

## FRANCHISE DISCLOSURE DOCUMENT

**Power Locker USA Franchise Inc.**  
A New Jersey corporation  
376 Main Street, Suite 100  
Bedminster, New Jersey, 07921  
(905) 902-5025  
info@thepowerlocker.com  
www.powerlockersports.com



You will operate a business that provides vending machines offering nutritious snacks and beverages to support athletic performance, using the trademark “Power Locker”.

The total investment necessary to begin the operation of a single territory Power Locker franchise ranges from \$107,200 - \$112,800. This includes \$85,000 that must be paid to the franchisor.

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

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read your entire 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 in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise”, which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC, 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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: October 10, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation, arbitration and litigation only in New Jersey. Out-of-state mediation, arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in New Jersey than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.

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

## **DISCLOSURES REQUIRED BY GEORGIA LAW**

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

**POWER LOCKER USA FRANCHISE INC.**  
**Franchise Disclosure Document**

**Table of Contents**

|                                                                                                                 |    |
|-----------------------------------------------------------------------------------------------------------------|----|
| ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....                                      | 1  |
| ITEM 2: BUSINESS EXPERIENCE .....                                                                               | 2  |
| ITEM 3: LITIGATION .....                                                                                        | 3  |
| ITEM 4: BANKRUPTCY.....                                                                                         | 3  |
| ITEM 5: INITIAL FEES.....                                                                                       | 3  |
| ITEM 6: OTHER FEES .....                                                                                        | 3  |
| ITEM 7: ESTIMATED INITIAL INVESTMENT.....                                                                       | 8  |
| ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....                                                  | 10 |
| ITEM 9: FRANCHISEE’S OBLIGATIONS .....                                                                          | 11 |
| ITEM 10: FINANCING .....                                                                                        | 12 |
| ITEM 11: FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND<br>TRAINING                                 | 12 |
| ITEM 12: TERRITORY .....                                                                                        | 18 |
| ITEM 13: TRADEMARKS .....                                                                                       | 20 |
| ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....                                                  | 21 |
| ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL<br>OPERATION OF THE FRANCHISE BUSINESS..... | 22 |
| ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL .....                                                          | 23 |
| ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....                                            | 23 |
| ITEM 18: PUBLIC FIGURES.....                                                                                    | 29 |
| ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS.....                                                             | 29 |
| ITEM 20: OUTLETS AND FRANCHISEE INFORMATION .....                                                               | 29 |
| ITEM 21: FINANCIAL STATEMENTS .....                                                                             | 33 |
| ITEM 22: CONTRACTS .....                                                                                        | 33 |
| ITEM 23: RECEIPT .....                                                                                          | 33 |

**EXHIBITS**

- A - List of State Franchise Administrators and Agents for Service of Process
- B - Franchise Agreement
- C - Financial Statements
- D - Operations Manual Table of Contents
- E - Franchised Outlets
- F - Form of Release
- G - State Addenda
- H - Franchisee Acknowledgement Statement
- I- Receipts

## **ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Power Locker USA Franchise Inc., the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Power Locker franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a corporation in the State of New Jersey on July 31, 2025. Our principal business address is 376 Main Street, Suite 100, Bedminster, New Jersey, 07921. We do business using our trade name Power Locker and its associated design (the “Marks”). We have not offered franchises in any other line of business. We only offer franchises which operate under the “Power Locker” trademarks, and we conduct no other business activities. We began offering franchises on October 10, 2025; however, from November 2021 to June 2025, our affiliate, Power Sports Vending LLC, entered into service agreements with a number of representatives to place our products in locations in several states. Our affiliate no longer offers those agreements. However, some may still be in effect.

The principal business addresses of our agents for service of process are 376 Main Street, Suite 100, Bedminster, New Jersey, 07921 and the state agency addresses shown on Exhibit A.

### **Our Parents, Predecessors and Affiliates**

Our predecessor is Power Locker LLC, a New Jersey limited liability company with a principal business address of 376 Main Street, Suite 100, Bedminster, New Jersey, 07921. Power Locker LLC sold all Power Locker rights and marks to our parent, Power Locker USA Inc., on July 31, 2025.

Our second predecessor is Power Sports Vending LLC, a New Jersey limited liability company with a principal business address of 376 Main Street, Suite 100, Bedminster, New Jersey, 07921. Power Sports Vending LLC sold all Power Locker rights and marks and entered into an exclusive agreement to sell all existing Power Locker units to our parent, Power Locker USA Inc., on July 31, 2025.

Our parent is Power Locker USA Inc., a Delaware corporation with a principal business address of 376 Main Street, Suite 100, Bedminster, New Jersey, 07921. Power Locker USA Inc. has not offered franchises in this or any other line of business previously. Power Locker USA Inc. provides franchisees with their Power Locker Vending Units and is the owner of our Principal Marks and has exclusively licensed use of the Principal Marks to us.

We have no other affiliate that either (i) offers franchises in any line of business or (ii) provides products or services to our franchisees.

### **The Franchise Offered:**

We grant franchises for the right to operate a business that provides vending machines offering nutritious snacks and beverages to support athletic performance. You are required to have a climate-controlled storage site for your inventory, equipment and supplies, which may be a home office or garage, and you are required to have additional secure storage space at the site of each Power Locker Vending Unit for inventory. You will provide services and products to customers under the “Power Locker” trademark, using our operating procedures and standards in a protected territory (the “Franchised Business”). The distinguishing characteristics of the Franchised Business include, but are not limited to, our procedures for management,

training, advertising, and promotional programs, all of which may be changed, improved or further developed by us at any time (the “System”).

We have operated, through a predecessor and parent, Power Locker businesses similar to the franchise offered by this Disclosure Document since 2017. Our affiliate currently operates in thirty-nine (39) metropolitan areas in Alaska, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Indiana, Michigan, Nebraska, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, and Wisconsin. We may operate other Power Locker concepts, including additional Power Locker businesses, in the future.

### **Market and Competition:**

The market for your Franchised Business consists of schools, fitness clubs, and similar locations with large congregations of athletes and wellness-minded individuals who seek vending machines that provide nutritious snacks and beverages curated to support athletic performance. The market is well-developed. The market for our products and services may be subject to seasonal variance. You will compete with other vending machine businesses and other businesses, including wellness stores, performance nutrition stores, and similar businesses that offer products and services similar to those offered by your Franchised Business.

### **Industry Specific Regulations:**

We know of no industry-specific laws, regulations or rules to provide vending machine services; however, you must obtain any license or certification that may be required by the jurisdiction where you will operate your Franchised Business.

You must comply with all local, state and federal laws and regulations that apply to the operation of your Franchised Business, including, among others, business operations, insurance, discrimination, and employment laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here.

## **ITEM 2: BUSINESS EXPERIENCE**

### **Director/Chief Executive Officer: Peter Dyakowski**

Peter Dyakowski is our Director and Chief Executive Officer, and has held these positions since our company’s inception. Prior to his role with Power Locker, Peter served in multiple capacities for the Canadian Football League Players Association, including, from August 2024 until March 2025, Interim Executive Director, and, from March 2016 until March 2024, Treasurer, and Director. During this time, Peter also served in multiple capacities for Scholars, including, from September 2023 until August 2025, Director of Franchising, and, from May 2020 until February 2022, Executive Vice President.

### **Chief Operating Officer: Jason Pottinger**

Jason Pottinger is our Chief Operating Officer, a position he has held since our company’s inception. Since 2017, Jason Pottinger has been a corporate director of several technology commercialization and healthcare and wellness solutions companies.

### **Founder/President: John Swon**

John Swon is our Founder and President, positions he has held since our company’s inception. John established the Power Locker concept in Bedminster, New Jersey, in 2017, and has worked exclusively since to grow the brand.



**Chairman/Chief Strategy Officer: Jerry Swon**

Jerry Swon is our Chairman and Chief Strategy Officer, positions he has held since our company's inception. Jerry also serves as Chief Executive Officer of Retrieve Medical in Bedminster, New Jersey, a position he has held since 2017.

**Counsel: Joseph Tomasek**

Joseph Tomasek is our In-House Counsel, a position he has held since our company's inception. Joseph also serves as Principal of the Law Offices of Joseph J. Tomasek, a position he has held since 1990.

**ITEM 3: LITIGATION**

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**

We will charge you an initial franchise fee ("Initial Franchise Fee") when you sign the Franchise Agreement, which is included in this Disclosure Document in Exhibit B. The Initial Franchise Fee is \$35,000. The Initial Franchise Fee is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

You must purchase from us an initial inventory of 5 Power Locker Vending Units for each territory. The cost of the initial inventory of Power Locker Vending Unit is \$50,000 per territory. This charge is due and payable when you sign the Franchise Agreement and is non-refundable.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you.

We will assist you with your local advertising. You are required to pay us \$50 per Power Locker Vending Unit per month for this service, which is due in the same manner as the Brand Fund Contribution described in Item 6. Amounts paid to us are non-refundable.

**ITEM 6: OTHER FEES**

| Type of Fee             | Amount                                                                                            | Due Date                                   | Remarks                                                                |
|-------------------------|---------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------------------------------------|
| Royalty Fee             | 10% of Gross Revenue or the minimum monthly royalty described in footnote 1, whichever is greater | 8 <sup>th</sup> day of each calendar month | Payable to us via ACH or other means designated by us. See footnote 1. |
| Brand Fund Contribution | 2% of Gross Revenue                                                                               | 8 <sup>th</sup> day of each calendar month | See footnote 2.                                                        |

| Type of Fee                                                      | Amount                                                 | Due Date                                     | Remarks                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| System Technology Fee                                            | \$160, subject to increase                             | Monthly                                      | This fee is for new or improved technology for the benefit of the System and the Franchised Business, including but not limited to, assigned phone numbers and email addresses, a franchise portal, benchmarking platform, call center or other operations or communications systems.                                                                                                       |
| Required Minimum Expenditure for Local Marketing and Advertising | \$90 per unit per month                                | Monthly                                      | \$50 payable directly to us pursuant to Item 5. All advertising must be pre-approved by us. See footnote 3.                                                                                                                                                                                                                                                                                 |
| Advertising Cooperative                                          | Your share of actual cost of advertising               | As determined by cooperative                 | No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Power Locker businesses in a designated geographic area. Any of our affiliate-owned Power Locker businesses may participate in an advertising cooperative, in our sole discretion. |
| Late Charge                                                      | \$100 per occurrence                                   | As incurred                                  | If you fail to pay us the Royalty Fee, Brand Fund Fee or any fees due to us, or if you fail to submit your Gross Revenue or other required report when due, we may charge you a late fee in addition to interest charges explained below.                                                                                                                                                   |
| Interest Charge                                                  | 18% per annum from due date, or maximum allowed by law | As incurred                                  | If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.                                                                                                                                                                                                                                                                  |
| Insufficient Funds Fee                                           | \$100 per occurrence                                   | As incurred                                  | If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you an Insufficient Funds Fee.                                                                                                                                                                                                         |
| Successor Agreement Fee                                          | \$15,000                                               | Before signing successor franchise agreement | Payable to us. See Item 17.                                                                                                                                                                                                                                                                                                                                                                 |

| Type of Fee                    | Amount                                                                                                                                                 | Due Date                                                                                                         | Remarks                                                                                                                                                                                                                                                                                                      |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transfer Fee                   | The greater of \$10,000 or 10% of the sale price                                                                                                       | Upon your request for approval of the transfer                                                                   | Payable to us. See Item 17                                                                                                                                                                                                                                                                                   |
| Additional Machine             | \$10,000                                                                                                                                               | As incurred, prior to receipt of additional Vending Unit                                                         | You may purchase another Power Locker Vending Unit if you are in compliance with your Franchise Agreement, the purchase doesn't encroach on our rights or those of other Power Locker franchisees, you sign a general release, and we otherwise agree.                                                       |
| Initial Training               | The cost of initial training is included in the initial franchise fee for up to 2 individuals. The cost for additional trainees is \$2,500 per person. | As incurred. Fees for replacement trainees or additional trainees are due prior to the commencement of training. | You are responsible to pay all travel expenses for you and your personnel, including costs of transportation, meals and lodging.                                                                                                                                                                             |
| Additional Training - Courses  | Up to \$500 per person, plus the cost of travel, meals, lodging, etc.                                                                                  | As incurred                                                                                                      | For mandatory training, the tuition is payable to us and is due regardless of attendance. See footnote 4.                                                                                                                                                                                                    |
| Annual Conference              | Up to \$500 per person for registration                                                                                                                | As incurred                                                                                                      | The registration fee is payable to us and is due regardless of attendance. See footnote 4.                                                                                                                                                                                                                   |
| Remedial Training Fee          | Then-current per diem fee per trainer per day, plus the cost of travel, meals, lodging, etc. The current per diem fee is \$500.                        | As incurred                                                                                                      | We may impose this fee, payable to us, if you request in-person additional training, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals. |
| Interim Management Support Fee | \$200 per day, plus 20% of project price of all installations completed during the interim management period, plus all travel expenses                 | As incurred                                                                                                      | We may impose this fee (in addition to all regularly occurring fees such as the Royalty Fee and Brand Fund Contributions), payable to us, if we provide virtual or on-site management of your Franchised Business. See footnote 5.                                                                           |

