FEE DEFERRAL**. The Franchise Agreement is amended to state:

> The State of Minnesota has required a financial assurance. Therefore, Franchisor has agreed to defer all initial fees owed by Franchisee to Franchisor until Franchisor has fulfilled all pre-opening obligations to Franchisee and Franchisee has commenced doing business pursuant to the Franchise Agreement. The State of Minnesota imposed this deferral requirement due to Franchisor's financial condition.

[Signature page follows]

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IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

PP DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

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2024-25 Franchise Agreement

ADDENDUM TO THE
FRANCHISE AGREEMENT FOR USE IN THE
STATE OF NEW YORK

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **PP DEVELOPMENT, LLC**, a Delaware limited liability company (**"Franchisor**") with its principal business address at 3212 Rice Street, St. Paul, MN 55126, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, (the "Franchise Agreement"). This Addendum is being signed because (a) Franchisee is domiciled in the State of New York and the Business that Franchisee will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **RELEASES**. The following language is added to the end of Sections 13.02(f) and 15.03 of the Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

3. **TERMINATION OF AGREEMENT - BY FRANCHISEE**. The following language is added to Section 14.01 of the Franchise Agreement:

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

4. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Section 18.04:

> Franchisor's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

5. **FORUM FOR LITIGATION**. The following statement is added at the end of Section 18.04 of the Franchise Agreement:

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

6. **GOVERNING LAW.** The following is added to the end of Section 19.04 of the Franchise Agreement:

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

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IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

PP DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **PP DEVELOPMENT, LLC**, a Delaware limited liability company (**"Franchisor**") with its principal business address at 3212 Rice Street, St. Paul, MN 55126, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of North Dakota and the Business that Franchisee will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES**. The following is added to the end of Sections 13.02(f) and 15.03 of the Franchise Agreement:

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

3. **COVENANT NOT TO COMPETE**. The following is added to the end of Section 7.01 of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

4. **FORUM FOR ARBITRATION AND MEDIATION.**. The following is added to the end of Sections 18.02 and 18.03 of the Franchise Agreement:

> NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, THE SITE OF ARBITRATION AND MEDIATION MUST BE AGREEABLE TO ALL PARTIES AND MAY NOT BE REMOTE FROM THE FRANCHISEE'S PLACE OF BUSINESS.

5. **WAIVER OF EXEMPLARY AND PUNITIVE DAMAGES**. To the extent required by the North Dakota Franchise Investment Law, the waiver of punitive and exemplary damages in Section 18.06 of the Franchise Agreement is deleted.

6. **WAIVER OF JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Section 18.05 of the Franchise Agreement is deleted.

7. **LIMITATIONS OF CLAIMS**. To the extent required by the North Dakota Franchise Investment Law, the one-year limitation on bringing claims or actions, as set forth in Section 18.06 of the Franchise Agreement, is deleted. The statute of limitations under North Dakota law will apply.

8. **LIQUIDATED DAMAGES**. To the extent required by the North Dakota Franchise Investment Law, Section 16.05 of the Franchise Agreement is deleted.

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9. **FEE DEFERRAL**. The following language is added to Section 6.01 of the Franchise Agreement:

> The State of North Dakota has required a financial assurance. Therefore, Franchisor has agreed to defer all initial fees owed by Franchisee to Franchisor until Franchisor has fulfilled all pre-opening obligations to Franchisee and Franchisee has commenced doing business pursuant to the Franchise Agreement. The State of North Dakota imposed this deferral requirement due to Franchisor's financial condition.

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

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

PP DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **PP DEVELOPMENT, LLC**, a Delaware limited liability company (**"Franchisor**") with its principal business address at 3212 Rice Street, St. Paul, MN 55126, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Rhode Island and the Business that Franchisee will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 14 and 15:

> Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / FORUM FOR LITIGATION**. The following language is added to the end of Sections 18.04 and 19.04 of the Franchise Agreement:

> SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT." TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

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IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

PP DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]
_____
[Print Name]

_____
[Signature]
_____
[Print Name]

Date:_____

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ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN SOUTH DAKOTA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **PP DEVELOPMENT, LLC**, a Delaware limited liability company (**"Franchisor**") with its principal business address at 3212 Rice Street, St. Paul, MN 55126, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchise Investment Law are met independently without reference to this Addendum.

2. **FRANCHISE FEE.** The following is added to the end of Section 6.01 of the Franchise Agreement:

> The South Dakota Department of Labor & Regulation, Securities Regulation has required Franchisor to defer Franchisee's payment of the initial franchise fees until Franchisor has completed its pre-opening obligations under the Franchise Agreement and Franchisee has commenced operating its Pedal Pub Business.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

PP DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

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ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **PP DEVELOPMENT, LLC**, a Delaware limited liability company (**"Franchisor**") with its principal business address at 3212 Rice Street, St. Paul, MN 55126, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

PP DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

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ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN WASHINGTON

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **PP DEVELOPMENT, LLC**, a Delaware limited liability company (**"Franchisor**") with its principal business address at 3212 Rice Street, St. Paul, MN 55126, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Washington; and/or (b) the Business that Franchisee will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW**. The following paragraphs are added to the end of the Franchise Agreement:

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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.

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

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

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

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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.

3. **FEE DEFERRAL**. In lieu of an impound of Franchisee fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial training obligations that is entitled to under the Franchise Agreement or offering circular; and (b) is open for business.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

PP DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

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ADDENDUM TO THE
FRANCHISE AGREEMENT
FOR USE IN WISCONSIN

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between **PP DEVELOPMENT, LLC**, a Delaware limited liability company (**"Franchisor**") with its principal business address at 3212 Rice Street, St. Paul, MN 55126, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ ("Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Wisconsin and the Business that Franchisee will operate under the Franchise Agreement will be located in Wisconsin; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Wisconsin.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 14 and 15:

> Section 135.04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

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IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

PP DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

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EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

SECTION 1: INTRODUCTION (5 PAGES)

SECTION 2: STARTING YOUR BUSINESS (70 PAGES)

SECTION 3: HUMAN RESOURCES (36 PAGES)

SECTION 4: DAILY OPERATING PROCEDURES (33 PAGES)

SECTION 5: MANAGING A PEDAL PUB BUSINESS (14 PAGES)

SECTION 6: MARKETING AND PROMOTION (22 PAGES)

DOCUMENT LIBRARY – (RESOURCE DOCUMENTS)

DIGITAL ASSET LIBRARY – (LINKED WEBPAGE)

TRAINING LIBRARY – (LINKED WEBPAGE)

***TOTAL PAGE COUNT = 180

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EXHIBIT E

FINANCIAL STATEMENTS

See attached.

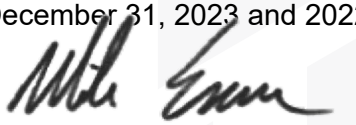
COPELAND BUHL

May 16, 2024

Michael Kaufman
PP Development, LLC and subsidiaries
3212 Rice Street
St. Paul, MN 55126

Dear Mr. Kaufman,

Copeland Buhl & Company PLLP consents to the use in the Franchise Disclosure Document issued by PP Development, LLC and subsidiaries ("Franchisor") on May 16, 2024 by PP Development, LLC and subsidiaries ("Franchisor") or our report dated April 24, 2024, relating to the consolidated financial statements of Franchisor for the years ended December 31, 2023 and 2022.



Michael J. Esser, Partner
Copeland Buhl & Company PLLP
Plymouth, MN
May 16, 2024

Consolidated Financial Statements and
Independent Auditor's Report

PP DEVELOPMENT, LLC AND SUBSIDIARIES

December 31, 2023 and 2022

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COPELAND BUHL

Independent Auditors' Report

To the Members
PP Development, LLC and Subsidiaries
St. Paul, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PP Development, LLC and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of operations, members' deficit, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of PP Development, LLC and Subsidiaries as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The financial statements of PP Development, LLC and Subsidiaries for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on April 26, 2023.

Management's Responsibility for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PP Development, LLC and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Accountant's Responsibility

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 PP Development, LLC and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PP Development, LLC and Subsidiaries' 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.

Copeland Buhl & Company PLLP

COPELAND BUHL & COMPANY PLLP

April 24, 2024

PP DEVELOPMENT, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(See Independent Accountants' Audit Report)

ASSETS	2023	2022
Current Assets:		
Cash	$ 56,971	$ 66,889
Accounts receivable, net	150,900	201,028
Inventory	415,263	318,812
Prepaid expenses	29,368	15,148
Due from related party	5,875	5,875
Current portion of note receivable	22,465	-
Current portion of lease receivables	18,038	159,957
Total Current Assets	698,880	767,709
Other Assets:		
Intangible assets, net	285,313	359,792
Lease receivables, net	126,506	385,661
Note receivable	2,684	-
Total Other Assets	414,503	745,453
TOTAL ASSETS	$ 1,113,383	$ 1,513,162
LIABILITIES AND MEMBERS' DEFICIT		
Current Liabilities:		
Current portion of notes payable	$ 59,992	$ 43,602
Notes payable - related parties	1,739,834	1,649,724
Current portion of earnout payable	-	31,527
Accounts payable	49,892	137,162
Accrued payroll	17,692	-
Accrued expenses	53,818	163,989
Customer deposits and deferred revenue	228,650	131,113
Total Current Liabilities	2,149,878	2,157,117
Non-Current Liabilities:		
Notes payable	204,840	248,476
Earnout payable	-	21,675
Total Non-Current Liabilities	204,840	270,151
Total Liabilities	2,354,718	2,427,268
Members' Deficit:		
Members' deficit	(1,316,520)	(987,659)
Noncontrolling interest	75,185	73,553
Total Members' Deficit	(1,241,335)	(914,106)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	$ 1,113,383	$ 1,513,162

See notes to consolidated financial statements.

PP DEVELOPMENT, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(See Independent Accountants' Audit Report)

	2023		2022	
Revenues	$ 1,871,534	100.0 %	$ 1,930,992	100.0 %
Cost of Sales	816,681	43.6	967,562	50.1
Gross Profit	1,054,853	56.4	963,430	49.9
General and Administrative Expenses	1,203,722	64.4	949,565	49.2
Income (Loss) from Operations	(148,869)	(8.0)	13,865	.7
Other Income (Expense):				
Interest expense	(112,868)	(6.0)	(101,731)	(5.3)
Gain on contingent earnout	-	-	299,842	15.5
Other income (expense)	(45,492)	(2.4)	35,839	1.9
Total Other Income (Expense)	(158,360)	(8.4)	233,950	12.1
Net Income (Loss)	(307,229)	(16.4) %	247,815	12.8 %
Less: Net Income - Noncontrolling Interest	21,632		32,197	
Net Income (Loss) - Controlling Interest	$ (328,861)		$ 215,618	

See notes to consolidated financial statements.

PP DEVELOPMENT, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBERS' DEFICIT

YEARS ENDED DECEMBER 31, 2023 AND 2022

(See Independent Accountants' Audit Report)

	Members' Deficit	Noncontrolling Interest	Total
Balance, December 31, 2021	$ (1,203,277)	$ 71,353	$ (1,131,924)
Distributions	-	(29,997)	(29,997)
Net Income	215,618	32,197	247,815
Balance, December 31, 2022	(987,659)	73,553	(914,106)
Distributions	-	(20,000)	(20,000)
Net Income (Loss) 2022	(328,861)	21,632	(307,229)
Balance, December 31, 2023	$ (1,316,520)	$ 75,185	$ (1,241,335)

See notes to consolidated financial statements.