| Type of Fee                                                                | Amount                                                                                                    | Due Date                                                                       | Remarks                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Examination of Books and Records                                           | Cost of audit, plus related expenses                                                                      | As incurred                                                                    | We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Revenue, you must pay us the owing Royalty and Brand Fund Contribution, with interest, and if there is an understatement of 2% or more, you must pay to us the cost of the audit and all travel and related expenses. |
| Operational Standards Violation Fee                                        | \$500                                                                                                     | As incurred                                                                    | Payable to us for your violation of an operations standard of the System.                                                                                                                                                                                                                                                                                                           |
| Evaluation Fee                                                             | Actual cost of inspection and testing of a proposed item or vendor                                        | As incurred                                                                    | Payable to us.                                                                                                                                                                                                                                                                                                                                                                      |
| Quality Assurance Services                                                 | Actual costs                                                                                              | As incurred                                                                    | Payable to us or third-party providers. See footnote 6.                                                                                                                                                                                                                                                                                                                             |
| Liquidated Damages – Default and Termination of Franchise                  | Up to 24 months of Royalty Fees and Brand Fund Contributions                                              | Upon termination of the Franchise Agreement due to your default, in a lump sum | If your Franchise Agreement is terminated due to your default, you must pay us the average monthly Royalty Fee and Brand Fund Contribution payable by you for the 12 months prior to your default multiplied by the lesser of 24 months or the number of months remaining in the term of your Franchise Agreement.                                                                  |
| Liquidated Damages – Breach of Confidentiality or Non-Competition Covenant | \$100,000, plus our attorney's fees                                                                       | As incurred                                                                    | Payable to us.                                                                                                                                                                                                                                                                                                                                                                      |
| Insurance Reimbursement                                                    | Amount paid by us for your insurance obligations, plus a 10% administrative fee and other actual expenses | As incurred                                                                    | You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.                                                                                                                                                                                                                    |
| Indemnification                                                            | Amount of loss or damages plus costs                                                                      | As incurred                                                                    | See footnote 7.                                                                                                                                                                                                                                                                                                                                                                     |
| Reimbursement of Cost and Expenses for Non-compliance                      | Actual costs and expenses                                                                                 | As incurred                                                                    | See footnote 8.                                                                                                                                                                                                                                                                                                                                                                     |

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

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

<sup>1</sup> You will pay us a monthly royalty fee equal to 10% of your Gross Revenue. “Gross Revenue” includes all revenues, accounts receivable, and income from any source derived or received by you from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted by the Franchise Agreement, including but not limited, any and all other revenues received using our methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit or otherwise, with no exclusion for uncollected debt. Gross Revenue is calculated on an accrual basis of accounting. Gross Revenue does not include (a) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (b) properly documented refunds to customers, or (c) properly documented promotional discounts. If you do not report Gross Revenue for any reporting period, then we will collect 120% of the last Royalty Fee collected and settle the balance the next period in which you report Gross Revenue. You are required to set up an authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

<sup>2</sup> Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. You may not use social media platforms, such as Facebook, X, Bluesky, TikTok, Instagram, LinkedIn, YouTube, blogs and other networking and sharing websites, unless you first receive our written approval to do so and such use is in strict accordance with our requirements. We may collect some or all of your Local Advertising expenditure and conduct Local Advertising on your behalf, and/or we may require you to direct some or all of your minimum Local Advertising expenditures to marketing services vendor(s) we designate.

<sup>3</sup> Brand Fund Contribution payments are due at the same time and in the same manner as Royalty Fees. You are required to set up authorization at your bank to allow us to electronically transfer funds from your bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. If you do not report Gross Revenue for the required period, then we will collect 120% of the last Brand Fund Contribution collected and settle the balance the next period in which you report sales.

<sup>4</sup> We may offer from time to time, in our discretion, mandatory or optional additional training programs, which may include on-going or refresher training for up to 3 days annually and/or a national business meeting or convention for up to 3 days annually. If we require it, you must attend mandatory additional training at a location we designate. We reserve the right to impose a reasonable fee for all additional training programs, including the annual convention. In addition to tuition or attendance fees, you are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional

training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages.

<sup>5</sup> In the event of your death or disability, your default of the Franchise Agreement, absence of a qualified general manager, or other reasons, in our sole discretion, we may provide interim virtual or on-site management of your Franchised Business.

<sup>6</sup> We may establish quality assurance programs conducted by third-party providers, such as, by way of example only, mystery shop programs, periodic quality audits and customer surveys, to monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

<sup>7</sup> You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

<sup>8</sup> If you breach the Franchise Agreement, you must reimburse us any costs we incur to cure your default. You must also pay us all damages, costs and/or expenses, including reasonable attorneys' fees, we incur to enforce the terms of the Franchise Agreement or to obtain any remedy, injunctive or other relief.

## **ITEM 7: ESTIMATED INITIAL INVESTMENT**

### **YOUR ESTIMATED INITIAL INVESTMENT**

| Type of Expenditure                        | Amount            | Method of Payment                           | When Due                             | To Whom Payment is Made                               |
|--------------------------------------------|-------------------|---------------------------------------------|--------------------------------------|-------------------------------------------------------|
| Initial Franchise Fee <sup>1</sup>         | \$35,000          | Lump sum payment in cash or available funds | Upon signing the Franchise Agreement | Us                                                    |
| Initial Training Expenses <sup>2</sup>     | \$150- \$1,450    | As required                                 | As required                          | Suppliers of transportation, lodging & meals          |
| Leasehold Improvements                     | \$0 - \$200       | As required                                 | As required                          | Suppliers                                             |
| Computer Systems <sup>3</sup>              | \$0 - \$1,000     | As required                                 | As required                          | Suppliers                                             |
| Power Locker Vending Units <sup>4</sup>    | \$50,000          | Lump sum payment in cash or available funds | Upon signing the Franchise Agreement | Us                                                    |
| Initial Inventory <sup>5</sup>             | \$5,000           | As required                                 | As required                          | Supplier or us                                        |
| Grand Opening Marketing                    | \$5,000           | As required                                 | As required                          | Suppliers                                             |
| Business Licenses and Permits <sup>6</sup> | \$250 - \$750     | As required                                 | Before opening, as required          | Government agencies                                   |
| Professional Fees <sup>7</sup>             | \$2,000 - \$4,000 | As required                                 | As required                          | Accountant, lawyer, and/or other professional advisor |

| Type of Expenditure                      | Amount            | Method of Payment | When Due    | To Whom Payment is Made |
|------------------------------------------|-------------------|-------------------|-------------|-------------------------|
| Insurance <sup>8</sup>                   | \$1,800 - \$2,400 | As required       | As required | Insurer                 |
| Additional Funds – 3 months <sup>9</sup> | \$8,000           | As required       | As required | Suppliers, Employees    |
| <b>TOTAL:</b> \$107,200 - \$112,800      |                   |                   |             |                         |

<sup>1</sup> Please see Item 5, which provides information about the initial franchise fee.

<sup>2</sup> The cost of the initial training program for up to 6 individuals is included in the initial franchise fee. The chart estimates the costs for transportation, lodging, and meals for your trainees. These incidental costs are not included in the initial franchise fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation, and living expenses. The duration of the training program is approximately 2 days.

<sup>3</sup> We require you to obtain computer systems, software and applications meeting our minimum specifications for use at your Franchised Business. You must also have internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of sales information. The cost of internet and other telecommunications equipment & services is included within this estimate. We reserve the right to change your requirements for computer hardware and software at any time.

<sup>4</sup> Please see Item 5, which provides information about the Power Locker Vending Units.

<sup>5</sup> This estimate includes the cost of food and beverage items to stock your Power Locker Vending Units. The initial inventory typically lasts for 4 weeks.

<sup>6</sup> You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business. This estimate includes the initial cost of permits, certifications and/or licenses that may be required by laws and regulations applicable in your Territory.

<sup>7</sup> You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document and the Franchise Agreement.

<sup>8</sup> You must purchase the amounts and types of insurance as required by our Operations Manual from time to time (see Item 8). Factors that affect your cost of insurance include the legal requirements in your Territory, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier at or before the time of purchase. The estimate in the Table above is annual premium without employee policies.

<sup>9</sup> This is an estimate of the additional funds needed to cover expected expenses that you may incur during the first three (3) months after commencing operations. The expected expenses included in this estimate are software access fees, and additional inventory and supplies. We based our estimate of additional funds on the opening experience of our affiliate-owned Power Locker business and current market prices.

We do not offer financing for any part of the initial investment.

## **ITEM 8:        RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We have identified various suppliers, distributors and manufacturers of equipment, supplies and services that your Franchised Business must use or provide which meet our standards and requirements. You must purchase certain equipment, inventory, supplies and services from our approved suppliers or in accordance with our specifications. We maintain written lists of approved items of equipment, inventory, supplies and services (by brand name and/or by standards and specifications) and a list of approved suppliers for those items. We will update these lists periodically and issue the updated lists to all franchisees.

You are required to purchase all Power Locker Vending Units from us. We are the only approved supplier of these items.

Other than us, none of our officers owns any interest in any approved supplier for any product or service that you are required to purchase or lease for the operation of your Franchised Business.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes commercial general liability insurance in the amount of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate, including at least \$100,000 for damage to rented premises, at least \$2,000,000 for products liability/completed operations at least \$1,000,000 for personal and advertising injury, and at least \$5,000 for medical expense for any 1 person; property insurance of at least \$50,000 for office equipment and inventory; inland marine/general floater coverage of \$10,000 for tools and equipment; before hiring any employees, worker's compensation insurance in the limits required by state law, employer liability coverage of at least \$1,000,000, and employment practices liability coverage in a minimum amount of \$100,000; comprehensive automobile liability insurance with a combined single limit of no less than \$1,000,000 per occurrence; and cyber liability coverage of at least \$1,000,000. Each policy must be written by a responsible carrier or carriers acceptable to us, and must name us and our respective officers, directors, partners, agents and employees as additional insured parties. Insurance costs and requirements may vary widely in different localities. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

We approve suppliers after careful review of the quality of the products they provide to us and you. Our criteria for approving items and suppliers are not available to you. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. We reserve the right to charge you a fee equal to the actual costs of our inspection and testing. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards.

In our recent fiscal year ending December 31, 2024, neither we nor any of our affiliates has received any revenue from franchisees' required purchases or leases. We and our affiliates have not received any other revenue, rebates, discounts or other material consideration from any other suppliers based on required purchases of products, supplies or equipment by our franchisees; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 80% - 85% of your costs to establish your Franchised Business and approximately 65% - 70% of your costs for ongoing operation. Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.



From time to time, we may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees. As of the date of this Disclosure Document, we have not created any purchasing arrangements with suppliers.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

## **ITEM 9: FRANCHISEE'S OBLIGATIONS**

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

| <b>Obligation</b>                                          | <b>Section or Article in Franchise Agreement</b>                                              | <b>Item in Franchise Disclosure Document</b> |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------|
| a. Site Selection and Acquisition/Lease                    | 8.1                                                                                           | 11                                           |
| b. Pre-Opening Purchase/Leases                             | 8.2, 11.3.1                                                                                   | 7, 11                                        |
| c. Site Development & other Pre-Opening Requirements       | 8.1, 8.2                                                                                      | 11                                           |
| d. Initial and Ongoing Training                            | Article 7                                                                                     | 11                                           |
| e. Opening                                                 | 8.2                                                                                           | 11                                           |
| f. Fees                                                    | 5.2.7 Article 6, 7.3, 7.4, 11.2.5, 11.3.7, 11.6, 11.7, 12.3.1, 14.3, 15.4, 17.1.8, 18.9, 19.2 | 5, 6, 7                                      |
| g. Compliance with Standards and Policies/Operating Manual | 11.1, 11.8, 18.1.1                                                                            | 8, 11                                        |
| h. Trademarks and Proprietary Information                  | Article 13, 18.2, 18.3, 18.4                                                                  | 13, 14                                       |
| i. Restrictions on Products/Services Offered               | 11.1.3, 11.1.6, 11.6, 13.7.5                                                                  | 8, 16                                        |
| j. Warranty and Customer Service Requirements              | 11.1.3                                                                                        | 16                                           |
| k. Territorial Development and Sales Quotas                | 12.2                                                                                          | 12                                           |
| l. Ongoing Product/Service Purchases                       | 11.1.2, 11.3.1                                                                                | 8                                            |
| m. Maintenance, Appearance and Remodeling Requirements     | 13.6                                                                                          | 11, 13                                       |
| n. Insurance                                               | Article 14                                                                                    | 8                                            |
| o. Advertising                                             | 11.1.9, Article 12                                                                            | 6, 11                                        |
| p. Indemnification                                         | 14.6, 15.3.6, 20.1                                                                            | 6                                            |

| <b>Obligation</b>                              | <b>Section or Article in Franchise Agreement</b> | <b>Item in Franchise Disclosure Document</b> |
|------------------------------------------------|--------------------------------------------------|----------------------------------------------|
| q. Owner's Participation, Management, Staffing | 10.5, 11.1.6, 11.1.8                             | 11, 15                                       |
| r. Records /Reports                            | 11.2                                             | 6                                            |
| s. Inspections and Audits                      | 11.1.8, 11.2.5                                   | 6, 11                                        |
| t. Transfer                                    | Article 15                                       | 17                                           |
| u. Renewal                                     | Article 5                                        | 17                                           |
| v. Post-Termination Obligations                | Article 17                                       | 17                                           |
| w. Non-Competition Covenants                   | 18.5                                             | 17                                           |
| x. Dispute Resolution                          | Article 19                                       | 17                                           |
| y. Guaranty                                    | 10.3, Attachment 6                               | 15                                           |

**ITEM 10: FINANCING**

We do not offer direct or indirect financing. We do not guarantee any note, lease, or obligation on your behalf.

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

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

**1. Pre-Opening Obligations**

Before you open your Franchised Business, we will:

- a. designate mutually-agreed upon boundaries of your territory. (Franchise Agreement, Article 2, Section 3.1). You may operate the Franchised Business from your home. You have no obligation to maintain a site, negotiate a lease, or construct or remodel premises for the office of your Franchised Business and we provide no assistance in this regard. You are required to have a climate-controlled storage site for your inventory, equipment and supplies, which may be a home office or garage, and you are required to have additional secure storage space at the site of each Power Locker Vending Unit for inventory that meets the specifications listed in our Operations Manual. (Franchise Agreement, Sections 8.1 and 9.1).
- b. provide access to the Power Locker Operation Manual, and other manuals and training aids we designate for use in the operation of your Franchised Business, as they may be revised from time to time (Franchise Agreement, Section 9.2).
- c. provide a written list of vehicle(s), equipment, tools, signage, supplies and products that will be required to open the Franchised Business and approved or recommended vendors for these items. We do not provide, purchase, deliver, or install any of these items for you (Franchise Agreement, Section 9.3).
- d. provide initial training to you. We will determine, in our sole discretion, whether you satisfactorily complete the initial training program. (Franchise Agreement, Sections 7.1, 7.2).
- e. provide you with standards for training of your employees. We do not otherwise assist you with employee hiring and/or training (Franchise Agreement, Section 11.1.8).

- f. offer guidance with respect to pricing of goods and services sold by your Franchised Business (Franchise Agreement, Section 11.5).

## 2. **Time to Open**

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is between 60 to 90 days. Factors that may affect this time period include your ability to acquire financing, permits, or your vehicle, and completion of required training. If you have not opened your Franchised Business within 150 days after you sign the Franchise Agreement, you may obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time, as may be extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.2).

## 3. **Obligations After Opening**

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs, which may include on-going or refresher training for up to 2 days annually and/or a national business meeting or convention for up to 2 days annually. If we require it, you must attend mandatory additional training at a location we designate. We have the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference, which you must pay regardless of attendance. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes additional tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs (Franchise Agreement, Section 7.3).
- b. upon your request, or as we determine to be appropriate, provide remedial in-territory training and assistance. For any in-territory remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging. The current fee is \$500 per trainer per day of in-territory training (Franchise Agreement, Section 7.4).
- c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conferencing, email or postal service, subject at all times to availability of our personnel (Franchise Agreement, Section 7.5).
- d. from time to time, as may become available, provide you with templates, samples or digital artwork of advertising and promotional materials (Franchise Agreement, Section 9.5).
- e. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your services and products to ensure that they meet our standards (Franchise Agreement, Section 11.1.9).
- f. provide you with any written specifications for required equipment, products and services and updated lists of any approved suppliers of these items (Franchise Agreement, Section 9.6).
- g. offer guidance with respect to pricing of goods and services sold by your Franchised Business (Franchise Agreement, Section 11.5).

- h. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within 10 business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten business days, the proposed material and/or campaign is deemed “disapproved” (Franchise Agreement, Section 12.6).
- i. administer a Brand Fund and conduct other marketing activities, in our discretion (Franchise Agreement, Sections 9.9 and 12.3).

#### 4. **Advertising**

We will conduct other advertising and other brand development activities on behalf of the System through the System-wide Brand Fund, which is described below. We have no obligation to conduct any other advertising. Except for implementation of your local online advertising campaign, neither we nor the Brand Fund are required to spend any amount on advertising, promotion, public relations, merchandising or media in your territory or area where your Franchised Business is located.

##### **Local Advertising** (Franchise Agreement, Sections 13.2, 13.5 and 13.6)

You are required to spend an additional \$5,000 (“Grand Opening Expenditure”) for your grand opening marketing campaign for 90 days following the opening of your Franchised Business. Following your grand opening marketing campaign, you are required to spend the greater of 3% of Gross Revenue, or \$90 per machine monthly, on local advertising, \$50 of which you must pay to us to implement a local online advertising campaign for you as part of Brand Fund Contribution.

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within 10 business days; however, if we do not respond within 10 business days, the proposed advertising or marketing material is deemed “disapproved”.

We may require you to use our designated marketing vendor(s) to conduct some or all of your local advertising. If feasible, you may do cooperative advertising with other Power Locker franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, X, Bluesky, Instagram, LinkedIn, TikTok, YouTube or any other social media and/or networking site without our prior written approval.

##### **Brand Fund** (Franchise Agreement, Section 12.3)

You are required to contribute up to 2% your Gross Revenue monthly to our systemwide Brand Fund. Each Power Locker business operated by our affiliates or us may, but is not obligated to, contribute to the Brand Fund on the same basis as System franchisees.

The Brand Fund is administered by our accounting and marketing personnel. We may use Brand Fund contributions to pay any and all costs for developing, producing and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars, and training programs of every kind and nature, through any media we determine; customer and franchise system satisfaction surveys; conducting marketing research and employing advertising agencies; developing, enhancing and maintaining our website, social media platforms, apps, and other technology for the benefit of the Brand image and/or Systemwide improvements; and staff salaries and other personnel and departmental costs for advertising that we internally administer or prepare.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we have the right to use the Brand Fund for public relations, to explain the franchise system, and/or include “Franchises Available” or similar language and contact information in advertising produced with Brand Fund contributions.

The Brand Fund collects and expends contributions for the benefit of the System as a whole. We have the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, internet and direct-mail campaigns. We have no obligation, however, to use the Brand Fund to place advertising or conduct marketing campaigns in any particular area, including the geographical area where your Franchised Business is located.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund.

The Brand Fund is not audited. An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry forward any surplus or deficit to the next fiscal year. Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

No Brand Fund contributions were required, made or expended in our most recently concluded fiscal year.

#### **Regional Advertising** (Franchise Agreement, Section 12.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Power Locker businesses in a designated geographic area. Our affiliate-owned Power Locker businesses may participate in a regional cooperative, in our sole discretion. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents. Currently, there are no governing documents available for your review.

If we establish a regional advertising fund or cooperative, you must contribute amounts equal to your share of the total cost of cooperative advertising. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund; however, contributions we require you to make to a regional advertising fund or cooperative will be credited against up to 50% of your required expenditures for local advertising.

#### **Advertising Council** (Franchise Agreement, Section 11.9)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies, in an advisory capacity only. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a

franchisee's level of success, superior performance, and franchise profitability. We reserve the right to change or dissolve the council at any time.

5. **Computer Systems** (Franchise Agreement, Section 11.3)

You must obtain and maintain the computer system ("Computer System") we specify in our Operations Manual, and have the latest versions of hardware, software and applications to operate the Computer System. The Computer System includes a laptop (which may be your personal laptop) capable of performing a variety of functions, including appointment scheduling, payment processing, inventory management, project management, client relations management, and sales report generation.

You are required to use all software and applications that we specify and pay any subscription or access fees associated with them. The current cost to purchase the required Computer System is \$0-\$1,000. The monthly System Technology Fee you pay to us, which is currently \$120, covers the cost of your access to our proprietary customer relationship management software. You must also use QuickBooks for accounting and bookkeeping, which is \$45 per month, subject to increase.

We may in the future establish or modify the sales reporting systems as we deem appropriate for the accurate and expeditious reporting of Gross Revenue, and you must fully cooperate in implementing any such system at your expense.

The System Technology Fee that you pay to us includes the cost of periodic updates to the customer relationship management software. We have no other obligation to maintain, repair, update or upgrade your computer hardware and software. There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. At your cost, you must provide ongoing maintenance and repairs to your hardware and software. You must upgrade your computer as necessary to operate the most current version of our required software and applications or any replacements thereto. We cannot estimate the cost of maintaining, updating and upgrading your computer hardware and software because it will depend on the make and model of your hardware, required updates to operate our current management and payment processing applications, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

The Computer System allows us to independently and remotely access all of your sales data, including your Gross Revenue, through the internet. There are no contractual limitations on our right to have full access to this information. We may retrieve, download, analyze and store such information and data at any time. We own all customer and financial data stored in the Computer System.

6. **Table of Contents of Operations Manual**

The Table of Contents of our operations manual, current as of the date of this Disclosure Document is attached as Exhibit D. The operations manual has a total of 60 pages.

7. **Training** (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or your owners (if the franchisee is a business entity) must complete our initial training program, to our satisfaction, no later than 90 days after signing the Franchise Agreement. You will receive training at our headquarters or at another site we specify.

## TRAINING PROGRAM

| SUBJECT                                           | HOURS OF CLASSROOM TRAINING | HOURS OF ON THE JOB TRAINING | LOCATION                                      |
|---------------------------------------------------|-----------------------------|------------------------------|-----------------------------------------------|
| Use of the Manual                                 | 1                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Product and Nutrition Information                 | 4                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Location Procurement                              | 2                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| School Admin Relations                            | 2                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Pre-Launch Procedures                             | 1                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Vending Unit Set-Up and Power Locker Power Launch | 2                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Personnel Management                              | 1                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Coach/Passion Person Training                     | 2                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Advertising                                       | 2                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Social Media                                      | 1                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Management Procedures                             | 2                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Restocking and Ongoing Maintenance                | 2                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Franchise Reporting Requirements                  | 2                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Accounting/Recordkeeping                          | 2                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Customer Service Procedures                       | 1                           | 0                            | Bedminster, NJ (virtual attendance permitted) |
| Information Procedures                            | 2                           | 0                            | Bedminster, NJ (virtual attendance permitted) |

|                              |    |   |                                               |
|------------------------------|----|---|-----------------------------------------------|
| Safety Procedures            | 1  | 0 | Bedminster, NJ (virtual attendance permitted) |
| Performance Nutrition Basics | 1  | 0 | Bedminster, NJ (virtual attendance permitted) |
| Principles of Sales          | 1  | 0 | Bedminster, NJ (virtual attendance permitted) |
| TOTAL                        | 32 | 0 |                                               |

We periodically conduct our Initial Training Program throughout the year, as needed. Training is currently provided by Peter Dyakowski, Ben Sletteland, and John Swon.

Peter has 7 years of experience managing and cultivating franchise relationships and promoting brands. He trains on use of the Manual, management procedures, reporting and recordkeeping, and sales techniques. Peter holds a Bachelor of Arts degree from Louisiana State University.

Ben has 4 years of experience with Power Locker, specializing in helping with initial setup of Power Locker Vending Units. He trains on all aspects of pre-opening procedures, ongoing maintenance, and safety.

John founded Power Locker and has 8 years of experience developing and maintaining the System. He trains on core elements of the System, including performance nutrition, customer service, social media, personnel management and management training, and school/administration relations. Mr. Swon has placed over 60 Power Locker machines in athletic facilities in the U.S.A. Previously, John has held commercial contracts with NBA clubs in various roles. John holds a Bachelor of Arts degree from Skidmore College.

Our training materials consist of our Operations Manual, webinars, tutorials, PowerPoint presentations, scripts, worksheets, product guides, and/or spreadsheets.

If you do not complete our initial training program to our satisfaction, we have the right to terminate the Franchise Agreement.