PP DEVELOPMENT, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(See Independent Accountants' Audit Report)

	2023	2022
Cash Flows from Operating Activities:		
Net income (loss)	$ (307,229)	$ 247,815
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization	74,479	116,538
Credit losses	104,977	192,863
Loss on lease receivable conversion	45,592	-
Gain from contingent earnout	-	(299,842)
Changes in assets and liabilities:		
Accounts receivable	(53,440)	(287,005)
Inventory	(96,451)	(64,264)
Prepaid expenses	(14,220)	(15,148)
Lease receivables	328,924	125,067
Accounts payable	(87,270)	(37,580)
Accrued expenses	(110,171)	117,496
Accrued payroll	17,692	
Customer deposits and deferred revenue	97,537	(126,610)
Net Cash Provided by (Used in) Operating Activities	420	(30,670)
Cash Flows from Financing Activities:		
Principal payments on notes payable	(51,187)	(55,988)
Payments on earnout payable	(29,261)	(9,590)
Net proceeds from related parties	90,110	50,076
Distributions	(20,000)	(29,997)
Net Cash Used in Financing Activities	(10,338)	(45,499)
Net Decrease in Cash	(9,918)	(76,169)
Cash - Beginning of Year	66,889	143,058
Cash - End of Year	$ 56,971	$ 66,889

See notes to consolidated financial statements.

Note 1: Nature of Operations

PP Development, LLC has developed a franchise system to license the right to use the Pedal Pub name, logo, company website and business systems into the mobile entertainment industry. PP Development, LLC is the exclusive North American distributor for certain party bikes to members of its licensee network and franchise network.

Pedal Pub Leasing, LLC ("Leasing") was organized to provide leasing services to customers. PP Equipment Sales, LLC ("Equipment Sales") was organized to provide equipment sales to customers. Leasing and Equipment Sales are wholly owned subsidiaries of PP Development, LLC.

PP Development, LLC has a 66.7% interest in Excel Cycle Systems, LLC ("Excel"), a party bike parts and repair company.

Note 2: Summary of Significant Accounting Policies

Statement Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of Consolidation

The consolidated financial statements include the accounts of PP Development, LLC and its wholly owned subsidiaries Pedal Pub Leasing, LLC and PP Equipment Sales, LLC and majority owned subsidiary Excel Cycle Systems, LLC (collectively, the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

When preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Credit Losses

On January 1, 2023, the Company adopted FASB Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses*, which required revisions to the existing methodology for expected losses that is referred to as the current expected credit loss methodology. There was no adjustment necessary as a result of adoption of the new standard. The Company maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Higher risk amounts are reviewed individually for collectability. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for probable uncollectible amounts through a charge to operations and a credit to an allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to the related receivable.

Note 2: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances.

Changes in the allowance for credit losses for accounts receivable are as follows as of December 31:

	2023
Beginning balance	$ 176,093
Provision for credit losses	103,568
Write-offs	(163,705)
Ending balance	$ 115,956

Lease Receivables

The Company leases party bikes to certain franchisees, generally for a seven-year period. At lease inception, the Company determines whether an arrangement qualifies as a lease under ASC Topic 842. Under ASC Topic 842, a contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The leases are all accounted for as sales-type leases with unguaranteed residual values. The Company only reassesses if the terms and conditions of the contract are changed. At lease commencement, the Company determines the lease and non-lease components, including fees and royalties, maintenance, and insurance. Revenue is recognized ratably over the lease term. All leases require fixed monthly payments.

Changes in the allowance for credit losses for lease receivables are as follows as of December 31:

	2023
Beginning balance	$ 25,755
Provision for credit losses	1,409
Write-offs	(25,755)
Ending balance	$ 1,409

Inventory

Inventory is stated at the lower of cost or net realizable value, using a specific identification method for party bikes and first-in-first-out methods for parts. Inventory consists of party bikes held for sale or lease and replacement parts. Management deemed that no allowance for inventory obsolescence was necessary for both the years ended December 31, 2023 and 2022.

Intangible Assets

Intangible assets are recorded at cost less accumulated amortization. As disclosed in Note 4, goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. Amortization is computed using the straight-line method over the estimated useful lives of 2 years for non-competes and 5 years for earnouts.

Note 2: Summary of Significant Accounting Policies (Continued)

Intangible Assets (Continued)

The Company has adopted an accounting alternative for the subsequent measurement of goodwill on a straight-line basis over 10 years and only evaluates goodwill for impairment when a triggering event occurs. Management believes that there is no impairment on the carrying value of goodwill for the years ended December 31, 2023 and 2022.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs charged to expense in 2023 and 2022 were $160,023 and $135,986, respectively.

Income Taxes

Income taxes on net income are payable personally by the members and, accordingly, no provision has been made for income taxes. The Company's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have a three-year statute of limitations.

Leases

Effective January 1, 2022, the Company adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). There was no impact to the Company's financial statements under Topic 842.

Reclassifications

Certain reclassifications have been made in the prior year's financial statements to conform to the classifications used in the current year. These reclassifications have no effect on net income or members' deficit.

Subsequent Events

Management has evaluated subsequent events through April 24, 2024, the date on which the consolidated financial statements were available to be issued.

Note 3: Inventory

Inventory consists of the following at December 31:

	2023	2022
Party bikes held for sale or lease	$ 359,315	$ 172,951
Service and repair parts	55,948	57,969
Deposit on party bikes and parts	-	87,892
	$ 415,263	$ 318,812

Note 4: Intangible Assets

The gross carrying amount of intangible assets and accumulated amortization are as follows as of December 31:

	2023	2022
Goodwill	$ 812,500	$ 812,500
Earnout	400,000	400,000
Non-compete	5,000	5,000
	1,217,500	1,217,500
Accumulated amortization	(932,187)	(857,708)
Intangible assets, net	$ 285,313	$ 359,792

Amortization expense for intangible assets was $74,479 and $116,538 for the years ended December 31, 2023 and 2022, respectively.

Estimated amortization expense is as follows for the years ended December 31:

2024	$ 81,250
2025	81,250
2026	81,250
2027	41,563
	$ 285,313

Note 5: Investment in Leasing Operations

The components of net investment in sales-type leases are as follows for the years ended December 31:

	2023	2022
Future payments to be received	$ 209,104	$ 744,647
Unguaranteed residual values	2,484	19,200
Total payments to be received	211,588	763,847
Unearned income	(65,635)	(192,474)
Reserve for credit losses	(1,409)	(25,755)
Net investment in lease receivables	144,544	545,618
Less: current portion	(18,038)	(159,957)
Lease receivables - long-term	$ 126,506	$ 385,661

Future minimum lease payments receivable on non-cancelable sale-type leases are as follows for the years ended December 31:

2024	$ 34,796
2025	34,796
2026	34,796
2027	34,796
2028	34,796
Thereafter	35,124
	$ 209,104

Note 6: Note Receivable

In 2023, the Company converted a lease receivable to a purchase agreement for the previously leased party bike. The conversion resulted in the issuance of a note receivable of $25,149 and a loss on lease conversion of $45,592 included in other expense. The note receivable earns interest at 10%, matures in February 2025, and is secured by the party bike.

Note 7: Commitments

The Company leases warehouse space for the storage of inventory under a month-to-month lease. The Company also leases office space and a vehicle from a member of Excel Cycle Systems, LLC under a month-to-month lease. Total lease expense paid to the member was $20,670 and $17,448 for the years ended December 31, 2023 and 2022, respectively. Total lease expense charged to operations was $62,455 and $35,275 for the years ended December 31, 2023 and 2022, respectively.

Note 8: Notes Payable

Notes payable consists of the following at December 31:

	2023	2022
Business acquisition note payable	$ 248,477	$ 292,078
Note payable	16,355	-
	264,832	292,078
Current maturities	(59,992)	(43,602)
	$ 204,840	$ 248,476

The business acquisition note payable bears interest at 6.00%, matures in September 2025, and is secured by the assets of the Company.

The note payable bears interest at 6.00% and matures in August 2025 and is secured by the assets of the Company.

Maturities of long-term debt are as follows for the years ending December 31:

2024	$ 59,992
2025	204,840
	$ 264,832

Interest expense on all notes payable was $112,868 and $101,731 for the years ended December 31, 2023 and 2022, respectively. Cash paid for interest was $19,083 and $17,097 for the years ended December 31, 2023 and 2022, respectively.

Note 9: Related Party Transactions

The Company has revolving notes payable with a member that provides for funds up to $1,800,000 for both years ended December 31, 2023 and 2022. Outstanding balances on the promissory notes were $1,739,834 and $1,592,318 as of December 31, 2023 and 2022, respectively. The terms of the promissory notes include interest accruing at 5.00%, payment due upon demand, and no maturity. Interest expense related to the notes payable was $93,799 and $84,634 for the years ended December 31, 2023 and 2022, respectively.

Note 9: Related Party Transactions (Continued)

In December 2022, the Company converted $57,406 of outstanding payables with a related party through common ownership into a promissory note maturing in December 2023. The terms of the promissory note included monthly payments commencing March 2023 of $5,900, including interest at 6.00%. The outstanding balance on the promissory note was $57,406 as of December 31, 2022 and was paid in full as of December 31, 2023.

The Company has an amount due from a member of Excel Cycle Systems, LLC in the amount of $5,875 for both the years ended December 31, 2023 and 2022.

A member of the Company has a note payable for which the assets of the Company are security.

Revenues include $106,474 and $166,726 from an entity related through common control for the years ended December 31, 2023 and 2022, respectively.

Note 10: Earnout Payable

The Company had a contingent earnout with a maximum potential earnout of $400,000 based on a certain formula for net sales which is to be earned through December 2022 from a 2017 acquisition of the net assets of a business. The earnout payable recorded at the amount expected to be earned adjusted for payments was $53,202 at December 31 2022. Payments of earnout were $29,261 and $9,590 during the years ended December 31, 2023 and 2022. The earnout expired December 31, 2022, at which time a gain of $299,842 for the amounts unearned was recorded. In February 2023, the Company converted $23,941 of earnout payable to a note payable as detailed in Note 8.

Note 11: Revenue Recognition

The Company accounts for revenues under the applicable standards. Leases are accounted for in accordance with Topic 842, *Leases*. Revenues from lease transactions primarily involve the leasing of party bikes. Revenues from non-lease sales are accounted for under Topic 606, *Revenues from Contracts with Customers*. Revenues from non-lease sales are primarily the sale of party bikes, parts for party bikes, and maintenance and repair of party bikes. The Company accounts for initial franchise fees in accordance with Topic 952-606, *Franchisors-Revenue from Contracts with Customers* by adopting a practical expedient to account for all pre-opening services as a single performance obligation.

Bike and parts sales

The Company recognizes the sale of party bikes and parts when orders are shipped from the Company's warehouse or storage facilities. Selling prices are variable. Shipping and handling costs charged to customers have been included in revenues. Shipping and handling costs incurred by the Company are included in cost of sales.

Bike Services

Revenue from maintenance and repair services are recognized upon completion of the service. The company considers parts and labor associated with the service to be a single performance obligation. The transaction price is based on parts used, travel costs, labor hours, and standard hourly labor rates.