We may offer from time to time, in our discretion, mandatory or optional additional training programs, which may include on-going or refresher training for up to 2 days annually and/or a national business meeting or convention for up to 2 days annually. If we require it, you must attend mandatory additional training at a location we designate. We have the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference, which you must pay regardless of attendance. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes additional tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

## **ITEM 12: TERRITORY**

The Franchise Agreement will grant you the right to operate your Franchised Business in a territory ("Territory") that will be mutually agreed upon by you and us and defined in Attachment 2 of the Franchise Agreement before you sign it. Your Territory is located in one or more towns or counties and will be identified by zip codes, name, jurisdiction boundaries, geographic demarcation lines or a marked map. Your Territory will contain approximately 100,000 - 200,000 owner-occupied households within a 45-minute drive time. You are encouraged to conduct due diligence, in your discretion and to your satisfaction,



regarding the customer potential, travel distances, and other matters relative to the operation of the Franchised Business in the Territory, prior to signing the Franchise Agreement.

You will not receive an exclusive territory. If you do not exercise your right of first refusal on proposed locations within your Territory, we reserve the right to place corporate-owned Power Locker Vending Units at the proposed locations within your Territory.

You must meet the following Minimum Performance Standards:

|                                          | Minimum Gross Revenue per Vending Unit (3 month rolling average) |
|------------------------------------------|------------------------------------------------------------------|
| Year 1                                   | \$1,500                                                          |
| Year 2                                   | \$1,550                                                          |
| Year 3                                   | \$1,600                                                          |
| Year 4                                   | \$1,650                                                          |
| Year 5                                   | \$1,700                                                          |
| Year 1 of Successor Term (if applicable) | \$1,750                                                          |

If you do not meet these minimum requirements, we have the right to (i) require you to take remedial measures, which may include additional training and/or marketing efforts, at your expense; (ii) reduce the size of your Territory, (iii) permit other franchisees to solicit individuals residing in your Territory or (iv) terminate the Franchise Agreement.

You must maintain a dedicated, climate-controlled storage space at each Power Locker Vending Unit location in your Territory. You may not change the location of this storage space, except in accordance with the requirements of Section 8.3 of the Franchise Agreement. You may only relocate the storage space at any location within your Territory and with our consent, which we will not unreasonably withhold. You are required to remove all identifying signs and property from the original office or storage unit location, if applicable.

Additionally, the Franchise Agreement requires you to maintain a climate-controlled storage space, which may be located in a home-based office, and your storage space may be at your home-based office or garage. You may not change the location of your storage space, except in accordance with the requirements of Section 8.3 of the Franchise Agreement. You may only relocate the storage space within your Territory and with our consent, which we will not unreasonably withhold. You are required to remove all identifying signs and property from the original storage space location, if applicable.

You will receive an exclusive territory, which means that we will not open another dedicated Power Locker business or grant the right to anyone else to open a dedicated Power Locker business within your Territory, provided that you are not in default of your Franchise Agreement.

The Franchise Agreement permits us to offer Power Locker products and services to customers that own, operate, or manage multiple properties in your Territory or across multiple territories. We may offer you the option to service these key accounts in your Territory, provided that you honor our negotiated terms and, at our option, pay us a key accounts administrative fee.

Notwithstanding your Territory exclusivity, (i) the Franchise Agreement allows us to solicit, sell to, and negotiated rates with any business or other organization in the Territory, and (ii) another Break Coffee franchisee may be the referral source of a new business account in your Territory (each a "Placed Business Account"). We will offer you the right to service any Placed Business Account in your Territory, provided

that you pay the Sales and Marketing Fee for Placed Business. Also, as further conditions to accepting any Placed Business Account that we negotiate, you must agree to our negotiated terms and sign a general release, which is attached as Exhibit F to this Disclosure Document. If you decline to service any Placed Business Account in your Territory offered to you, we or another franchisee may provide service to that Placed Business Account.

You must meet the Minimum Active Accounts within your Territory listed in the table below. An “Active Account” is a customer who has a Power Locker Vending Unit such that it generates a billing invoice. If you do not meet these minimum requirements, we have the right to reduce the size of your Territory, terminate your Territory exclusivity, or terminate your Franchise Agreement.

|                                          | Minimum Active Accounts |
|------------------------------------------|-------------------------|
| Year 1                                   | 5                       |
| Year 2                                   | 6                       |
| Year 3                                   | 7                       |
| Year 4                                   | 8                       |
| Year 5                                   | 9                       |
| Year 1 of Successor Term (if applicable) | 10                      |

There is no other market penetration, other contingency, or other circumstance that will affect your Territory rights during the term of your Franchise Agreement, unless you are in default of your obligations to us.

We reserve all rights not expressly granted in the Franchise Agreement. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We also have the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain or other business; however, we will not convert any acquired business in your Territory to a franchise using our Principal Trademark during the Term of your Franchise Agreement.

We and our affiliates reserve the right to sell products and services under the Marks or other trademarks within or outside the Territory through other channels of distribution, such as through retail stores, the Internet, catalog sales, telemarketing, and direct marketing (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.

You may solicit and/or service a customer who resides outside of your Territory, provided that (i) the customer does not reside in an area serviced by another Power Locker franchisee or us, (ii) you do not solicit the customer in violation of your Franchise Agreement, and (iii) no more than 10% of your total Gross Revenue is derived from customers who reside outside of your Territory.

You may not use Alternative Distribution Channels to make sales outside of your Territory; however, you may advertise your Franchised Business using the internet through our approved platforms.

### **ITEM 13:     TRADEMARKS**

The Franchise Agreement will license to you the right to operate your Franchised Business under the principal trademarks described below (“Principal Trademark”).

Our affiliate, Power Locker USA, Inc. has filed a trademark application based on actual use with the U.S. Patent and Trademark Office, for the following Principal Trademark:

| Mark                                                                              | Serial Number | Filing Date        | Register  |
|-----------------------------------------------------------------------------------|---------------|--------------------|-----------|
| Power Locker                                                                      | 99405143      | September 22, 2025 | Principal |
|  | 99405088      | September 22, 2025 | Principal |
|  | 99405090      | September 22, 2025 | Principal |

With regard to the above Marks, we do not have a federal registration for our Principal Trademarks. Therefore, our trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the trademarks. There is no pending infringement, opposition, or cancellation.

There is no pending material federal or state court litigation involving the Principal Trademarks or other trademarks.

There are no currently effective agreements that significantly limit our affiliate's or our rights to use or license the use of the Principal Trademark or other trademarks in a manner material to the franchise.

You must notify us immediately when you learn about an infringement of or challenge to your use of any Principal Trademarks or other trademark. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of any Principal Trademarks or other trademark. We have the right to control any administrative proceedings or litigation involving any Principal Trademarks or other trademark licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

We have the right to substitute different trademarks if we can no longer use any of the current Principal Trademarks, or if we determine that substitution of different trademarks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any trademark, including a Principal Trademark, or to use one or more additional or substitute trademarks.

You must not directly or indirectly contest our affiliate's right, or our right, to the Principal Trademarks or other trademarks.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Marks.

#### **ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials, and other written materials. We also claim copyrights and other proprietary rights in our photographs, our Operations Manual, and the contents of our website and social media accounts.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, pricing formulae, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all Confidential Information and trade secrets will remain our exclusive property. You may never (during the initial term, any successor agreement term, or after the Franchise Agreement expires or is terminated) reveal any of our Confidential Information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Your personnel who have access to our Confidential Information must sign our Confidentiality and Non-Compete Agreement (Franchise Agreement, Attachment 9).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses you incur in claims brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

We reserve the right to modify or discontinue using the subject matter covered by a patent or copyright. In such event, we may require you, at your expense, to modify or discontinue using the subject matter in the operation of your Franchised Business.

We are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

#### **ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

The Franchise Agreement requires that you personally supervise, devote full time, and manage the day-to-day operation of your Franchised Business. You may not appoint a non-owner manager of your Franchised Business unless you receive our prior written approval. Upon approval, your manager must successfully complete our Initial Management Training Program and all other training courses we require. Your manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our

Franchise Agreement as Attachment 9. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spouse Guaranty, which is attached to our Franchise Agreement as Attachment 6.

**ITEM 16:      RESTRICTION ON WHAT FRANCHISEE MAY SELL**

You must offer and sell all products and services that are part of the System, and all services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved. You may only engage in providing services and products to end-consumers. You must abide by our warranty programs and repair or replace window treatments for customer claims that meet our warranty terms. We may change the terms of our warranty programs at any time.

You may not use our Principal Trademarks or other trademarks for any other business, and you may not conduct any other business at, through, or in conjunction with, your Franchised Business operations.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications. There are no other limits on our rights to make these changes.

You must target your advertising within your Territory and may only solicit sales for services to be performed at locations within your Territory. Notwithstanding, you may solicit and/or service a customer located outside of your Territory, provided that (i) the customer is not located in an area serviced by another Power Locker franchisee or us, (ii) you do not solicit the customer in violation of your Franchise Agreement, and (iii) no more than 10% of your total Gross Revenue is derived from goods provided or services rendered outside of your Territory. You may also provide service outside of your Territory for a former customer of yours or for a customer who was referred to you by a former customer of yours, provided that you did not initiate the solicitation.

**ITEM 17:      RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

|    | <b>Provision</b>                               | <b>Section in Franchise Agreement</b> | <b>Summary</b>                                                                                                                                                                                               |
|----|------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | Length of the franchise term                   | Art. 4                                | Term is 5 years                                                                                                                                                                                              |
| b. | Renewal or extension of the term               | Sections 5.1 and 5.4                  | If you are in good standing as defined below, you can sign up to 2 successor franchise agreements for 5-year terms each, unless we have determined, in our sole discretion, to withdraw from your Territory. |
| c. | Requirements for franchisee to renew or extend | Sections 5.2 and 5.3                  | Be in full compliance, have no more than 3 events of default during current term; provide written notice to us at least 180 days before the end of the term; execute a new franchise                         |

|    | Provision                               | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|-----------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                         |                                | agreement; pay us a successor agreement fee of \$15,000; repair, upgrade or replace the vehicle, equipment, and other Franchised Business assets to meet then-current specifications; execute a general release; comply with then-current qualifications and training requirements; including completion of additional training.<br>You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.                                                                                                                               |
| d. | Termination by franchisee               | Not Applicable                 | You may seek termination upon any grounds available by state law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| e. | Termination by franchisor without cause | Section 15.7                   | The Franchise Agreement will terminate upon your death or permanent disability and the Franchise must be transferred within 6 months to a replacement franchisee that we approve.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| f. | Termination by franchisor with cause    | Article 16                     | We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| g. | “Cause” defined – curable defaults      | Section 16.3                   | You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| h. | “Cause” defined - non-curable defaults  | Sections 16.1 and 16.2         | The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.<br><br>We may terminate the Franchise Agreement upon notice to you if you: misrepresent or omit a material fact in applying for the Franchise; do not obtain required licenses and permits and/or open the Franchised Business within required time frames; fail to |

|    | Provision                                            | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                      |                                | operate for a period of 3 consecutive days or more; fail to comply with applicable laws; understate Gross Revenue 2 or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; are convicted or plead no contest to a felony or crime that could damage the goodwill associated with the Marks or do anything to harm the reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues, maintain false books or submit a false report; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations 3 or more times during the term or receive 2 or more default notices in any 12-month period; have insufficient funds to honor a check or EFT 2 or more times within any 12-month period; defaults under any other agreement with us, our affiliate or a supplier; offers unauthorized products or services; fails to meet Minimum Performance Standards; or terminates the Franchise Agreement without cause. |
| i. | Franchisee's obligations on termination/ non-renewal | Article 17                     | Upon termination, you must: cease operations; cease to identify yourself as a Power Locker franchisee; cease to use our trademarks or other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|    | <b>Provision</b>                                 | <b>Section in Franchise Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----|--------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                  |                                       | intellectual property; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages and costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages; sell to us, at our option, all vehicles, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media accounts. |
| j. | Assignment of contract by franchisor             | Section 15.1.1                        | No restrictions on our right to assign.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| k. | "Transfer" by franchisee defined                 | Section 15.3                          | Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| l. | Franchisor approval of transfer by franchisee    | Sections 15.2 and 15.3                | No transfer is allowed without our consent, which we will not unreasonably withhold.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| m. | Conditions for franchisor approval of a transfer | Section 15.3 and 15.4                 | Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee agrees to complete our initial training program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a Release; you will subordinate any claims you have against the transferee to us; you will indemnify us for misrepresentations in the transfer process, excluding the                                                                                                                                   |



|    | <b>Provision</b>                                                     | <b>Section in Franchise Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----|----------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                                      |                                       | representations we make in our Disclosure Document; our approval of the material terms and conditions of the transfer; and payment of a transfer fee.                                                                                                                                                                                                                                                                                                                            |
| n. | Franchisor's right of first refusal to acquire franchisee's business | Section 15.6                          | You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you will give us all customary seller's representations and warranties. |
| o. | Franchisor's option to purchase franchisee's business                | Section 17.2                          | Upon termination of the Franchise Agreement, we have the option to purchase your vehicle, equipment, computer system, tools, signage, advertising materials, supplies, and inventory at your cost or fair market value, whichever is less, and assume all contracts.                                                                                                                                                                                                             |
| p. | Death or disability of franchisee                                    | Sections 15.3, 15.4 and 15.7          | The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within 6 months to a replacement franchisee that we approve.                                                                                                                                                                                                                                                                                               |
| q. | Non-competition covenants during the term of the franchise           | Section 18.5.1                        | You may not: divert, or attempt to divert, customers of any Power Locker business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.                                                                    |

|    | <b>Provision</b>                                                       | <b>Section in Franchise Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| r. | Non-competition covenants after the franchise is terminated or expires | Section 18.5.2                        | For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Power Locker business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 15 miles of your Territory or the territory of any other Power Locker business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. |
| s. | Modification of the agreement                                          | Sections 13.6 and 18.1.4              | No oral modifications. We may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.                                                                                                                                                                                                                                                                                                                        |
| t. | Integration/merger clause                                              | Section 20.12                         | Only the terms of the Franchise Agreement and other related written agreements, such as any attachments to the Franchise Agreement or addenda, are binding (subject to applicable state law); provided that nothing in Franchise Agreement or any related agreement is intended to disclaim the express representations made in this Disclosure Document.                                                                                                                                                                                                           |
| u. | Dispute resolution by arbitration or mediation                         | Sections 19.1 and 19.2                | At our option, claims that are not resolved internally may be submitted to non-binding mediation and arbitration in the state where our headquarters is located, subject to state law.                                                                                                                                                                                                                                                                                                                                                                              |
| v. | Choice of forum                                                        | Section 19.5                          | Litigation takes place in New Jersey (subject to applicable state law).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| w. | Choice of law                                                          | Section 19.5                          | New Jersey law applies (subject to applicable state law).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

**ITEM 18: PUBLIC FIGURES**

We do not currently use any public figures 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 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, 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 Peter Dyakowski, 376 Main Street, Suite 100, Bedminster, New Jersey, 07921 and (905) 902-5025, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1  
System-wide Outlet Summary  
For Years 2022 to 2024

| Outlet Type      | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|------------------|------|----------------------------------|--------------------------------|------------|
| Franchised       | 2022 | 0                                | 0                              | 0          |
|                  | 2023 | 0                                | 0                              | 0          |
|                  | 2024 | 0                                | 0                              | 0          |
| Company – Owned* | 2022 | 30                               | 34                             | 4          |
|                  | 2023 | 34                               | 41                             | 7          |
|                  | 2024 | 41                               | 64                             | 23         |
| Total Outlets    | 2022 | 30                               | 34                             | 4          |
|                  | 2023 | 34                               | 41                             | 7          |
|                  | 2024 | 41                               | 64                             | 23         |

\* Company-owned territories are operated by our affiliate.

Table No. 2  
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)  
For Years 2022 to 2024

| State | Year | Number of Transfers |
|-------|------|---------------------|
| None  | 2022 | 0                   |
|       | 2023 | 0                   |
|       | 2024 | 0                   |

|       |      |   |
|-------|------|---|
| Total | 2022 | 0 |
|       | 2023 | 0 |
|       | 2024 | 0 |

Table No. 3  
Status of Franchised Outlets  
For Years 2022 to 2024

| 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 |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|----------------------------|
| None  | 2022 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|       | 2023 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|       | 2024 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
| Total | 2022 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|       | 2023 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|       | 2024 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |

Table No. 4  
Status of Company Owned Outlets\*  
For Years 2022 to 2024

| State       | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of the Year |
|-------------|------|--------------------------|----------------|-------------------------------------|----------------|-----------------------------|----------------------------|
| Arizona     | 2022 | 0                        | 0              | 0                                   | 0              | 0                           | 0                          |
|             | 2023 | 0                        | 2              | 0                                   | 0              | 0                           | 2                          |
|             | 2024 | 2                        | 0              | 0                                   | 0              | 0                           | 2                          |
| Connecticut | 2022 | 0                        | 0              | 0                                   | 0              | 0                           | 0                          |
|             | 2023 | 0                        | 0              | 0                                   | 0              | 0                           | 0                          |
|             | 2024 | 0                        | 1              | 0                                   | 0              | 0                           | 1                          |

|                |      |    |   |   |   |   |    |
|----------------|------|----|---|---|---|---|----|
| Delaware       | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2024 | 0  | 1 | 0 | 0 | 0 | 1  |
| Georgia        | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2024 | 0  | 2 | 0 | 0 | 0 | 2  |
| Indiana        | 2022 | 0  | 3 | 0 | 0 | 0 | 3  |
|                | 2023 | 0  | 1 | 0 | 0 | 0 | 4  |
|                | 2024 | 0  | 3 | 0 | 0 | 0 | 7  |
| Kentucky       | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2024 | 0  | 0 | 0 | 0 | 0 | 0  |
| Massachusetts  | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2024 | 0  | 0 | 0 | 0 | 0 | 0  |
| Michigan       | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2024 | 0  | 0 | 0 | 0 | 0 | 0  |
| Nebraska       | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 1 | 0 | 0 | 0 | 1  |
|                | 2024 | 1  | 0 | 0 | 0 | 0 | 1  |
| New Jersey     | 2022 | 30 | 1 | 0 | 0 | 0 | 31 |
|                | 2023 | 31 | 1 | 0 | 0 | 0 | 32 |
|                | 2024 | 32 | 4 | 0 | 0 | 0 | 36 |
| North Carolina | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 1 | 0 | 0 | 0 | 1  |
|                | 2024 | 1  | 3 | 0 | 0 | 0 | 4  |
| Ohio           | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2024 | 0  | 5 | 0 | 0 | 0 | 5  |
| Pennsylvania   | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2024 | 0  | 1 | 0 | 0 | 0 | 1  |
| South Carolina | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 1 | 0 | 0 | 0 | 1  |
|                | 2024 | 1  | 1 | 0 | 0 | 0 | 2  |
| Tennessee      | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2024 | 0  | 1 | 0 | 0 | 0 | 1  |
| Texas          | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2024 | 0  | 0 | 0 | 0 | 0 | 0  |
| Wisconsin      | 2022 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0  | 0 | 0 | 0 | 0 | 0  |
|                | 2024 | 0  | 1 | 0 | 0 | 0 | 1  |

|       |      |    |    |   |   |   |    |
|-------|------|----|----|---|---|---|----|
| Total | 2022 | 30 | 4  | 0 | 0 | 0 | 34 |
|       | 2023 | 34 | 7  | 0 | 0 | 0 | 41 |
|       | 2024 | 41 | 23 | 0 | 0 | 0 | 64 |

\* Company-owned territories are operated by our affiliate.

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

| State          | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company Owned Outlets in the Next Fiscal Year |
|----------------|---------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|
| Arizona        | 0                                                 | 1                                                        | 3                                                           |
| Connecticut    | 0                                                 | 0                                                        | 2                                                           |
| Delaware       | 0                                                 | 0                                                        | 2                                                           |
| Georgia        | 0                                                 | 0                                                        | 3                                                           |
| Indiana        | 0                                                 | 0                                                        | 3                                                           |
| Kentucky       | 0                                                 | 1                                                        | 1                                                           |
| Massachusetts  | 0                                                 | 0                                                        | 2                                                           |
| Michigan       | 0                                                 | 2                                                        | 2                                                           |
| Nebraska       | 0                                                 | 0                                                        | 3                                                           |
| New Jersey     | 0                                                 | 3                                                        | 3                                                           |
| North Carolina | 0                                                 | 0                                                        | 4                                                           |
| Ohio           | 0                                                 | 0                                                        | 4                                                           |
| Pennsylvania   | 0                                                 | 1                                                        | 2                                                           |
| South Carolina | 0                                                 | 1                                                        | 7                                                           |
| Tennessee      | 0                                                 | 1                                                        | 3                                                           |
| Texas          | 0                                                 | 2                                                        | 2                                                           |
| Wisconsin      | 0                                                 | 1                                                        | 1                                                           |
| Total          | 0                                                 | 13                                                       | 47                                                          |

Exhibit E lists the location of each Power Locker franchised outlet in our System and each franchisee during our last fiscal year who has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

**ITEM 21:      FINANCIAL STATEMENTS**

We were formed in the State of New Jersey on July 31, 2025 and do not have the three prior years of audited financial statements normally required by this Item 21. Our unaudited opening balance sheet as of July 31, 2025 is included in Exhibit C.

Our fiscal year end is December 31.

**ITEM 22:      CONTRACTS**

A copy of all proposed agreements regarding the franchise offering are included in this Disclosure Document, as follows:

- Exhibit B – The Franchise Agreement
- Exhibit H -- Franchisee Acknowledgement Statement, as permitted by state law.

**ITEM 23:      RECEIPT**

A receipt in duplicate is attached to this Disclosure Document as Exhibit I. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Peter Dyakowski, 376 Main Street, Suite 100, Bedminster, New Jersey, 07921.

## EXHIBIT A

### **LIST OF STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

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

| <b>State</b> | <b>State Agency</b>                                                                                                                                                             | <b>Agent for Service of Process</b>                                                                                                                                                       |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CALIFORNIA   | Department of Financial Protection and Innovation<br>320 West 4 <sup>th</sup> Street, Suite 750<br>Los Angeles, CA 90013<br>(213) 576-7505<br>Toll-free (866-275-2677)          | Commissioner of the Department<br>of Financial Protection and<br>Innovation                                                                                                               |
| HAWAII       | Business Registration Division<br>Department of Commerce and<br>Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>(808) 586-2722                       | Commissioner of Securities of the<br>State of Hawaii                                                                                                                                      |
| ILLINOIS     | Office of Attorney General<br>Franchise Division<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465                                                          | Illinois Attorney General                                                                                                                                                                 |
| INDIANA      | Indiana Secretary of State<br>Securities Division<br>302 West Washington St., Room E-111<br>Indianapolis, IN 46204<br>(317) 232-6681                                            | Indiana Secretary of State<br>201 State House<br>Indianapolis, IN 46204                                                                                                                   |
| MARYLAND     | Office of the Attorney General<br>Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360                                                    | Maryland Securities<br>Commissioner<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360                                                                                   |
| MICHIGAN     | Michigan Department of Attorney General<br>Consumer Protection Division<br>Antitrust and Franchise Unit<br>670 Law Building<br>Lansing, MI 48913<br>(517) 373-7117              | Michigan Department of<br>Commerce, Corporations and<br>Securities Bureau                                                                                                                 |
| MINNESOTA    | Minnesota Department of Commerce<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500                                                       | Minnesota Commissioner of<br>Commerce                                                                                                                                                     |
| NEW YORK     | New York State Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21 <sup>st</sup> Floor<br>New York, NY 10005<br>(212) 416-8222 Phone<br>(212) 416-6042 Fax | Attention: New York Secretary of<br>State<br>New York Department of State<br>One Commerce Plaza<br>99 Washington Avenue, 6 <sup>th</sup> Floor<br>Albany, NY 11231-0001<br>(518) 473-2492 |



| <b>State</b> | <b>State Agency</b>                                                                                                                                                   | <b>Agent for Service of Process</b>                                                                                                    |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| NORTH DAKOTA | North Dakota Securities Department<br>600 East Boulevard, State Capitol<br>14th Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712                         | North Dakota Securities<br>Commissioner                                                                                                |
| RHODE ISLAND | Department of Business Regulation<br>Division of Securities<br>1511 Pontiac Avenue, Building 69-1<br>Cranston, RI 02920<br>(401) 462-9585                             | Director of Rhode Island<br>Department of Business<br>Regulation                                                                       |
| SOUTH DAKOTA | Division of Insurance<br>Securities Regulation<br>124 South Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-3563                                                   | Director of South Dakota Division<br>of Insurance – Securities<br>Regulation                                                           |
| VIRGINIA     | State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9 <sup>th</sup> Floor<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk of State Corporation<br>Commission<br>1300 East Main Street, 1 <sup>st</sup> Floor<br>Richmond, VA 23219<br>(804) 371-9733       |
| WASHINGTON   | Department of Financial Institutions<br>Securities Division<br>P.O. Box 41200<br>Olympia, WA 98504-1200<br>(360) 902-8760                                             | Director of Washington Financial<br>Institutions<br>Securities Division<br>150 Israel Road, SW<br>Tumwater, WA 98501<br>(360)-902-8731 |
| WISCONSIN    | Wisconsin Securities Commissioner<br>Securities and Franchise Registration<br>345 W. Washington Avenue<br>Madison, WI 53703<br>(608) 266-8559                         | Commissioner of Securities of<br>Wisconsin                                                                                             |

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**Power Locker USA Franchise Inc.**