Note 11: Revenue Recognition (Continued)

Franchise sales

The franchise arrangement is documented in the form of a franchise agreement or a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the opening of a Pedal Pub franchise. The agreements between the Company (franchisor) and the franchisees contain the provision of multiple services by the franchisor, including a license to the franchisor's intellectual property, pre-opening services, training, and other activities as needed. The transaction price in a standard franchise agreement primarily consists of (a) initial franchise/are development fees; and (b) royalty fees; (c) licensing fee; and (d) continuing other fees.

The Company recognizes the primary component of the transaction price as follows:

- The initial franchise fees include two distinct performance obligations: pre-opening services, including site evaluations and selections, marketing, and development, and training. Training services are valued at $5,000 and are generally performed a month prior to when the territory becomes operational. The remaining initial franchise fees are allocated to pre-opening services and are generally completed within a month of the contract being signed.
- Area development agreements grant an area developer the right to sell franchises in a geographic territory over the contract term. The Company accounts for its exclusive access to a territory as a single performance obligation. Fees are recognized as revenue ratably on a straight-line basis over the term of the agreement commencing on the date of signed agreement.
- Royalties from franchisees are recognized as the point in time they become measurable. Royalty fees are variable and based upon the greater of an agreed upon percentage of sales or a minimum fee.
- Annual license fees are charged to grandfathered operations. Fees are generally based on the number of operating bikes and are recognized ratably over the annual term.
- Various fees, such as technology, marketing, and training fees, are assessed at specific rates and are recognized at a point in time when assessed and are generally charged to franchisees monthly.

Contract Balances

The timing of revenue recognition, billings and cash collection results in accounts receivable, lease receivables, customer deposits, and deferred revenue on the consolidated balance sheet. Amounts are billed in accordance with agreed-upon contract terms.

The ending contract balances were as follows as of December 31:

	2023	2022	2021
Accounts receivable, net	$ 150,900	$ 201,028	$ 106,886
Leases receivable, net	$ 144,544	$ 545,618	$ 670,685
Customer deposits	$ 143,150	$ 75,000	$ 201,975
Deferred revenue	$ 85,500	$ 56,113	$ 55,748

Note 12: Major Vendors

The Company holds an exclusive agreement for the purchasing of all custom party bikes and party bike parts with a manufacturer located in the Netherlands. Payments to this vendor were approximately $100,000 and $723,000 for the years ended December 31, 2023 and 2022, respectively.

Note 13: Contingencies

The Company is a party, or could become a party, to various lawsuits and administrative proceedings incidental to party bike operations of franchisees. The Company is currently involved in one lawsuit related to the party bike operations of a franchisee. Company management cannot predict the outcome of this issue and no provision for any contingent liabilities that may result has been made. Management believes, based on the information available to date and the resolution of prior proceedings, that the ultimate resolution of these matters will not have a material impact on the Company. Management asserts the Company has insurance coverage for this legal matter. The Company has accrued insurance deductibles of $10,000 as of December 31, 2023 and 2022.

Note 14: Cash

The Company maintains minimal cash balances. Cash in excess of immediate operating needs is transferred to the revolving notes payable to the member (see Note 9) through a sweep process to minimize interest expense, and is transferred back to the Company on an as-needed basis.

PP DEVELOPMENT, LLC AND SUBSIDARIES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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CPAs AND BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To Governance and Management
PP Development, LLC and Subsidiaries
St. Paul, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of PP Development, LLC and Subsidiaries (a Limited Liability Company) which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, members' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 consolidated 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 consolidated 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 consolidated 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 PP Development, LLC and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PP Development, LLC and Subsidiaries' 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.

Boyum & Barenscheer PLLP
Minneapolis, Minnesota
April 26, 2023

PP DEVELOPMENT, LLC AND SUBSIDARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31,	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 66,889	$ 143,058
Accounts receivable, net	201,028	106,886
Unbilled receivables	100,000	-
Inventory	318,812	254,548
Due from related party	5,875	5,875
Current portion of lease receivables	159,957	169,529
Prepaid expenses	15,148	-
Total current assets	**867,709**	**679,896**
OTHER ASSETS		
Intangible assets, net	359,792	476,330
Lease receivables, net	359,906	501,156
Total other assets	**719,698**	**977,486**
Total assets	**$ 1,587,407**	**$ 1,657,382**
LIABILITIES AND MEMERS' DEFICIT		
CURRENT LIABILITIES		
Current portion of notes payable	$ 43,602	$ 348,066
Notes payable-related parties	1,649,724	1,542,242
Current portion of earnout payable	31,527	-
Accounts payable	137,162	232,148
Accrued interest and other	163,989	46,493
Customer deposits and deferred revenue	231,113	257,723
Total current liabilities	**2,257,117**	**2,426,672**
LONG-TERM LIABILITIES		
Notes payable, net	248,476	-
Earnout payable	21,675	362,634
Total long-term liabilities	**270,151**	**362,634**
Total liabilities	**2,527,268**	**2,789,306**
MEMBERS' DEFICIT		
Members' deficit	(987,659)	(1,203,277)
Noncontrolling interest	73,553	71,353
Total members' deficit	**(914,106)**	**(1,131,924)**
Total liabilities and members' deficit	**$ 1,613,162**	**$ 1,657,382**

The Notes to the Consolidated Financial Statements are an integral part of these statements.

PP DEVELOPMENT, LLC AND SUBSIDARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31,	2022	2021
REVENUES	**$ 1,930,992**	**$ 1,487,989**
COST OF REVENUES	**967,562**	**835,566**
Gross profit	**963,430**	**652,423**
OPERATING EXPENSES	**949,565**	**720,208**
Total operating expenses	**949,565**	**720,208**
Total operating income (loss)	**13,865**	**(67,785)**
OTHER INCOME (EXPENSE)		
Other income (expense)	35,839	59,803
Interest expense	(101,731)	(113,135)
Paycheck Protection Program loan forgiveness	-	163,507
Gain on contingent earnout	299,842	-
Total other income (expense)	**233,950**	**110,175**
Net income	**247,815**	**42,390**
Less: net income – noncontrolling interest	32,197	20,557
Net income — controlling interest	**$ 215,618**	**$ 21,833**

The Notes to the Consolidated Financial Statements are an integral part of these statements.

PP DEVELOPMENT, LLC AND SUBSIDARIES

CONSOLIDATED STATEMENTS OF MEMBERS' DEFICIT

YEARS ENDED DECEMBER 31, 2022 AND 2021

	Members' Deficit	Noncontrolling Interest	Total
BALANCES, December 31, 2020	**$ (1,225,110)**	**$ 70,794**	**$ (1,154,316)**
Net income	21,833	20,557	42,390
Distributions	-	(19,998)	(19,998)
BALANCES, December 31, 2021	**$ (1,203,277)**	**$ 71,353**	**$ (1,131,924)**
Net income	215,618	32,197	247,815
Distributions	-	(29,997)	(29,997)
BALANCES, December 31, 2022	**$ (987,659)**	**$ 73,553**	**$ (914,106)**

The Notes to the Consolidated Financial Statements are an integral part of these statements.

PP DEVELOPMENT, LLC AND SUBSIDARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31,	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 247,815	$ 42,390
Adjustments to reconcile net income to net cash from operating activities:		
Amortization	116,538	166,656
Provision for doubtful accounts	192,863	119,876
Paycheck protection program loan forgiveness	-	(163,507)
Gain from contingent earnout	(299,842)	-
Changes in operating assets and liabilities:		
Accounts receivable	(287,005)	(74,054)
Unbilled receivables	(100,000)	-
Inventory	(64,264)	293,037
Prepaid expenses	(15,148)	-
Lease receivables	150,822	(232,967)
Accounts payable	(37,580)	75,229
Accrued interest and other	117,496	(136,040)
Customer deposits	(26,610)	79,210
Net cash provided by (used in) operating activities	**(4,915)**	**169,830**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan payable	-	82,310
Principal payments on notes payable	(55,988)	(86,219)
Payments on earnout payable	(9,590)	-
Net proceeds from (payments to) related parties	50,076	(165,850)
Distributions	(29,997)	(19,998)
Net cash used in financing activities	**(45,499)**	**(189,757)**
Net decrease in cash	**(50,414)**	**(19,927)**
Cash, beginning of year	143,058	162,985
Cash, end of year	**$ 92,644**	**$ 143,058**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 17,097	$ 254,515
NON-CASH FINANCING ACTIVITIES		
Accounts payable converted to short-term note payable	$ 57,406	$ -

The Notes to the Consolidated Financial Statements are an integral part of these statements.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

PP Development, LLC has developed a franchise system to license the right to use the Pedal Pub name, logo, company website and business systems into the mobile entertainment industry. PP Development, LLC is the exclusive North American distributor for certain party bikes and party bike parts that are manufactured in the Netherlands and will continue selling and leasing such party bikes to members of its licensee network and franchise network.

Pedal Pub Leasing, LLC ("Leasing") was organized to provide leasing services to customers. PP Equipment Sales, LLC ("Equipment Sales") was organized to provide equipment sales to customers. Leasing and Equipment Sales are wholly owned subsidiaries of PP Development, LLC.

PP Development, LLC has a 66.7% interest in Excel Cycle Systems, LLC ("Excel"), a party bike parts and repair company.

Principles of consolidation

The consolidated financial statements include the accounts of PP Development, LLC and its wholly owned subsidiaries Pedal Pub Leasing, LLC and PP Equipment Sales, LLC and majority owned subsidiary Excel (collectively, the "Company"). All significant intercompany accounts and transactions between the companies have been eliminated in the consolidated financial statements.

Use of estimates

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

Reclassifications:

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year and had no effect on net income (loss).

Revenue recognition

The Company accounts for revenues under applicable standards. Leases are accounted for in accordance with Topic 842, *Leases.* Revenues from lease transactions primarily involve the leasing of party bikes. Revenues from non-lease sales are accounted for under Topic 606, *Revenue from Contracts with Customers.* The guidance requires the Company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The guidance also requires disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Revenues from non-lease sales are primarily the sale of party bikes, parts for party bikes, and the maintenance and repair of party bikes. The Company accounts for initial franchise fees in accordance with Topic 952-606, *Franchisors–Revenue from Contracts with Customers* by establishing a practical expedient to account for all pre-opening services as a single performance obligation.

Bike and parts sales

The Company recognizes the sale of party bikes and parts when performance obligations are substantially met, generally when orders are shipped from the Company's warehouse or storage facilities. Selling prices are variable, shipping and handling costs charged to customers have been included in revenues. Shipping and handling costs incurred by the Company have been included in cost of revenues.

NOTE 1. (CONTINUED)

Revenue recognition (continued)

Bike services

Revenue from maintenance and repair service is recognized upon completion of the service. The Company considers parts and labor associated with the service to be a single performance obligation. The transaction price is based on parts used, travel costs, labor hours applied, and standard hourly labor rates.

Franchise sales

The franchise arrangement is documented in the form of a franchise agreement and or a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the opening of a Pedal Pub franchise. The agreements between the Company (franchisor) and the franchisees contain the provision of multiple services by the franchisor.

This includes a license to the franchisor's intellectual property, pre-opening services, training and other activities as needed.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise/area development fees; and (b) royalty fees; (c) licensing fee; and (d) continuing other fees.