**Power Locker  
Franchise Agreement**



---

**FRANCHISEE**

---

**EFFECTIVE DATE**

**Power Locker USA Franchise Inc.  
Franchise Agreement**

**Table of Contents**

|                                                                  |    |
|------------------------------------------------------------------|----|
| 1. RECITATIONS.....                                              | 3  |
| 2. GRANT OF FRANCHISE.....                                       | 3  |
| 3. SOLICITATION AND SALES RESTRICTIONS .....                     | 3  |
| 4. TERM. ....                                                    | 4  |
| 5. SUCCESSOR OPTION.....                                         | 4  |
| 6. PAYMENTS TO FRANCHISOR .....                                  | 6  |
| 7. TRAINING.....                                                 | 8  |
| 8. OPENING REQUIREMENTS .....                                    | 9  |
| 9. FRANCHISOR’S OBLIGATIONS.....                                 | 9  |
| 10. FRANCHISEE’S REPRESENTATIONS, WARRANTIES AND COVENANTS ..... | 10 |
| 11. FRANCHISEE’S OPERATIONS .....                                | 12 |
| 12. ADVERTISING, PROMOTIONS AND RELATED FEES .....               | 16 |
| 13. INTELLECTUAL PROPERTY .....                                  | 18 |
| 14. INSURANCE AND INDEMNIFICATION .....                          | 21 |
| 15. TRANSFERS.....                                               | 22 |
| 16. DEFAULTS .....                                               | 25 |
| 17. POST-TERMINATION .....                                       | 28 |
| 18. NON-DISCLOSURE AND NON-COMPETITION COVENANTS .....           | 30 |
| 19. DISPUTE RESOLUTION .....                                     | 33 |
| 20. GENERAL .....                                                | 35 |

**List of Attachments**

ATTACHMENT 1: TRADEMARKS  
ATTACHMENT 2: TERRITORY  
ATTACHMENT 3: MINIMUM PERFORMANCE STANDARDS  
ATTACHMENT 4: ACH AUTHORIZATION  
ATTACHMENT 5: STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY  
ATTACHMENT 6: SPOUSE GUARANTY  
ATTACHMENT 7: INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND  
TELEPHONE ACCOUNT AGREEMENT  
ATTACHMENT 8: PROVISIONS APPLICABLE TO SBA FINANCING  
ATTACHMENT 9: CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into on \_\_\_\_\_, (the “Effective Date”) by and between Power Locker USA Franchise Inc., a New Jersey limited liability company with its principal place of business at 376 Main Street, Suite 100, Bedminster, New Jersey, 07921 (herein “Franchisor”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be individually and collectively referred to, and each is, the “Franchisee”.

## RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a business that provides vending machines offering nutritious snacks and beverages to support athletic performance, pursuant to a development agreement that begins with no less than five (5) vending units, using Franchisor’s proprietary products and Franchisor’s confidential operations manual (“Manual”) of business practices and policies, and Franchisor’s operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the Power Locker. service mark, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

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

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

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

**1. RECITATIONS.** The Recitations set out above form part of this Agreement.

**2. GRANT OF FRANCHISE.** Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Power Locker franchise (the “Franchise” or “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved, and further developed by Franchisor from time to time. This grant applies only within the territory(ies) that is designated in Attachment 2 attached hereto and incorporated herein (the “Territory”).

## 3. SOLICITATION AND SALES RESTRICTIONS

**3.1 Territory.** This Agreement grants Franchisee the right to operate the Franchised Business within the Territory only. Franchisee acknowledges that (i) the Territory was mutually agreed upon by Franchisor

and Franchisee, (ii) prior to the Effective Date hereof, Franchisee conducted Franchisee's own due diligence with regard to potential customers and other matters relative to the operation of the Franchised Business in the Territory, and (iii) Franchisor's agreement to the Territory is permission only, does not constitute a representation, promise, warranty, or guarantee, express or implied, by Franchisor that the Franchised Business operated therein will be profitable or otherwise successful, and cannot, and does not, create any liability for Franchisor.

**3.2 Protection Rights.** Subject to Sections 3.4 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not, and Franchisor will not permit any other franchisees in the System, to operate a Power Locker business in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Power Locker franchises around, bordering and adjacent to the Territory and to use alternative methods of distribution, as more fully specified herein, within the Territory.

**3.3 Outside Area Sales.** Franchisee must target Franchisee's advertising within the Territory and may only solicit sales from customers located within the Territory. Franchisee may not engage in the offer or sale of any Power Locker product or service outside of the Territory, unless Franchisee obtains Franchisor's prior written consent, which may be given in Franchisor's sole discretion and revoked at any time.

**3.4 Reservation of Rights.** Franchisee understands and agrees that all rights to any businesses are fully reserved to Franchisor. By way of example only, Franchisor reserves the rights to offer (i) other services and products not offered under the Marks, (ii) other food and beverage products or services under the Marks or other trademarks; and (iii) products or services through other channels of distribution including, but not limited to, the internet, telemarketing or direct marketing ("Alternate Channels of Distribution"). Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels, and Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.4 is deemed not to impair or injure Franchisee's rights pursuant to Article 2 hereof.

**4. TERM.** Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above, and terminate on the date that is five (5) years following the Opening Date, as defined in Section 8 hereof (the "Term").

**5. SUCCESSOR OPTION.** Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Successor Franchise Agreement") for two (2) additional five (5) year terms. The term of such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor agreement fee equal to Fifteen Thousand Dollars (\$15,000) (the "Successor Agreement Fee").

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

**5.1.1** Not less than ninety (90) days, and no more than one hundred eighty (180) days, prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then-current Disclosure Document (including Franchisor's then-current franchise agreement).

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

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

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

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

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

5.2.1 Franchisee shall have, both at the time the Successor Franchise Agreement is requested and at the time it is signed, at least five (5) Power Locker Machines placed at customer premises in the Territory;

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

5.2.3 Franchisee shall not have committed three (3) or more events constituting default during the Term of this Agreement, whether or not such defaults were cured;

5.2.4 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.

5.2.5 Franchisee performs such repairs, upgrades and replacements as Franchisor may require to cause the Franchised Business office premises, equipment, computer systems and other assets to conform to the then-current specifications for franchised businesses on the Successor Agreement date.

5.2.6 Franchisee shall execute a general release of all claims Franchisee may have against Power Locker USA Franchise Inc., its parent, subsidiaries and affiliates, its officers, directors, shareholders, members, agents, and employees, whether in their corporate and/or individual capacities, in Franchisor's then-current form. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.

5.2.7 Franchisee shall pay the required Successor Agreement Fee and sign the Successor Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Power Locker franchises, is in the process of revising, amending or renewing Franchisor's form of franchise

agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Section 5.1 hereof that Franchisee desires to enter into a new agreement, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Section 5.3 shall be inclusive of any state mandated notice periods.

**5.4 Additional Reservation of Rights.** Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a Successor Franchise Agreement for this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

## **6. PAYMENTS TO FRANCHISOR**

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

**6.1.1 Initial Franchise Fee.** Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of \$35,000 (the "Initial Franchise Fee"). **The Initial Franchise Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Franchise Fee to Franchisor upon Franchisee's execution of this Agreement.

**6.1.2 Royalty Fee.** Franchisee agrees to pay Franchisor, throughout the Term, a royalty fee equal to ten percent (10%) of Gross Sales, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor's methods, operations and/or trade secrets (the "Royalty Fee"). The term "Gross Sales" includes all revenues and income from any source derived or received from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor's methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit or otherwise, and proceeds of business interruption insurance. Gross Sales excludes: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; and (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities.

**6.1.3 Sales Reports.** Franchisee shall, on or before the fifth (5<sup>th</sup>) business day of each calendar month, furnish Franchisor with (and/or Franchisor shall otherwise access to) a report showing Franchisee's Gross Sales, plus all taxes paid, by or through the Franchised Business and/or made pursuant to the rights granted hereunder during the immediately prior calendar month (the "Sales Report"). The Sales Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. At Franchisor's discretion, (i) Franchisee shall submit, or (ii) Franchisor may remotely access, the Gross Revenue Report by an electronic transfer of data via the computer information systems ("Computer System") that Franchisor may require Franchisee use in the operation of the Franchised Business.

**6.1.4 Method of Payment.** Franchisee shall, together with the submission of the Gross Revenue Report (or Franchisor's extraction thereof from the Computer System), pay Franchisor the Royalty Fee, the Brand Fund Contribution (as defined and more particularly described in Article 13), and the System Technology Fee (as defined and more particularly described in Section 6.2), then due. At Franchisor's request, Franchisee must execute documents, including but not limited to, the Authorization set forth in



Attachment 4, that allow Franchisor to automatically take the Royalty Fee, Brand Fund Contribution and System Technology Fee due, as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House (“ACH”) payments. Franchisee’s failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.5 and 6.6 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Royalty Fee and Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Revenues are reported.

6.2 Power Locker Machines. Franchisee shall purchase from Franchisor or Franchisor’s affiliate, a minimum of five (5) Power Locker Machines prior to opening the Franchised Business at a cost of ten-thousand dollars (\$10,000) per machine, and fifty-thousand dollars (\$50,000) for the minimum of five (5) Power Locker Machines. Franchisee shall pay to Franchisor the full purchase price of the Power Locker Machines upon execution of this Agreement. Franchisee shall only purchase and use Power Locker Machines from Franchisor or Franchisor’s affiliate throughout the Term this Franchise Agreement. Use of a vending machine purchased from or otherwise procured from any other supplier is a default of this Agreement. Franchisee understands that Power Locker Vending Machines are uniquely customized for optimal performance within the Power Locker franchise business model and installation according to the Franchisor’s Manual and may not be substituted with other equipment. Amounts paid for the Power Locker Machines are non-refundable.

6.3 Technology and Support Fee. Franchisee shall pay Franchisor a technology and support fee, in an amount that Franchisor reasonably determines, for the development, adoption and/or use of new or improved technology systems for the benefit of the System and Franchised Business, including but not limited to, assigned phone numbers and email addresses required for use in the Franchised Business, a franchise portal, benchmarking platform or other operations or communications systems (“Technology and Support Fee”). In Franchisor’s sole discretion, Franchisor may (i) increase the amount of the Technology and Support Fee or (ii) replace systems with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement systems and for continuous access thereto.

6.4 Late Fee. If any fee or report, including but not limited to, the Gross Sales Report or other financial report, is not received by Franchisor as and when required by this Agreement, Franchisee shall pay to Franchisor, in addition to any overdue amount, a late fee of One Hundred Dollars (\$100.00) for each week or fraction thereof that payment or report is not received. This late fee is reasonably related to Franchisor’s costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee’s failure to pay fees or submit reports in accordance with the terms of this Agreement.

6.5 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of eighteen percent (18%) per annum or at the highest rate permitted by law, whichever is lower.

6.6 Non-Sufficient Funds Fee. In the event any of Franchisee’s checks are returned, or an electronic funds transfer from Franchisee’s bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of One Hundred Dollars (\$100.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor’s costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

6.7 Taxes. If any withholding, sales, excise, use, privilege or other tax (excepting Franchisor’s income

tax obligation) (“Tax Charge”) is imposed or levied by any government or governmental agency on Franchisor or Franchisee for any fee due and payable under this Agreement, including but not limited to, the Royalty Fee, any Additional Royalty, Technology and Support Fee, and/or Brand Fund Contribution (for the purpose of this Section 6.6, such fees shall be referred to as a “Taxable Payment”), then Franchisee shall pay Franchisor a sum equal to the amount of the Tax Charge, together with the Taxable Payment, such that the net sum received by Franchisor equals the amount of the Taxable Payment without deduction, withholding, payment or application of the Tax Charge.

## 7. TRAINING

7.1 Initial Training Program. Franchisee (specifically including all Franchisee’s principals) and any non-owner managers of Franchisee’s Franchised Business shall attend and complete to Franchisor’s sole and absolute satisfaction, Franchisor’s initial training program (“Initial Training Program”) no later than three (3) months after signing this Franchise Agreement, as defined in Article 8. The Initial Training Program consists of a course conducted in-person at a training site designated by Franchisor. No charge shall be made for up to two (2) individuals to take the Initial Training Program prior to opening the Franchised Business (“Initial Trainees”). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.

7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor’s sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Training Program. If the Initial Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor’s reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Training Program cannot be satisfactorily completed by Franchisee or Franchisee’s Principal(s), Franchisor may terminate this Agreement.

7.3 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee’s principals shall participate in the following additional training:

- (i) on-going training for up to two (2) days per year, at a location designated by Franchisor.
- (ii) a national business meeting, annual convention, or conference for up to two (2) days per year, at a location designated by Franchisor.

Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee’s personnel in connection with additional training or attendance at Franchisor’s national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee’s failure to attend and/or complete mandatory additional training or failure to attend Franchisor’s national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee’s principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee’s principal and Franchisor’s training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor’s training personnel within ten (10) days of Franchisor’s billing thereof to Franchisee.

7.4 On-Site Supplemental Training. Upon Franchisee’s reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site supplemental or remedial

training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

**7.5 Counseling and Assistance.** In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, furnish consultation and assistance to Franchisee, either by telephone, video conference, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding marketing, operational issues, instructional materials, bookkeeping and System improvements.

## **8. OPENING REQUIREMENTS**

**8.1 Site Requirements.** Franchisee is hereby permitted to operate the Franchised Business from a home-based office and may operate the Franchised Business from any site in the Territory without first obtaining Franchisor's consent. Franchisee assumes all cost, liability, expense and responsibility for equipping and outfitting the home-based office or other site as outlined in the Operations Manual.

**8.2 Time to Open.** Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor's Initial Training Program, as further set forth in Article 7, (ii) outfit a home-based or other office site, (iii) obtain all required licenses and insurance to operate the Franchised Business, (iv) obtain all equipment Franchisor requires, including but not limited to, the Computer System, and other software and applications, (v) purchase at least five (5) Power Locker Machines; (vi) make such Power Locker Machines available for customer use; and (vii) provide Franchisor with documentation for bank account(s) for use in the Franchised Business. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within six (6) months following the date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

## **9. FRANCHISOR'S OBLIGATIONS**

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

**9.1 Manual.** Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.

**9.2 Pre-Opening Requirements.** Provide a written list of equipment, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business. Franchisor shall provide to Franchisee with (i) five (5) Power Locker Machines, upon Franchisee's payments therefor, and (ii) a Franchisee Start-Up Kit containing an initial supply of spare hoses, cleaning supplies and marketing materials, signage and procedure cards, and training and operations manuals.

9.4 Advertising Materials. Provide samples or digital artwork of certain advertising and promotional materials and information that Franchisor may develop from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.

9.5 List of Supplies/Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of required and/or recommended products and services for System franchisees and a list of approved and/or recommended suppliers of such items. Franchisee acknowledges that Franchisor or Franchisor's affiliate(s) may be the sole approved supplier(s) of certain products and services that Franchisee is required to purchase to operate the Franchised Business.

9.6 Training. The training programs specified in Article 7 herein.

9.7 On-Going Assistance. Post-opening assistance in accordance with the provisions of Article 7.

9.8 Brand Fund. Administration of a Brand Fund in accordance with Section 12.3.

## **10. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS**

10.1 Best Efforts. Franchisee, including each of Franchisee's Principal(s) covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

10.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

10.2.1 Franchisee is duly organized and validly existing under the state law of its formation;

10.2.2 Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Territory;

10.2.3 Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

10.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;

10.2.5 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities.

10.3 Spouse Guaranty. If any Franchisee Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 6 hereof.

10.4 Personal Management.

10.4.1 Franchisee and/or a Principal shall personally supervise the operation of the Franchised Business in the manner designated in our Operations Manual and may not appoint a manager of the Franchised Business, unless Franchisee receives Franchisor's prior written consent. Franchisee accepts full responsibility for, and shall be fully liable to, Franchisor for the acts and omissions of any and all agents, employees or third persons working for or with Franchisee. Franchisee shall ensure that its agents, employees and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals. Franchisee's agents, employees and third-party business affiliates shall further meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.

10.4.2 Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor's proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.

10.4.3 If, at any time during this Agreement, Franchisee or Franchisee's approved manager can no longer personally supervise the Franchised Business in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate, with Franchisor's prior approval, a replacement manager within thirty (30) days after Franchisee or Franchisee's approved manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement. Franchisee's replacement manager shall attend and satisfactorily complete Franchisor's Initial Training Program, at Franchisee's sole cost and expense, including the payment of the then-current tuition therefor. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee an interim management support fee, at the then-current rate, until an approved replacement manager is properly trained or certified in accordance with Franchisor's requirements. Payment of such interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.

10.5 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, certificates or licenses required by any industry regulatory agency or association and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.

10.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business location, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

10.7 Assignment of Numbers and Listings. Franchisee shall execute such forms and documents, including the Internet Advertising, Social Media, Software, and Telephone Listing Agreement contained in Attachment 7, to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers, listings, and passwords and administrator rights for all email, software, social media, or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

10.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.

10.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 10 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

## **11. FRANCHISEE'S OPERATIONS**

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

11.1.1 Procure the necessary licenses or permits to allow the operation of the Franchised Business and otherwise comply with all applicable governmental laws, ordinances, rules and regulations;

11.1.2 Conduct sales in accordance with Franchisor's standards and specifications. Franchisee acknowledges and accepts that Franchisee may only engage in providing Power Locker Machines to end-users. Franchisee is expressly prohibited from selling services or products (i) that are not a part of the Power Locker System or that are not approved by Franchisor (ii) on the internet (except as part of System services in strict accordance with Franchisor's specifications), or (iii) to dealers and/or distributors for subsequent re-sale of Power Locker Machines or other products. Engaging in such sales shall be a material default of this Agreement;

11.1.3 Maintain sufficient inventories of Power Locker Machines and other products and supplies held for resale, as prescribed by Franchisor. Franchisee acknowledges and agrees that: (i) Franchisor and/or Franchisor's affiliate may be a designated supplier or sole approved supplier of any product or service that Franchisee is required to lease or purchase, (ii) Franchisor and/or Franchisor's affiliate may receive payment from supplier(s) related to Franchisee's required purchases or leases, and (iii) any payments so received are for Franchisor's benefit only and may be used or applied in any manner determined by Franchisor in Franchisor's sole and absolute discretion;

11.1.4 If required for Franchisee's optimal operation, maintain in good working order, cleanliness and appearance, a vehicle for use in the Franchised Business. Franchisor reserves the right to set specifications and standards of condition, age and branding, as set forth in the Manual, of vehicles used in the Franchised Business.

11.1.5 Timely make all required payments to suppliers and other contractors and creditors of the Franchised Business in accordance with the applicable agreements and provide documentation thereof, as requested by Franchisor;

11.1.6 Employ only qualified individuals, who are trained in accordance with Franchisor's standards, including but not limited to the protection of Franchisor's confidential and proprietary information, and who will at all times enhance Franchisor's brand and conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall use its best efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to customers of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

11.1.7 Permit Franchisor or its agents, to inspect the Franchised Business and any services, products or equipment, through customer service call attendance or otherwise, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;

11.1.8 Prominently display identifying elements of the System of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to refrain from using any sign, advertising media or identifying element of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business office location or elsewhere and remove any objectionable or non-approved sign, advertising media or identifying element and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort; and

11.1.9 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

## 11.2 Bookkeeping and Reports.

11.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to obtain the Computer Systems specified in Section 11.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's Proprietary Information, and (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof.

11.2.2 Within fifteen (15) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during

said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

11.2.3 The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate. Franchisee must maintain complete financial records for the Franchised Business for at least five (5) years from their date of preparation.

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

11.2.5 Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds an understatement of any Sales Report, Franchisee shall pay Franchisor the amounts due together with interest thereon at the rate provided herein. Additionally, if Franchisee (i) had failed to timely submit Sales Reports twice or more within a twelve (12)-month period or (ii) understated Gross Sales by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

### 11.3 Computer Systems.

11.3.1 Franchisee, at Franchisee's sole expense, shall install and maintain the Computer System and other computer hardware, software, applications and accounts Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

11.3.2 Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and payment processing and bookkeeping accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's Computer System and accounts, including, without limitation, information concerning Gross Sales. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's Computer System, other systems and payment processing and bookkeeping accounts.

11.3.3 Any and all data, including customer data, collected or provided by Franchisee, retrieved from Franchisee's Computer System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

11.3.4 Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related



to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.

11.3.5 Franchisor has established a website that provides information about the System and the services and products offered thereby (the “Website”). Franchisor has sole discretion and control over the Website. Franchisee has no ownership or other proprietary rights in or to Franchisor’s Website(s).

11.3.6 In addition to Franchisee’s obligation pursuant to Section 6.6 hereof, Franchisee shall pay all other fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, regularly recurring fees for software and Internet access, license fees, help desk fees, and any other licensing or user-based fees for operations or communications hardware, software, programs and applications.

11.3.7 Franchisee is solely responsible for maintaining the security and integrity of the Computer System and payment processing systems used in the Franchised Business and the customer and other data stored therein. Franchisee, at Franchisee’s sole cost and expense, shall implement all computer hardware, software and Internet security procedures, including required updates or upgrades thereto, that are reasonably necessary to protect Franchisee’s computer and payment processing systems and the data stored therein from viruses, malware, privacy breaches or other unauthorized access.

11.4 Employment Standards. Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories as set forth in the Manual and that Franchisee determines to be necessary and appropriate, prior to hiring. Notwithstanding the foregoing, all matters of employment are within Franchisee’s discretion and control. Franchisor shall not be liable to Franchisee, any employee or prospective employee of Franchisee, or any third party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee’s indemnification obligations set forth in Section 14.6 hereof shall apply to any claims, demands or actions against Franchisor arising from any act or omission of Franchisee or any employee or agent of Franchisee (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee or agent of Franchisee).

11.5 Prices. Franchisor may from time to time offer guidance with respect to pricing of services and products. Franchisee is in no way bound to adhere to any such recommended or suggested prices. Franchisee shall have the right to provide services and sell products at any price that Franchisee may determine. If Franchisee elects to offer services and products at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such services or products at the recommended price will enhance Franchisee’s sales or profits.

11.6 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier’s facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost and expense for inspection and testing. Franchisor shall notify Franchisee in writing of an approval of the proposed item or supplier within ninety (90) days after Franchisor receives all required information to evaluate the product, service or supplier; or, if no approval notice is received, the product, service or supplier is deemed “unapproved”. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the

supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

11.7 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, satisfaction surveys and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

11.8 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 11 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

11.9 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee's level of success, superior performance and profitability.

## **12. ADVERTISING, PROMOTIONS AND RELATED FEES**

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

### **12.2 Local Advertising**

12.2.1 Commencing immediately after Franchisee completes the Initial Training Program described in Section 7.1 hereof, Franchisee shall spend monthly, throughout the Term, the greater of (i) Ninety Dollars (\$90.00) per Power Locker machine operated by Franchisee, Fifty Dollars (\$50.00) of which shall be paid to Franchisor, who will then conduct local online advertising on Franchisee's behalf, and Forty Dollars (\$40.00) of which shall be spent directly by Franchisee on local marketing or (ii) Three Percent (3%) of gross revenue per Power Locker machine, per month, on advertising for the Franchised Business in the Territory in accordance with Franchisor's requirements and using marketing materials approved by Franchisor, as set forth in Section 12.5 hereof ("Local Advertising").

12.2.2 Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall **not** be included in

Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

12.2.3 Franchisee shall spend a minimum of Five Thousand Dollars (\$5,000.00) on Local Advertising and promotional activities in the Territory within ninety (90) following the Effective Date hereof to promote the opening of the Franchised Business. Franchisee shall conduct Franchisee's grand opening campaign in accordance with plans approved by Franchisor pursuant to Section 12.5.

### 12.3 Brand Fund.

12.3.1 Franchisor has established a national Brand Fund (the "Brand Fund") on behalf of the System for national advertising, marketing, and business system development and enhancements. Franchisee is required to make a monthly brand fund contribution ("Brand Fund Contribution") equal to two percent (2%) of Gross Sales per Power Locker machine operated by Franchisee. Payments will be made in the same manner and time as the Royalty Fee, in accordance with Section 6.1.4 hereof.

12.3.2 Franchisor shall direct all advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

12.3.3 Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Power Locker outlets operated by Franchisor or Franchisor's affiliates.

12.3.4 Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website, social media platforms, apps, and other technology for the benefit of the Brand image and/or Systemwide improvements; and staff salaries and other personnel and departmental costs for advertising that Franchisor internally administers or prepares). While Franchisor does not intend that any part of the Brand Fund will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Fund for public relations, to explain the franchise system, and/or to include a notation in any advertisement indicating "Franchises Available."

12.3.5 The Brand Fund will be operated solely as a conduit for collecting and expending the brand development contributions for the System. The Brand Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs, staff salaries of Brand Fund personnel and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 12.3.3. The Brand Fund and its earnings shall not otherwise inure to Franchisor's benefit.

12.3.6 At Franchisee's request, Franchisor will prepare an unaudited annual statement of the Brand Fund's operations and will make it available to Franchisee. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or

proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

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

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

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

## **13. INTELLECTUAL PROPERTY**

### **13.1 Ownership.**

13.1.1 Franchisee expressly understands and acknowledges that Franchisor's parent ("Licensor") is the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights and other proprietary rights on certain material used in the System, including but not limited to the Website, documents, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary materials and systems are hereafter collectively referred to as the "Intellectual Property".