The Company recognizes the primary component of the transaction price as follows:

• The initial franchise fees include its pre-opening services, including site evaluation and selection, marketing, development and training. The Company accounts for these services as a single performance obligation. These services provide distinct value to franchisees, including business and industry insight and knowledge that transfers value apart from the franchise rights. The Company considers the pre-opening services to be a distinct performance obligation. Initial franchise fees associated with pre-opening services are recognized at the point in time when the completion of the related pre-opening services occurs, generally within a month of the contract being signed. In 2022, the initial franchise fee includes pre-opening training services valued at $5,000. The Company accounts for pre-opening training services as a single performance obligation and recognize when the service occurs, generally a month prior to when the territory becomes operational. As initial franchise fees are typically received in cash at or near the contract being signed, the cash received for pre-opening training services is initially recorded as a contract liability until recognized when services occur.

• Area development agreements grant an area developer the right to sell franchises in a geographic territory over the contract term. The Company accounts for its exclusive access to a territory as a single performance obligation. Fees are recognized as revenue ratably on a straight-line basis over the term of the agreement commencing on date of signed agreement. Contracted fees are initially recorded as a contract liability until recognized as revenue over time.

• The Company recognizes royalties from franchisees at the point in time they become measurable. Royalty fees are variable and are based upon the greater of an agreed upon percentage of sales or a minimum fee. The Company also accounts for non-lease components as royalties in accordance with the underlying agreements.

• Annual license fees are charged to grandfathered operators. Fees are generally set based on the number of operating bikes and are recognized ratably over the annual term.

• The Company charges various other fees such as technology, marketing, and training fees. These fees are assessed at specific rates and are recognized at a point in time when assessed and are generally charged to franchisees monthly.

NOTE 1. (CONTINUED)

Revenue recognition (continued)

Unbilled contract fees

Unbilled contracted fees relate to area development fees in which the total fee has not been invoiced at the time the contract is signed. Fees that are not invoiced are recorded as a contract asset.

Customer deposits and deferred revenue

Customer deposits and deferred revenue consists of the following:

DECEMBER 31,	**2022**	**2021**
License fees	$ 38,613	$ 55,748
Area development fees	107,500	-
Pre-opening training fees	10,000	-
Customer deposits	75,000	201,975
Total customer deposits and deferred revenue	**$ 231,113**	**$ 257,723**

Customer deposits consists of prepayments from customers received on party bikes and parts, license fees and conference fees.

Under Topic 606, the area development fees are deferred and recognized as revenue over the terms set forth in the individual area development agreements. The company recognized a total of $42,500 and $0 area development fees as income during the years ended December 31, 2022 and 2021, respectively.

The Company recognized a total of $100,135 and $97,677 annual license fees as income during the years ended December 31, 2022 and 2021, respectively.

The following table provides information about significant changes in deferred revenue:

YEARS ENDED DECEMBER 31,	**2022**	**2021**
Deferred revenue, beginning of year	$ 55,748	$ 35,425
Revenue recognized	(142,635)	(97,677)
Increase in deferred revenue due to amounts collected or invoiced	243,000	118,000
Deferred revenue, end of year	**$ 156,113**	**$ 55,748**

NOTE 1. (CONTINUED)

Revenue recognition (continued)

Disaggregated revenue

The following presents approximate revenues disaggregated:

YEARS ENDED DECEMBER 31,	**2022**	**2021**
Revenue recognized at a point in time:		
Bike and parts sales	$ 974,824	$ 555,476
Initial franchise and area development sales	271,780	129,496
Bike services	30,801	100,630
Other	154,536	133,922
Total revenue recognized at a point in time	**1,431,941**	**919,524**
Revenue recognized over time:		
Royalties	305,762	243,378
Bike lease fees	93,154	237,494
License fees	100,135	97,677
Total revenue recognized over time	**499,051**	**578,549**
Less discounts	-	(10,084)
Total	**$ 1,930,992**	**$ 1,487,989**

Cash and cash equivalents

The Company considers cash on hand, bank checking accounts and investments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable, net of an allowance for doubtful accounts, represents the amount management expects to collect from outstanding balances. The allowance is estimated and recorded based on the Company's evaluation of the current status of receivables and unusual circumstances, if any. Accounts are considered past due if payment is not made on a timely basis in accordance with the Company's credit terms. Accounts receivable determined to be uncollectible are written off through a charge to an allowance for doubtful accounts. Management determined an allowance of $176,093 and $8,985 was necessary as of December 31, 2022 and 2021, respectively.

Inventory

Inventory is valued at the lower of cost or net realizable value, using a specific identification method for party bikes and a first-in-first-out methods for parts. Inventory consists of party bikes held for sale or lease and replacement parts. Management deemed that no allowance for inventory obsolescence was necessary for both the years ended December 31, 2022 and 2021.

NOTE 1. (CONTINUED)

Bike lease receivables

The Company leases party bikes to certain franchisees, generally for a seven-year period. At lease inception, the Company determines whether an arrangement qualifies as a lease under ASC Topic 842. Under ASC Topic 842, a contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The leases are all accounted for as sales-type leases with unguaranteed residual values. The Company only reassesses if the terms and conditions of the contract are changed. At lease commencement, the Company determines the lease and non-lease components, including fees for royalties, maintenance, and insurance. Revenue is recognized ratably over the lease term. All leases require fixed monthly payments. Management determined an allowance of $25,755 and $0 was necessary as of December 31, 2022 and 2021, respectively.

Intangible assets

Intangible assets are recorded at cost less accumulated amortization. Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. Amortization is computed using the straight-line method over the estimated useful lives of the related intangible asset.

Goodwill	10 years
Earnout	5 years
Non-compete	2 years

The Company has adopted an accounting alternative for the subsequent measurement of goodwill provided by FASB ASC 350-20. Under this accounting alternative, the Company began amortizing goodwill on a straight-line basis over 10 years and only evaluates goodwill for impairment when a triggering event occurs. Management believes that there is no impairment on the carrying value of goodwill for the year ended December 31, 2022.

Paycheck protection program loans

The Company applied for and received loans through the U.S. Government's Paycheck Protection Program (PPP) issued through the Small Business Administration (SBA). U.S. GAAP does not have specific guidance on accounting for government grant programs made to business entities and as a result, the Company is electing to follow FASB ASC 405-20, Liabilities: Extinguishments of Liabilities (Note 6).

Income taxes

The Company is organized as a limited liability company that is treated as a partnership under the Internal Revenue Code and applicable state statutes. The profits and losses and credits of the Company flow through to the members to be taxed at the individual level rather than the Company level. Accordingly, the Company will have no tax liability (with limited exceptions).

The Company has not been audited by the Internal Revenue Service or state agencies, and accordingly the business tax returns for the past three years are open to examination. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the consolidated financial statements based on the criteria set forth in Accounting Standards Codification for Income Taxes.

Advertising

Advertising costs are expensed as incurred. Advertising costs were $135,986 and $113,120 for the years ended December 31, 2022 and 2021, respectively.

NOTE 1. (CONTINUED)

Subsequent events

Management has evaluated the effects of subsequent events through April 26, 2023, the date that the consolidated financial statements were available to be released. In February 2023, the Company converted an earnout payable to a promissory note (Note 8).

NOTE 2. INVENTORY

Inventory consisted of the following:

DECEMBER 31,	**2022**	**2021**
Party bikes held for sale or lease	$ 172,951	$ 190,722
Deposit on party bikes and parts	87,892	45,604
Service and repair parts	57,969	18,222
Total inventory	**$ 318,812**	**$ 254,548**

NOTE 3. INVESTMENT IN LEASING OPERATIONS

The components of net investment in sales-type leases are as follows:

DECEMBER 31,	**2022**	**2021**
Future minimum payments to be received	$ 744,647	$ 944,564
Unguaranteed residual values	19,200	15,701
Total minimum payments to be received	763,847	960,265
Unearned income	(192,474)	(289,580)
Reserve for estimated unrealizable amounts	(25,755)	-
Net investment in lease receivables	**545,618**	**670,685**
Less current portion	(159,957)	(169,529)
Lease receivables—long-term	**$ 385,661**	**$ 501,156**

There were no significant changes to unguaranteed residual assets on sale-type leases during the year. Management determined a reserve of $25,755 and $0 was necessary as of December 31, 2022 and 2021, respectively.

NOTE 3. (CONTINUED)

The following table is a schedule of the future minimum lease payments receivable on non-cancelable sale-type leases:

YEARS ENDING DECEMBER 31,	
2023	$ 159,957
2024	159,957
2025	159,957
2026	150,177
2027	89,047
Thereafter	44,752
Total	**$ 763,847**

NOTE 4. INTANGIBLE ASSETS

Intangible assets consisted of the following:

DECEMBER 31,	**2022**	**2021**
Goodwill	$ 812,500	$ 812,500
Earnout	400,000	400,000
Non-compete	5,000	5,000
Total intangible assets	**1,217,500**	**1,217,500**
Less accumulated amortization	(857,708)	(741,170)
Intangible assets, net	**$ 359,792**	**$ 476,330**

Amortization expense related to intangible assets was $116,538 and $166,656 for the years ended December 31, 2022 and 2021, respectively.

Estimated amortization expense for the next five years is as follows:

YEARS ENDING DECEMBER 31,	
2023	$ 81,250
2024	81,250
2025	81,250
2026	81,250
2027	34,792
Total	**$ 359,792**

NOTE 5. PAYCHECK PROTECTION PROGRAM LOANS

In April 2020 and January 2021, the Company received loan proceeds in the amount of $81,197 and $82,310 under the PPP and second draw PPP, respectively. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provided loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expense of the qualifying business. The loans and accrued interest were forgivable after eight to twenty-four weeks, to be chosen by the borrower, as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels.

The Company has recorded PPP loan forgiveness income of $163,507 in the consolidated statements of operations for the year ended December 31, 2021 upon being legally released from the obligation to repay the loans in March 2021 and August 2021.

NOTE 6. NOTES PAYABLE

Long-term notes payable consisted of the following:

DECEMBER 31,	**2022**	**2021**
Business acquisition note payable to PedalPub, LLC with monthly payments of $5,326, including interest at 5.00% through September 2022 with a final balloon payment. In August 2022, the note payable was amended to extent the maturity date and payments through September 2025 with an interest rate at 6.00% and final balloon payment of $198,102. Secured by assets of the Company.	$ 292,078	$ 348,066
Less current portion	(43,602)	(348,066)
Notes payable, net	**$ 248,476**	**$ -**

The following is a schedule of maturities:

YEARS ENDING DECEMBER 31,	
2023	$ 43,602
2024	50,375
2025	198,101
Total	**$ 292,078**

Interest expense on notes payable was $101,731 and $113,135 for the years ended December 31, 2022 and 2021, respectively.

NOTE 7. RELATED PARTY TRANSACTIONS

The Company has promissory notes payable with a member that provides for funds up to $1,800,000 for both the years ended December 31, 2022 and 2021. Outstanding balances on the promissory notes were $1,592,318 and $1,542,242 as of December 31, 2022 and 2021, respectively. The terms of the promissory notes include interest accruing at 5.00%, payment due upon demand, and no maturity.

NOTE 7. (CONTINUED)

In December 2022, the Company converted $57,406 of outstanding payables with a related party through common ownership into a promissory note maturing December 2023. The terms of the promissory note includes monthly payments commencing March 2023 of $5,900, including interest at 6.00%. The outstanding balance on the promissory note was $57,406 as of December 31, 2022.

The Company has an amount due from a member of Excel Cycle Systems, LLC in the amount of $5,875 for both the years ended December 31, 2022 and 2021.

NOTE 8. EARNOUT PAYABLE

The Company has a contingent earnout with a maximum potential earnout of $400,000 based on a certain formula for net sales which is to be earned through December 2022 from a 2017 acquisition of the net assets of a business. The earnout payable recorded at the amount expected to be earned adjusted for payments were $53,202 and $362,634 for years ended December 31, 2022 and 2021, respectively. Payments of earnout were $9,590 and $0 during the years ended December 31, 2022 and 2021. The earnout expired December 31, 2022 at which time a gain of $299,842 for the amounts unearned was recorded. In February 2023, the Company converted $23,941 of earnout payable to a promissory note. The terms of the promissory note include $861 monthly payments including interest of 6.00% through August 2025.

NOTE 9. CONCENTRATIONS

The Company holds an exclusive agreement for the purchasing of all custom party bikes and party bike parts with a manufacturer located in the Netherlands. Payments made to this vendor were approximately $723,000 and $0 for the years ended December 31, 2022 and 2021, respectively.

NOTE 10. GUARANTEED PAYMENTS TO PARTNERS

Guaranteed payments to partners that are intended as compensation for services rendered are accounted for as partnership expenses rather than as allocations of partnership net income. Guaranteed payments for services rendered were $59,859 and $49,104 for the years ended December 31, 2022 and 2021, respectively.

NOTE 11. CONTINGENCIES

The Company is a party, or could become a party, to various lawsuits and administrative proceedings incidental to party bike operations of franchisees. The Company is currently involved in one lawsuit related to the party bike operations of one franchisee. Company management cannot predict the outcome of this issue and no provision for any contingent liabilities that may result has been made in the consolidated financial statements. Management believes, based on the information available to date and the resolution of prior proceedings, that the ultimate resolution of these matters will not have a material impact on the consolidated financial condition, results of operations, or cash flows of the Company. Management asserts the Company has insurance coverage for this legal matter with a deductible of $1,000 per claim. The Company has accrued insurance deductibles of $10,000 as of December 31, 2022.

EXHIBIT E-1

UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2024, TO MARCH 31, 2024

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

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PP Development LLC
Balance Sheet
As of March 31, 2024

	Total
ASSETS	
Current Assets	
Bank Accounts	
10000 Platinum - PP Dev	533.19
10010 National Ad Fund	2,095.60
10020 Airwallex - CAD	0.00
Total Bank Accounts	**$ 2,628.79**
Accounts Receivable	
11000 Accounts Receivable	302,879.31
Total Accounts Receivable	**$ 302,879.31**
Other Current Assets	
11090 Allowance for Bad Debts	-12,388.01
12000 Inventories	-0.01
12010 Bike FG Inventory	56,382.24
12099 DNU - Advance on Inventory	0.00
12101 WIP - Bike 19-360	33,010.61
12102 WIP - Bike 19-361	33,010.62
12103 WIP - Bike 18-307 & 18-313	0.00
12105 WIP - Bike #St. Cloud	7,900.00
12106 WIP - Bike 22-362	29,935.59
12107 WIP - Bike 22-363	29,935.58
12108 WIP - Bike 18-314 & 18-315	63,000.00
12109 WIP - Bike Jax #1 & Jax #2	0.00
12110 WIP - Bike 19-352 (19-356)	0.00
12111 WIP - Bike 19-354 (19-357)	32,577.09
12112 WIP - Bike London #1	20,000.00
Total 12000 Inventories	**$ 305,751.72**
13010 Lease Receivable	159,336.79
14000 PrePaid Expenses	13,355.49
14010 Clearing Account	0.00
14020 Uncategorized Asset	9,900.00
14030 Undeposited Funds	2,211.58
14040 Insurance Refund Receivable	1,565.54
14050 Unbilled Receivables	0.00
Inventory Asset	0.00
Total Other Current Assets	**$ 479,733.11**
Total Current Assets	**$ 785,241.21**
Other Assets	
16000 Intangibles	567,500.00

16010 Consulting Agreement		250,000.00
16020 Earnout-Contingent		400,000.00
16030 Investment in ECS - Consolidated		73,553.00
16040 Investment in Excel Cycle Systems		-18,088.61
16050 Un-guaranteed Residual Value		2,572.31
16090 Accumulated Amortization		-952,499.98
Total Other Assets	**$**	**323,036.72**
TOTAL ASSETS	**$**	**1,108,277.93**
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
20000 Accounts Payable		75,184.09
Total Accounts Payable	**$**	**75,184.09**
Credit Cards		
20010 Credit Card		0.00
20020 Due to Ramp		20,857.79
Total Credit Cards	**$**	**20,857.79**
Other Current Liabilities		
21010 Reimbursements Payable		334.43
21080 Bike Lease Deposits		0.00
21100 Deferred Revenue		0.00
21110 Deferred Contract Revenue		29,916.87
21111 Deferred License Revenue		22,242.45
21120 Deferred Training Fees		15,000.00
21130 Deferred Bike Sales		80,000.00
21140 Deferred Marketing Revenue		0.00
21150 Territory Deposits		30,000.00
Total 21100 Deferred Revenue	**$**	**177,159.32**
21200 Wages and Salaries Payable		0.00
22000 Other Current Liabilities		0.00
22020 Accrued Expenses		10,000.00
Total 22000 Other Current Liabilities	**$**	**10,000.00**
23000 Department of Revenue Payable		0.00
23010 Georgia Department of Revenue Payable		0.00
23020 Minnesota Department of Revenue Payable		4,306.56
23040 North Carolina Department of Revenue Payable		4,473.25
23060 Tennessee Department of Revenue Payable		13,875.00
23070 Texas Comptroller of Public Accounts Payable		11,125.13
23080 Virginia Department of Taxation Payable		5,389.79
24000 LOC - Dev		0.00
24010 LOC - PP Equip		0.00
24020 LOC - PP Leasing		0.00
Kentucky Department of Revenue Payable		8,046.24

NC Dept of Revenue Payable		2,853.38
Total Other Current Liabilities	**$**	**237,563.10**
Total Current Liabilities	**$**	**333,604.98**
Long-Term Liabilities		
26010 Note Payable - PedalPub		236,163.71
26020 Due to Nash AD		-0.01
26030 Note Payable - Eric Olson		14,004.73
27010 Due to PCH - Plat		303,535.29
27011 Due to PCH		1,327,289.82
21020 Interest Payable		236,793.43
Total 27011 Due to PCH	**$**	**1,564,083.25**
28000 Contingent Earnout		0.00
Total Long-Term Liabilities	**$**	**2,117,786.97**
Total Liabilities	**$**	**2,451,391.95**
Equity		
30000 Opening Balance Equity		0.00
32000 Retained Earnings		-1,276,906.14
33000 Inv in ECS - Consolidated		73,553.00
Net Income		-139,760.88
Total Equity	**-$**	**1,343,114.02**
TOTAL LIABILITIES AND EQUITY	**$**	**1,108,277.93**

PP Development LLC
Profit and Loss
January - March, 2024

	Jan 2024	Feb 2024	Mar 2024	Total
Income				
41000 Royalties	16,696	16,696	13,128	46,519
41100 Annual License Fees	9,500	8,833	9,174	27,507
41300 Booking Fee Revenue	208			208
41400 Corporate Sales Revenue			-	-
42010 Bike Sales		134,104		134,104
42020 Shipping Income		1,000		1,000
42100 Bike Lease Fees	1,990	1,753	1,722	5,465
42110 Finance Charges/Interest Income			-	-
43000 New Franchise Sales			34,900	34,900
44000 Digital Marketing Revenue	9,250	15,650	15,650	40,550
44010 Technology Fees	3,400	3,600	3,800	10,800
44020 National Advertising Fund	520	901	1,369	2,789
44030 Grand Opening Marketing Revenue		8,550	8,550	17,100
45000 Conference Fees/Sponsorships		12,000		12,000
49960 Corporate and Large Group Event Sales			-	-
Total Income	**41,564**	**203,086**	**88,293**	**332,944**
Cost of Goods Sold				
51000 Area Developer Fees	5,300	5,300	5,300	15,900
51100 Bike COGS		94,172		94,172
51110 Freight Costs		906	(2,130)	(1,224)
52000 Digital Marketing Costs	7,020	7,677	12,245	26,942
52010 National Marketing Fund		300		300
52020 Technology Costs	4,878	921	2,520	8,319
52030 Grand Opening Marketing Costs		4,235	3,173	7,408
Total Cost of Goods Sold	**17,198**	**113,511**	**21,108**	**151,817**
Gross Profit	**24,366**	**89,576**	**67,185**	**181,127**
Expenses				
60200 Franchise Development	12,469	2,233	5,601	20,303
60201 Discovery Day	150		171	322
60300 Conference Expense		42,672		42,672
60500 Bike Storage Expense	3,600	3,510		7,110
60600 Dues, Licenses, Permits	1,870		284	2,154
60900 Subscriptions	360	360	345	1,066
61700 Computer and Web	5,657	5,713	4,930	16,300
63300 Insurance Expense	12,961	12,961	12,961	38,884
64300 Meals and Entertainment	56		51	107
66000 Payroll Expenses	101	105	84	289
66010 Wages	19,718	19,718	19,718	59,155
66011 Shared Services	6,000	6,000	6,000	18,000
66015 Bonuses			18,000	18,000
66050 Payroll Tax and Benefits	1,967	1,907	3,327	7,201
66060 Expense Reimbursement	(2,828)			(2,828)
66070 Benefits	277	277	346	900
Total 66000 Payroll Expenses	**25,236**	**28,007**	**47,475**	**100,717**
66700 Professional Fees	12,878	1,900	21,429	36,206
68400 Travel Expense	1,161	2,361	6,834	10,356

68500 Melio Credit card fee		5	5	9
68700 Bank fees	51	66	116	232
68800 QuickBooks Payments Fees	133	204	1,260	1,597
Total Expenses	**76,581**	**99,991**	**101,462**	**278,034**
Net Operating Income	**(52,215)**	**(10,415)**	**(34,276)**	**(96,907)**
Other Income				
70100 Other Income (Loss)	2,879	29	30	2,938
Total Other Income	**2,879**	**29**	**30**	**2,938**
Other Expenses				
62400 Amortization Expense	6,771	6,771	6,771	20,312
63400 Interest Expense	8,603	8,110	8,767	25,480
Total Other Expenses	**15,374**	**14,881**	**15,538**	**45,792**
Net Other Income	**(12,495)**	**(14,852)**	**(15,508)**	**(42,854)**
Net Income	**(64,710)**	**(25,267)**	**(49,784)**	**(139,761)**

EXHIBIT F

LIST OF FRANCHISEES
As of December 31, 2023

Franchisee Name	Phone	Address
073 Consultancy LLC	(321)-499-5086	175 NW 20th St, Miami, FL 33127
Fun Bikes LLC	(317) 223-5750	43 Pitt Lane, Palm Coast, FL 32164
Chug & Roll LLC	(706) 288-5548	4597 Logans Way, Augusta, GA 30909
Darby Global Services LLC	(706) 442-0144	7350 Psalmond Road, Lot #6, Midland, GA 31820
Pedal Eco Entertainment, Inc.	(921) 508-5080	536 Turner Blvd, Savannah, GA 31401
Wischful Thinking LLC	(812) 371-4060	2796 Lafayette Ave, Columbus, IN 47404
GeauxPub, LLC	(337) 515-1964	2382B South Weaver Park Loop, Lake Charles, LA 70605
PP Midwest Holdings, LLC*	(952) 703-9000	3212 Rice St, St. Paul, MN 55401
St. Louis Cycle Tours, LLC	(314) 239-1884	1200 Russell Blvd, St. Louis, MO 63104
Pineapple Pedals, LLC	(850) 525-5528	511 W Summit Ave, Charlotte, NC 28203
Par Excellence	(215) 872-2918	123 Plantation Drive, Southern Pines, NC 28387
Nashville Pedal Tavern LLC	(615) 390-5038	1504 Demonbreun St, Nashville, TN 37203
STKG Enterprise LLC	(832) 651-4840	406 Saint Andrews DR, Allen, TX 75002
PubCrawler of Austin, LLC	(212) 622-6199	1607 W. 6th St, Austin, TX 78703
ACM Entertainment	(630) 204-8460	3001 N Arthur Ashe Blvd, Richmond, VA 23230
Canada West Holdings LTD	(403) 616-1208	1417 9 Ave SE, Calgary AB T2G 0T4
10127069 MANITOBA LTD.	(204) 723-0564	Box 504, Treherne, MB R0G2V0
2681328 Ontario Inc	(289) 868-8812	319 Mary Street, NOTL ON L0S 1J0
Pedal Pub Toronto LTD.	(647) 278-5354	252 Riverview Boulevard, St. Catharines, ON L2T3M8
102095350 Saskatchewan LTD	(306) 250-0716	340 Ave A South, Saskatoon SK S7M 5T5

*This location is owned by our affiliate, as described in Item 1 of this Disclosure Document

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2024-25 Franchise Disclosure Document

Franchise Agreements Signed But Not Open
As of December 31, 2023

Franchisee Name	Address	Phone
The Eclectic Bee, LLC	2405 Hickory Wood Ave, Lowell, AR 72745	(479) 531-9511
Craig Hartman	3118 West Vine Ave, Visalia, CA 93291	(559) 563-0181
We Bounce 2 The Beat Entertainment LLC	21 Sheeran St., Bristol, CT 06010	(860) 817-5548
Chill N Grill Watersports, LLC	1200 4th St, Unit 552, Key West, FL 33040	(435) 229-8049
Buzz Factory LLC	111 n 3962 e, Rigby, ID 83442	(208) 670-0996
Arthur Tours LLC	262 E Vine St, Lexington, KY 40507	(763) 498-9481
Pedal Nola, LLC	120 Holiday Blvd, Covington, LA 70433	(504) 458-9244
Around About Fun, LLC	212 Woodvale Ave, Lafayette, LA 70503	(337) 739-0819
B-Lynced, LLC	130 Wellington Hill St, Mattapan, MA 02126	(617) 980-7219
Krista L. Lane and Zachary Labby	148 Hwy 100 W, Hermann, MO 65041	(636) 667-2457
Myrtle Beach Party Bike LLC	313 Greycliff Bluff Dr, St. Louis, MO	(314) 809-9490
Fab Five and Funtime LLC	920 Princess St., Wilmington, NC	(419) 779-4477
Forksfirst Presents LLC	1614 Earl Cir., Grand Forks, ND 58201	(701) 306-2166
Jessica Ruzicka	20 Oak Willow Court Fountain Inn, SC 29644	(239) 209-6575
ACM Entertainment	3001 N Arthur Ashe Blvd, Richmond, VA 23230	(630) 204-8460
Pedal Pub Edmonton LTD	1417 9 Ave. SE, Calgary, AB T2G 0T4	(403) 616-1208

EXHIBIT G

FRANCHISEES THAT LEFT SYSTEM

Name	City and State	Phone
Jax Pedals, LLC	Jacksonville, FL	(904) 782-7433
Chill N Grill Watersports, LLC	Key West, FL	(435) 229-8049
Miami Pedal Machine, LLC	Miami, FL	(727) 424-1986
Rapp Routes Entertainment, LLC	Atlanta, GA	(678) 953-7939
Terry Williams LLC	Davenport, IA	(309) 740-2845
AB-Lynced, LLC	Mattapan, MA	(617) 980-7219
PhilFam, LLC	Greenville, SC	(864) 979-5042
Smackwater Jacks	Grand Bend, ON, Canada	(519) 868-7019

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EXHIBIT H

STATE ADDENDA

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 – 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 – 20043, the franchise disclosure document for Pedal Pub in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

1. California Corporations Code § 31125 requires us to give you a disclosure document, in a form containing the information that the Commissioner of Department of Financial Protection and Innovation of the California Department of Financial Protection and Innovation may by rule or order require, prior to a solicitation or a proposed material modification of an existing franchise.

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

3. Item 3, "Litigation," shall be amended by the addition of the following language:

> Neither Franchisor, nor any person or franchise broker in Item 2 of the franchise disclosure document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in this association or exchange.

4. Item 5 is amended by adding the following language:

> 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.

5. Item 6 is amended by adding the following to the Remarks in the "Interest on Late Payments" section:

> The maximum allowable interest rate in California is 10% per annum.

6. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

> The regulations of the California Department of Financial Protection and Innovation require that the following information concerning provisions of the franchise agreement be disclosed to you:
>
> The California Franchise Relations Act provides rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law will control.

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The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C.A. §§ 101, *et seq.*

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise agreement. This provision may not be enforceable under California law.

The franchise agreement requires the application of the laws of Minnesota. This provision may be unenforceable under California law.

The franchise agreement contains a waiver of punitive damages and a jury trial. These provisions may not be enforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur in the metropolitan area in which our principal place of business is then located. These provisions may not be enforceable under California law. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws to the provisions of the franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code § 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. California Corporations Code § 31512 voids a waiver of your rights under the California Franchise Investment Law. California Business and Professions Code § 20010 voids a waiver of your rights under the California Franchise Relations Act.

6. 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.

7. OUR WEBSITE AT www.pedalpubpartybikes.com HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at WWW.DFPI.CA.GOV.

8. THE FRANCHISE HAS BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

9. **Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, 815 Illinois Compiled Statutes §§ 705/1 – 705/44, the franchise disclosure document for Pedal Pub in connection with the offer and sale of franchises for use in the State of Illinois shall be amended to include the following:

1. The "Summary" section of Item 17(v), entitled "Choice of forum," shall be amended by the addition of the following language:

> However, any provision in the franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under Section 4 of the current Illinois Franchise Disclosure Act of 1987 (as amended), although the franchise agreement may provide for arbitration in a forum outside of the State of Illinois.

2. The "Summary" section of Item 17(w), entitled "Choice of law," shall be amended by the addition of the following language:

> However, except for federal law, Illinois law applies if the jurisdiction requirements of the Illinois Franchise Disclosure Act of 1987 (as amended) are met.

3. 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.

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

> The State of Illinois has required a financial assurance. Therefore, we have agreed to defer all initial fees owed by you to us until we have fulfilled all pre-opening obligations to you and you have commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition. You may contact the state agency listed in Exhibit A for more information.

5. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Act, Indiana Code §§23-2-2.51 through 51, the franchise disclosure document for Pedal Pub in connection with the offer and sale of franchises for use in the State of Indiana shall be amended to include the following:

1. The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise agreement. These provisions may not be enforceable under Indiana law.

2. Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the franchise agreement and the termination is not done in bad faith.

3. If Indiana law requires the franchise agreement and all related documents to be governed by Indiana law, then nothing in the franchise agreement or related documents referring to Minnesota law will abrogate or reduce any of your rights as provided for under Indiana law.

4. Item 8, "Restrictions on Sources of Products and Services," is amended by the addition of the following language:

> Any benefits derived as a result of a transaction with suppliers for Indiana franchisees will be kept by us as compensation for locating suppliers and negotiating prices for you.

5. Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

6. Although the franchise agreement requires arbitration to be held in Minneapolis, Minnesota, arbitration held pursuant to the franchise agreement must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.

7. 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.

8. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Maryland Code of Business Regulation §§ 14-201 – 14-233, the Franchise Disclosure Document for Pedal Pub in connection with the offer and sale of franchises for use in the State of Maryland shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

> The general release language required as a condition of renewal, sale and/or assignment or transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> Although the franchise agreement requires litigation to be held in a court in Minnesota, you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, subject to the arbitration provisions of the franchise agreement.
>
> The franchise agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11. U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of your franchise.
>
> This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2. Fee Deferral. The following paragraph is added to the end of Item 5:

> 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 completes its pre-opening obligations under the franchise agreement.

3. 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.

ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Minnesota Statutes §§ 80C.01 – 80C.22, and of the Franchise Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minnesota Rules §§ 2860.0100 – 2860.9930, the Franchise Disclosure Document for Pedal Pub in connection with the offer and sale of franchises for use in the State of Minnesota shall be amended to include the following:

1. The Risk Factors set forth on the State Cover Page shall be amended by the addition of the following paragraph:

> MINNESOTA STATUTES § 80C.21 AND MINNESOTA RULES § 2860.4400J PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF THE STATE OF MINNESOTA. IN ADDITION, NOTHING IN THE FRANCHISE DISCLOSURE DOCUMENT OR FRANCHISE AGREEMENT CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA FRANCHISE ACT, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION.

2. Item 13, "Trademarks," shall be amended by the addition of the following language:

> The franchisor will protect the franchisee's right to use the Marks or will indemnify the franchisee from any loss, costs or expenses arising out of any claim, suite or demand regarding the use of the name.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs:

> With respect to franchisees governed by Minnesota law, we will comply with Minnesota Statutes § 80C.14, Subdivisions 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the franchise agreement, and that consent to the transfer of the franchise not be unreasonably withheld.
>
> Pursuant to Minnesota Rules § 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation, claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Act, and the Franchise Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.
>
> Minnesota Statutes § 80C.21 and Minnesota Rules § 2860.4400J prohibit us from requiring litigation to be conducted outside of the State of Minnesota. In addition, nothing in the franchise disclosure document or franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Franchise Act, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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4. Fee Deferral. The following paragraph is added at the end of Item 5 and Item 7 and the Franchise Agreement is amended to state:

> The State of Minnesota has required a financial assurance. Therefore, we have agreed to defer all initial fees owed by you to us until we have fulfilled all pre-opening obligations to you and you have commenced doing business pursuant to the Franchise Agreement. The State of Minnesota imposed this deferral requirement due to our financial condition. You may contact the state agency listed in Exhibit A for more information.

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

6. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act or the Franchise Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

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ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 THIS 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.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is

subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17I, 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.

4. 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.

5. 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.

6. 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.

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ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law, North Dakota Century Code §§ 51-19-01 – 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Pedal Pub in connection with the offer and sale of franchises for use in the State of North Dakota shall be amended to include the following:

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (North Dakota Century Code § 51-19-09):

A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to North Dakota Century Code § 9-08-06, without further disclosing that such covenants will be subject to the statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of the State of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota Franchise Investment Law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota applies.

J. Enforcement of Agreement: Franchise agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

K. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, and the policies of the office of the State of North Dakota Securities Commission, are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

L. 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.

M. Fee Deferral. The following paragraph is added to the end of Item 5 and the Franchise Agreement is amended to state:

> The State of North Dakota has required a financial assurance. Therefore, Franchisor has agreed to defer all initial fees owed by Franchisee to Franchisor until Franchisor has fulfilled all pre-opening obligations to Franchisee and Franchisee has commenced doing business pursuant to the Franchise Agreement. The State of North Dakota imposed this deferral requirement due to financial condition. You may contact the agency listed in Exhibit A for more information.

ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, Rhode Island Code §§ 19-28.1-1 – 19-28.1-34, the Franchise Disclosure Document for Pedal Pub in connection with the offer and sale of franchises for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

> § 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."

2. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF SOUTH DAKOTA

In recognition of the requirements of the South Dakota Franchise Act, South Dakota Codified Laws Chapter 37-5B, the Franchise Disclosure Document for Pedal Pub in connection with the offer and sale of franchises for use in the State of South Dakota shall be amended to include the following:

1. Except as may be described in Item 3 of this Franchise Disclosure Document, neither we nor any person identified in Item 2 of this Disclosure Document has any material arbitration proceeding pending, or has during the 10 year period immediately preceding the date of this Franchise Disclosure Document been a party to concluded material arbitration proceedings.

2. Although the franchise agreement requires all arbitration proceedings to be held in Minneapolis, Minnesota, the site of any arbitration started pursuant to the franchise agreement will be at a site mutually agreed upon by you and us.

3. We may not terminate the franchise agreement for a breach, for failure to meet performance standards and/or for failure to make royalty or advertising payments unless you receive 30 days prior written notice from us and you are provided with an opportunity to cure the defaults.

4. Covenants not to compete upon termination or expiration of the franchise agreement are generally unenforceable in the State of South Dakota.

5. The laws of the State of South Dakota will govern matters pertaining to franchise registration, employment, covenants not to compete, and other matters of local concern; but as to contractual and all other matters, the franchise agreement will be subject to the applications, construction, enforcement and interpretation under the governing law of Minnesota.

6. Any provisions in the franchise agreement restricting jurisdiction or venue to a forum outside of the State of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

7. Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

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

9. Item 5 is amended by adding the following:

   The South Dakota Department of Labor & Regulation, Securities Regulations requires us to defer your payment of the initial franchise fees until we have completed our pre-opening obligations under the Franchise Agreement and you have commenced operating its Pedal Pub Business.

10. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchise

Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE COMMONWEALTH OF VIRGINIA

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

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

> 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 ground for default or termination stated in the franchise agreement does not constitute "reasonable cause;" as that term is defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

3. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Addendum to the Franchise Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

4. The following paragraph is added to the end of Item 5 and the Franchise Agreement is amended to state:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

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.

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

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

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

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.

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.

Fee Deferral. In lieu of an impound of Franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial

training obligations that is entitled under the Franchise Agreement or offering circular, and (b) is open for business.

ADDENDUM TO PP DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WISCONSIN

Item 17 of the Disclosure Document is amended by the addition of the following paragraph:

> "For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Wisconsin Stats. 1981-82, provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract."

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.

Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Franchise Law or the Rules and Regulations promulgated thereunder are met independently without reference to this addendum to the Franchise Disclosure Document.

EXHIBIT I

EQUIPMENT SALES AGREEMENT

EQUIPMENT SALES AGREEMENT

EQUIPMENT SALE AGREEMENT

BETWEEN

PP EQUIPMENT, LLC

AND

_____

"Franchisee"

THIS EQUIPMENT SALES AGREEMENT is entered into this ____ day of _____, 20___, by and between PP Equipment, LLC, a Minnesota limited liability company with an address of [_____] ("Seller") and _____, with an address of [_____] ("Franchisee") in accordance with the terms of the PP Development LLC Franchise Agreement ("Franchise Agreement") between Franchisee and PP Development, LLC ("Seller"), executed concurrently with this Agreement, under which Seller granted Franchisee the right to own and operate a Pedal Pub Business ("Franchise Business").

In consideration of the foregoing, the parties agree as follows:

1. Purchase of Products. Seller agrees to sell to Franchisee, and Franchisee agrees to purchase from Seller the products described in Exhibit A to this Agreement (the "Products") under the terms of this Agreement.

2. Price and Payment. Franchisee agrees to purchase the Products from Seller at the purchase price stated in Exhibit A (the "Purchase Price"). In addition, Franchisee will pay Seller for all shipping and handling costs necessary to deliver the Products to Franchisee as set forth on Exhibit A. Franchisee will pay Seller for the Products prior to delivery of the Products by electronic transfer of funds into Seller's designated bank account. Franchisee will pay any tax imposed by federal, state or other governmental authority on or respecting the sale, purchase, delivery or use of the Products.

3. Shipping/Risk of Loss. Seller will use its best efforts to deliver the Products to Franchisee within sixty (60) days after it receives total payment for the Products and Franchisee's payment clears Seller's bank. The risk of loss for Products sold passes to Franchisee when the Products are delivered to the carrier at Seller's designated facility. Where the risk of loss has passed to Franchisee, Franchisee must obtain redress for freight losses, shortages or damages from the carrier and/or applicable insurers, as the case may be, and Seller is not responsible for such freight losses, shortages or damages. Notwithstanding this allocation of the risk of loss, the Products will remain subject to Seller's rights of repurchase described below.

4. Warranties. Seller warrants to Franchisee that the Products will be free from defects in workmanship and materials for a period of 12 months following the sale (passage of title) of the Products to Franchisee. SELLER MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR THAT THE PRODUCTS WILL BE FIT FOR ANY PARTICULAR OR UNUSUAL USE. This warranty is void if the Products are misused, altered, tampered with or is used in a manner that is inconsistent with Seller's written recommendations, specifications and/or instructions or fails to perform due to normal wear and tear. **Seller is not liable for special, indirect, incidental or consequential damages, including loss, damage, personal injury, or any other expense directly or indirectly arising from any delay in shipment or otherwise from the use of or inability to use the Products**. The sole and exclusive remedy under this limited warranty is limited to the repair of the defective portion of the Product for 12 months following the date the Products are delivered to Franchisee. (The "Warranty Period"). Franchisee is not authorized to perform any repairs to the Products

during the Warranty Period without the express written agreement of Seller and any repairs made without Seller agreement will not be reimbursed by Seller. Franchisee is not authorized to and will not alter or modify any terms of this warranty as provided above and cannot assign its warranty rights hereunder to any third party. While this Agreement is in force, and for a period of two (2) years following termination of Agreement, Franchisee agrees not to build, cause to be built or purchase any Product of similar construction from any party other than the Seller, or offer or display any material that would allow another party to build a similar Product. The penalty for Franchisee's breach of this shall be $250,000 or actual damages, whichever is higher, plus Seller's legal fees and court costs.

5. Restriction on Assignment. Franchisee acknowledges and agrees that it is purchasing the Products for use at its business only and not for resale or use at any other location. Franchisee is prohibited from selling, assigning or transferring any right, title or interest in the Products to any third party except as set forth herein.

6. Assignment & Change in Ownership / Management.

   (a) The Franchisee shall not assign or transfer its obligations and or rights under this Agreement to any third party, whether an associated entity or not, whether in whole or in part without the prior written consent of the Seller.

   (b) The Seller shall immediately notify Franchisee of any sale or transfer of its rights under this Agreement or in and to the Party Bike.

7. Security Interest in Products. To secure Seller's option to repurchase the Products, Franchisee grants Seller a security interest, subordinated to no other lien or interest, in each of the Products. Franchisee authorizes Seller to file all financing statements and take all such other action necessary to perfect its security interest in the Products. Seller's security interest in the Products will terminate if and when Seller's right of repurchase under Section 6 above terminates.

8. Right of Inspection. Seller may, from to time to time during reasonable business hours, enter upon Franchisee's premises to confirm the location and ownership of the Products. This right of entry will be subject to any applicable governmental laws, regulations and rules concerning industrial security.

9. Duty to Maintain and Replace. Franchisee agrees to maintain the Products in accordance with the standards set forth in the Electronic Operations Electronic Operations Manual. In addition, Franchisee agrees to utilize the Products for not more than the useful life of the Product as set forth in the Electronic Operations Manuals from time to time.

10. Default and Termination. This Agreement will automatically terminate upon delivery of Seller's written notice-of termination to Franchisee, if Franchisee:

    (a) abandons or fail to utilize the Products in the operation of a business for more than thirty (30) consecutive calendar days (other than a result of normal and customary seasonal fluctuations);

(b) fail to open your mobile tour business within six (6) months after signing this Agreement;

(c) make any material misrepresentation or omission to Seller;

(d) Franchisee is judged bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay its debts as they become due, or if a petition under any bankruptcy law is filed by or against Franchisee or any of its owners or a receiver or other custodian is appointed for a substantial part of the assets of your mobile tour business;

(e) operation of the Products is banned or prohibited by the State or local authorities within your Territory;

(f) make, or attempt to make, an unauthorized "transfer" as defined in this Agreement or surrender control without Seller prior written approval;

(g) commit any act or omission of fraud or misrepresentation, whether with respect to Seller, any of its affiliates and/or any third party;

(h) fail to permit or cooperate with Seller or Seller designee in any audit or inspection or fail to retain (or to produce on request) any records required to be maintained by Franchisee; or

(i) are found to have used parts or supplies that have not been authorized by Seller.

This Agreement will automatically terminate on delivery of Seller's written notice of termination to Franchisee if, within fifteen (15) calendar days after delivery of written notice to Franchisee, Franchisee (or any of your owners) do not cure any:

A. failure to make payments of any amounts due Seller or Franchisor, any of theirs affiliates, any designee of Seller's and/or any supplier/creditor of Franchisee and do not correct such failure(s);

B. failure to correct any condition that, in Seller's reasonable judgment, might pose a danger to public health and/or safety;

C. failure to maintain required insurance; or

D. failure to comply with the terms and conditions set forth in this Agreement or the Franchise Agreement.

11. Non-Exclusive Remedies. Whenever Seller has a right to terminate this Agreement, Seller(and any of its affiliates) will have all remedies allowed at law and in equity. No right or remedy which Seller may have (including termination) is exclusive of any other right or remedy, and Seller may pursue any rights and/or remedies available. In every instance in which Seller has the right to terminate this Agreement, Franchisor can elect in

its sole discretion to terminate Franchisee's Franchise Agreement pursuant to the terms thereof.

12. Franchisee Obligations Upon Termination. On and after Termination of this Agreement for any reason, Franchisee shall:

(a) Pay Seller, Franchisor, and each of theiraffiliates, within ten (10) days after the effective date of any such termination, any and all amounts owed for purchases or otherwise by Franchisee;

(b) At Seller's sole option, transfer the Products to Seller on the terms set forth below:

(i) Seller will pay Franchisee an amount equal to the Purchase Price of the Products (not including initial shipping costs) less depreciation at the rate of 10% upon receipt of Products and 10% each subsequent year after the Effective Date.

(ii) Shipping costs to Minneapolis shall be borne by Franchisee. Seller has the discretion of having Product shipped to a different location than Minneapolis but in such event Franchisee shall pay, at a maximum, the cost to ship Product to Minneapolis. Seller reserves the right of inspection upon receipt of Products. Products must be received in good working condition. If not received in good working condition, Franchisee shall pay Seller for costs involved with making Product in good working condition.

(iii) Any security interest or lien against the Products shall be removed prior to the transfer to Seller or Franchisee shall owe Seller liquidated damages in the amount of $50,000 and pay Seller's expenses and attorney's fees. Franchisee shall still be required to provide clear title within 30 days of Seller's receipt of Product.

(c) If Seller fails to purchase Product(s) as set forth herein, Franchisee may then sell Product(s) to a third party, provided that such third party enters into the then current license agreement or franchise agreement, if applicable with Seller.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota

14. Disputes. In the event of any claim, dispute or other matter arising out of or relating to this Agreement, the parties shall attempt to resolve any dispute amicably at a meeting to be attended by persons with decision-making authority. If, within thirty (30) days after such meeting, the parties have not resolved the dispute, they shall submit the dispute to mediation by written demand in accordance with the procedures of the American Arbitration Association and bear equally the costs of the mediation, which shall take place in Minneapolis, Minnesota. All disputes, claims, and controversies arising out of or relating to this Agreement which are not settled by mediation as provided above will be finally resolved by litigation in the courts of the State of Minnesota in Hennepin County, Minnesota..

15. Force Majeure. If either party may be precluded by acts of God, authority of laws, strikes, lockouts, casualties, or other causes beyond its reasonable control from performance hereunder other than the payment of monies owed, such performance will be excused to the extent that it is necessitated by such causes. If such an event occurs, the party seeking to rely on this provision will promptly give written notice to the other party of the nature and consequence of the cause.

16. Hold Harmless. The Franchisee shall indemnify and hold the Seller, Franchisor, their affiliates, and their respective owners, officers, directors, employees, agents and representatives, harmless from any and all claims, demands, and damages arising from or attributable to the Franchisee's use of the Party Bike or arising from or attributable to any act, omission, or negligence of the Franchisee, or any officer, agent, employee, guest, invitee of the Franchisee, and from all costs, attorney's fees, expenses, and liabilities incurred with respect to any such claim or action. The Franchisee hereby assumes all risk of damage to property or injury to persons in, upon, or about the Party Bike, from any cause other than the Seller's gross negligence, and the Franchisee hereby waives all such claims in respect thereof against any such party named herein.

17. Entire Agreement. This Agreement constitutes the entire and fully integrated agreement between the parties with respect to the subject matter hereof, and supersedes any and all other agreements between the parties related thereto, as well as all proposals, oral or written, and all negotiations, conversations, or discussions between the parties related to this Agreement. This Agreement will not be deemed or construed to be modified, amended, rescinded, cancelled, or waived, in whole or in part, except by written amendment signed by the parties hereto.

18. Waiver. No forbearance, delay of indulgence by either Party in enforcing the provisions of this Agreement shall prejudice or restrict the rights of either Party nor shall any waiver of its rights operate as a waiver of any subsequent breach and no right, power or remedy herein conferred upon or reserved for the Party is exclusive of any other, power or remedy available to the Party and each such right, power or remedy shall be cumulative.

19. Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, by certified, express or registered mail, or by an overnight delivery service, postage prepaid, addressed to the party to be notified at the respective address first above written, or at such other address or addresses as the parties may from time to time designate in writing. Notices shall be deemed delivered on the date shown on the return receipt or in the delivery service’s records as the date of delivery or on the date of first attempted delivery, if actual delivery cannot for any reason be made.

20. Headings. The headings to the clauses of this Agreement are for the ease of reference only and shall not affect the interpretation or construction of the Agreement.

SIGNATURE PAGE TO

PEDAL PUB EQUIPMENT SALES AGREEMENT

Electronic and facsimile signatures shall be deemed original signatures for all purposes, provided that, upon request, any party returning a signature page electronically or via facsimile also transmit a hardcopy original of the signature page to the requesting party.

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be executed by its duly authorized representatives as of the day and year first above written.

SELLER:	FRANCHISEE:
PP Equipment, LLC	Franchisee Entity
By:_____	By:_____
	Franchisee Name
Its: _____	Its:_____

EXHIBIT A TO EQUIPMENT SALES AGREEMENT

PRODUCT DESCRIPTION

17-Person Fietscafe, #TBD
(1 driver, 1 standee, 10 pedalers, 5 non-pedalers, [electric assist])

17-Person Fietscafe, #TBD
(1 driver, 1 standee, 10 pedalers, 5 non-pedalers, [electric assist])

PURCHASE PRICE: $XXX,XXX

$5,000 is paid upon execution of this Agreement as payment toward estimated shipping costs. If actual shipping costs exceed this amount, you will be responsible for payment of the remainder within fifteen (15) days after an invoice from us to you. If actual shipping costs are less than this amount, we will refund you any over-payment within thirty (30) days.

EXHIBIT J

WAIVER AND RELEASE OF CLAIMS

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.

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "Release") is made as of _____ ___, 20___ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of PP Development, LLC a Delaware limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisee was granted the right to own and operate a "*insert franchise name*" Business;

WHEREAS, Franchisee has notified Franchisor of its desire to renew the Agreement and Franchisor has agreed to enter into a renewal franchise agreement; and

WHEREAS, as a condition to Franchisee's ability to enter into a renewal franchise agreement, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor entering into a renewal franchise agreement, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, 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. _____ 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 affiliates 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 and affiliates and its and their past and present officers, directors, agents, partners, shareholders, employees, and representatives (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.

3. Miscellaneous.

   a. This Release shall be construed and governed by the State of Minnesota.

b. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

c. 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.

d. 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, renewals, franchisees, and assigns. No other party shall be a third-party beneficiary to this Release.

e. The Parties agree to do such further acts and things and to execute and Deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

RELEASOR:

FRANCHISEE

_____ , a

_____

By: _____
Name: _____
Its: _____

FRANCHISEE'S OWNERS

Date _____ _____
Signature

_____
Typed or Printed Name

Date _____ _____
Signature

_____
Typed or Printed Name

EXHIBIT K

DEPOSIT AGREEMENT

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DEPOSIT AGREEMENT

PP Development, LLC acknowledges that it has received a deposit of

☐ $15,000.00 (U.S.D.); or

☐ $ 7,500.00 (U.S.D.)

(the amount next to the checked box, the "Deposit") from:

Name: _____ Address: __

_____

For a location in (city, state) _____

together with an application for a Pedal Pub franchise. We will continue to review your application materials and may move forward with market/territory analysis and regulatory review. You may sign this Deposit Agreement and pay us the Deposit after fourteen (14) calendar days pass following the date you received our current Franchise Disclosure Document ("FDD").

This Deposit Agreement does not create or promise to you a Pedal Pub franchise, and it does not represent our approval of (or our intent to approve) any particular territory for the operation of any Pedal Pub franchise. We may or may not enter into a franchise agreement with you for a Pedal Pub franchise. We will only offer and extend franchise rights to you, and approve a territory for operation of a Pedal Pub franchise, if and when you and we enter into a future franchise agreement. Our criteria for granting approval of your purchase of a new franchise are defined solely by us and subject to change periodically. Our approval and review of you as a prospective franchisee is solely for our own benefit, and not meant to be (and cannot be construed as) our endorsement, guarantee, or other representation that you are likely to be successful or profitable in operating a Pedal Pub franchise.

Upon your signing a Pedal Pub franchise agreement, the Deposit becomes fully nonrefundable and will be credited to the initial franchise fee due under the franchise agreement. In the event you notify us in writing that you have decided not to sign a franchise agreement for any reason, we will fully refund the Deposit to you. Likewise, in the event we notify you that we have decided not to proceed further with your application for any reason, we will fully refund the Deposit to you. In the event a franchise agreement is not signed within 30 days of our signing of this Deposit Agreement, we reserve the right to return the Deposit.

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The term of this Deposit Agreement starts on the day we sign it and ends on the earlier of: (a) twelve months thereafter, subject to possible extension at our discretion; (b) the date we and you mutually sign a Pedal Pub franchise agreement; and (c) our refund of the Deposit to you.

By signing below, you represent and warrant that you: (a) had full opportunity to review this Deposit Agreement and the FDD with your professional advisors before signing; (b) are signing this Deposit Agreement after having made, or having ample opportunity to make, your own independent investigation of us and our operations; and (c) have not received or relied upon any representations by us or anyone speaking on our behalf that are contrary to the terms and
conditions of this Deposit Agreement and/or the FDD.

This Deposit Agreement constitutes the entire agreement between you and us regarding the subject matter above and supersedes any and all prior or simultaneous communications or alleged agreements that may have occurred or existed between you and us (or any of our representatives). Notwithstanding the foregoing, nothing in this Deposit Agreement disclaims, or is intended to disclaim, any representations we make in the current FDD that we provided to you or your representatives.

Thank you for your sincere interest in purchasing a Pedal Pub franchise. We believe that we have assembled the best system and support staff in our industry. We look forward to proving this to you and, if we approve your application, welcoming you into our franchise system.

Sincerely,

PP Development,

LLC By:

_____

Its: _____

Franchise Candidate (Print Name):

_____

Signature: _____ Date: ___ _____

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EXHIBIT L

STATE EFFECTIVE DATES AND RECEIPTS

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STATE EFFECTIVE DATES

The following states require that this 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 Disclosure Document is either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	August 5, 2024, as amended August _, 2024
Illinois	See Separate FDD
Indiana	See Separate FDD
Maryland	See Separate FDD
Michigan	See Separate FDD
Minnesota	See Separate FDD
New York	See Separate FDD
North Dakota	See Separate FDD
Rhode Island	See Separate FDD
South Dakota	See Separate FDD
Virginia	See Separate FDD
Washington	See Separate FDD
Wisconsin	See Separate FDD

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.

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RECEIPT
(To be retained by Franchisee)

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 PP Development, 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. New York and Rhode Island require that PP Development, LLC provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, PP Development, LLC or one of its affiliates in connection with the proposed sale. Michigan requires that PP Development, LLC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, PP Development, LLC or one of its affiliates in connection with the proposed sale.

If PP Development, 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 state agency listed on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: PP Development, LLC, Jake Halbert, Vice President of Operations, 3212 Rice Street, St. Paul, MN 55126, (651) 484-0075; and _____ (blank completed only if applicable).

The issuance date of this disclosure document is May 16, 2024, as amended August 7, 2024.

PP Development, LLC the seller of these franchises, authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I, personally, and as a duly authorized officer of the prospective franchisee (if the franchisee is an entity), hereby acknowledge receipt from PP Development, LLC of the Franchise Disclosure Document (to which this Receipt is attached) dated May 16, 2024, as amended August 7, 2024.

This Disclosure Document included the following exhibits:

A. STATE ADMINISTRATORS
B. AGENTS FOR SERVICE OF PROCESS
C. FRANCHISE AGREEMENT
D. OPERATIONS MANUAL TABLE OF CONTENTS
E. FINANCIAL STATEMENTS
F. CURRENT LIST OF FRANCHISEES
G. FRANCHISEES THAT LEFT THE SYSTEM
H. STATE ADDENDA
I. EQUIPMENT SALES AGREEMENT
J. WAIVER AND RELEASE OF CLAIMS
K. DEPOSIT AGREEMENT
L. STATE EFFECTIVE DATES AND RECEIPTS

Signature (individually and as an officer)	Date Disclosure Document Received
Print Name	Print Franchisee's Name (if an entity)

PLEASE KEEP THIS PAGE FOR YOUR RECORDS

© 2024 PP Development, LLC d/b/a Pedal Pub

RECEIPT
(To be returned to Franchisor)

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 PP Development, 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. New York and Rhode Island require that PP Development, LLC provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, PP Development, LLC or one of its affiliates in connection with the proposed sale. Michigan requires that PP Development, LLC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, PP Development, LLC or one of its affiliates in connection with the proposed sale.

If PP Development, 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 state agency listed on Exhibit A.

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L. STATE EFFECTIVE DATES AND RECEIPTS

Signature (individually and as an officer)	Date Disclosure Document Received
Print Name	Print Franchisee's Name (if an entity)

PLEASE MAIL THIS PAGE BACK TO: PP Development, LLC, 3212 Rice Street, St. Paul, MN 55126

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