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

13.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's or Licensor's rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's or Licensor's service marks, trademarks, trade names, trade dress, logos,

copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only in approved advertising related to the Franchised Business.

13.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.

13.4 Validity. Franchisee shall not contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property.

13.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's or Licensor's rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or Licensor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Licensor to register, maintain and enforce such rights in the Intellectual Property.

13.6 Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

13.7 Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

13.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Power Locker" and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Power Locker USA Franchise Inc."

13.7.2 Franchisee shall identify itself as the owner of the Franchised Business and as an independent Power Locker franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts, and contracts.

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

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

13.7.5 Franchisee shall not use the Intellectual Property in association with the offer or sale of any product or service that is outside of the System or that is not approved by Franchisor.

13.8 Trade Dress Modifications.

13.8.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or marks (collectively, "Trade Dress Modifications").

13.8.2 Franchisee shall, at Franchisee's sole expense, modify identifying elements of the Franchised Business, as required by Franchisor, but not more frequently than every five (5) years, to conform to Trade Dress Modifications. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 13.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

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

13.9 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 13. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 13, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

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

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

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

## 14. INSURANCE AND INDEMNIFICATION

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

14.1.1 Liability. Commercial general liability insurance, including contractual liability, public liability, personal injury, products liability, advertising injury, and environmental damage coverage in the amounts of at least One Million Dollars (\$1,000,000);

14.1.2 Automobile Insurance. Prior to operation of any vehicle on behalf of the Franchised Business, Franchisee must obtain comprehensive automobile liability insurance in the recommended amount of at least a combined single limit for bodily and property damage of One Million Dollars (\$1,000,000.00), or greater if required by state law; and

14.1.3 Employment. At all times when Franchisee has any employees, worker's compensation coverage in the limits required by state law, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated.

14.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

14.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with an administrative fee of ten percent (10%) for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

14.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

14.5 Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear, on a primary, noncontributory basis, and shall contain a waiver of rights of subrogation against Franchisor. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.

14.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS POWER LOCKER USA

FRANCHISE INC., AND ANY OF THEIR PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE “FRANCHISOR PARTY INDEMNITEES”), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE’S POWER LOCKER USA FRANCHISE INC. FRANCHISE; THE SERVICES OR PRODUCTS OFFERED THEREBY; AND THE FRANCHISED BUSINESS OFFICE LOCATION, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE’S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE’S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL OF THE FRANCHISOR PARTY INDEMNITEES’ LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS’ FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE FRANCHISOR PARTY INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE FRANCHISOR PARTY INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE FRANCHISOR PARTY INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE FRANCHISOR PARTY INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE FRANCHISOR PARTY INDEMNITEES.

Initial

## **15. TRANSFERS**

### **15.1 Transfers by Franchisor.**

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

15.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain’s or business’ facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor’s purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee’s locations).



15.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the vending machine distribution business or to offer or sell any products or services to Franchisee.

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

15.3 Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 15.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

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

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

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

15.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;

15.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;

15.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

15.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;

15.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and

15.4 Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee amounting to the greater of Ten Thousand Dollars (\$10,000), or ten percent (10%) of the sale price. Notwithstanding the foregoing, for transfers of ownership interest among existing principals, shareholders or members, or to add a business entity or new shareholder or member of the Franchisee entity and such transfer does not change management control of the Franchise, the transfer fee is One Thousand Five Hundred Dollars (\$1,500.00).

15.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

15.6 Franchisor's Right of First Refusal.

15.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

15.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 15.6.3.

15.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have up to ninety (90) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

15.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 15.3 hereof. However, if (i) the sale to the transferee is not completed within ninety (90) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

15.7 Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within three (3) months from the date of death or permanent disability, to a third party approved by Franchisor. Failure to

transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 15.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 15 and unless transferred by gift, devise or inheritance, subject to the terms of Section 15.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

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

**15.8 Effect of Consent to Transfer.** Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principal(s) nor waive its right to demand that the transferee comply strictly with this Agreement.

**15.9 Security Interests to Lender.** If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Franchised Business assets to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee seeks and/or obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any Collateral Franchisee uses to secure the SBA Financing, and Franchisor and Franchisee further agree that (i) the provisions of Attachment 8 are fully incorporated herein and applicable to Franchisor and Franchisee, (ii) Franchisor shall subordinate its security interest or other lien on Franchisee's Collateral to that of the lender of the SBA Financing and (iii) Franchisor waives the requirement of the written acknowledgement referenced in this Section.

## **16. DEFAULTS**

**16.1 Default and Automatic Termination.** Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to

foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

16.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

16.2.1 fails to obtain all required licenses and permits before opening or open the Franchised Business within the time and in the manner specified in Article 8.

16.2.2 falsifies any report required to be furnished Franchisor hereunder;

16.2.3 ceases to operate the Franchised Business for a period of three (3) days or more;

16.2.4 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;

16.2.5 understates Gross Sales on two (2) occasions or more, whether or not cured on any or all of those occasions;

16.2.6 fails to comply with the covenants in Article 14;

16.2.7 permits a Transfer in violation of the provisions of Article 15 of this Agreement;

16.2.8 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 15.7.

16.2.9 has misrepresented or omitted material facts in applying for the Franchise;

16.2.10 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;

16.2.11 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

16.2.12 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;

16.2.13 creates a threat or danger to public health or safety from operation of the Franchised Business;

16.2.14 refuses to permit Franchisor to inspect or audit Franchisee's books or records;

16.2.15 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 18.2);

16.2.16 fails to comply with the non-competition covenants in Section 18.5;

16.2.17 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;

16.2.18 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;

16.2.19 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, or suppliers and does not cure such default within the time period provided in such other agreement;

16.2.20 offers or uses any unauthorized and unapproved products or services;

16.2.21 fails to meet Minimum Performance Standards; or

16.2.22 terminates this Agreement without cause.

16.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 16.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

16.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 16.2.17 and/or 16.2.18;

16.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 16.1 and 16.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 16.2.17.

16.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

16.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

16.4.2 exercise complete authority with respect to the operation of the Franchise Business until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor at Franchisor's then-current rates for

interim management, plus all travel related and other expenses, during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

16.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee, to direct suppliers to stop furnishing any and all products and supplies, including, but not limited to products sold under Franchisor's discounted pricing schedules, until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

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

## **17. POST-TERMINATION**

17.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:

17.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current or past Power Locker owner, franchisee or licensee;

17.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests an association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks. Immediately return to the Franchisor any business cards, marketing materials, or any other items containing Marks;

17.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

17.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, equipment, fixtures, and inventory owned by Franchisee at the time of default;

17.1.5 pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

17.1.6 immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and software, and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;

17.1.7 comply with the non-disclosure and non-competition covenants contained in Article 18; and

17.1.8 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average monthly Royalty Fee, Additional Royalty Fees, if any, and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) thirty-six (36) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 17.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

## 17.2 Right to Purchase.

17.2.1 Franchisor shall have the option, to be exercised within sixty (60) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including the Computer System), signs, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less, and assume any and all contracts related to the operation of the Franchised Business. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within sixty (60) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

17.2.2 With respect to the option described in Section 17.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

17.2.3 Franchisor shall be entitled to assign any and all of its option in Section 17.2.1 to any other party, without the consent of Franchisee.

17.3 Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 10.7, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

17.4. Survival. The rights and obligations of the parties contained in this Article 17 shall survive the expiration or sooner termination of this Agreement.

## **18. NON-DISCLOSURE AND NON-COMPETITION COVENANTS**

### **18.1 Operations Manual.**

18.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

18.1.2 Franchisee and any and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principals, if any, shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principals, and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

18.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of



the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies, and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

18.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

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

18.2 Confidential Information. Franchisee and Principal(s) acknowledge and accept that during the term of this Agreement, Franchisee and Principal(s) will have access to Franchisor's trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, pricing formulae, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; curricula; instructional materials; and any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Franchisee and Principal(s) covenant and agree that Franchisee and Principal(s) shall not, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or Principal(s) or of which Franchisee or Principal(s) may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and Principal(s) shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 18.11 hereof. Franchisee and Principal(s) shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenants in this Section 18.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

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

18.4 New Concepts. If Franchisee or Principal(s) develops any new concept, process, product, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and Principal(s) acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate. Franchisee acknowledges and

agrees that nothing in this Section 18.4 permits Franchisee to test, introduce, provide, or otherwise offer any Improvement to customers, or use any Improvement in the operation of the Franchised Business, unless and until Franchisor consents to the use of the Improvement for such purpose.

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

18.5.1 During the term of this Agreement, Franchisee and each Principal shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any business that offers or sells vending machine systems, or related items ("Competitive Business"); or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Power Locker franchisees or Franchisor-affiliated businesses.

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

18.6 Reasonableness of Restrictions. Franchisee and Principal(s) acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s) since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.

18.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 18 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

18.8 Injunctive Relief. Franchisee and Principal(s) acknowledge that a violation of the covenants of confidentiality and non-competition contained in this Agreement would result in immediate and irreparable injury to Franchisor for which monetary damages cannot fully remedy. Accordingly, Franchisee and Principal(s) hereby consent to the entry of a temporary and permanent injunction prohibiting any conduct by Franchisee or Principal(s) in violation of the terms of the covenants set forth in this Article 18 and hereby agree to waive any and all defenses to the entry of such injunction(s). Notwithstanding, Franchisee and Principal(s) acknowledge and agree that the foregoing injunctive relief is in addition to, and does not restrict Franchisor from pursuing, any and all claims for monetary damages resulting from a breach by Franchisee or Principal(s) of the covenants contained herein.

18.9 Liquidated Damages – Violation of Confidentiality or Non-Competition Covenants. In the event Franchisee and/or Principal(s) violate the covenants of confidentiality and/or non-competition set forth herein, Franchisee and/or Principal(s) shall pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) an amount equal to One Hundred Thousand Dollars (\$100,000.00), plus Franchisor's attorney's fees, for each such violation. Franchisee and Principal(s) acknowledge that a precise calculation of the full extent of the damages that Franchisor will incur in the event of Franchisee's and/or Principal(s)' violation of the covenants of confidentiality and/or non-competition is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.9 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision hereof.

18.10 No Defense. Franchisee and Principal(s) expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 18.

18.11 Covenants of Employees, Agents, and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Article 18 (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's Confidential Information, and Franchisee shall provide Franchisor with executed versions thereof. Such covenants shall be substantially in the forms set forth in Attachment 9 as revised and updated from time to time and contained in the Manual. Franchisee shall indemnify and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of Franchisee's failure to obtain executed restricted covenants by employees, agents and third persons as required by this Section.

## **19. DISPUTE RESOLUTION**

19.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 20.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

19.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in

accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorney's fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

### 19.3 Arbitration.

19.3.1 Except disputes not subject to alternative dispute resolution as set forth in Section 19.4, any dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Attachments hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Sections 19.1 or 19.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

19.3.2 All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 19 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq.*) and the federal common law of arbitration. All hearings and other proceedings will take place in the Hudson County, New Jersey, or the offices of the American Arbitration Association, or, if Franchisor so elects, in the county where the principal place of business of Franchisee is then located.

19.3.3 This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

19.3.4 The provisions of this Section 19.3 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

19.3.5 In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request or demand for arbitration shall stay, postpone or rescind the effectiveness of any termination of this Agreement.

19.3.6 Except as expressly required by law, Franchisor, Franchisee and any Principal shall keep all aspects of any mediation and/or arbitration proceeding in confidence, and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

19.4 Exceptions. Notwithstanding the requirements of Sections 19.2 or 19.3, the following claims shall not be subject to mediation or arbitration:

19.4.1 Franchisor's claims for injunctive or other extraordinary relief;

19.4.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

19.4.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks; and

19.4.4 enforcement of Franchisee's post-termination obligations, including but not limited to, Franchisee's non-competition covenants.

19.5 Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of New Jersey. Any claims, controversies, disputes, or actions arising out of this Agreement shall be governed, enforced, and interpreted pursuant to the laws of the State of New Jersey. Franchisee and its Principal(s), except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in New Jersey. Franchisee and its Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

19.6 Mutual Benefit. Franchisee, Principal(s), and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.5 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principal(s), and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.7 Waiver of Certain Damages. Franchisee and Principal(s), if any, hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s), if any, agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.

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

19.9 Survival. The provisions of this Article 19 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

## **20. GENERAL**

### **20.1 Relationship of the Parties.**

20.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other

franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

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

20.1.3 Franchisee's Employees. Franchisor has no authority to control, either directly or indirectly, the essential terms and conditions of employment of Franchisee's employees. Franchisee acknowledges and agrees that Franchisee, in Franchisee's sole and absolute discretion, shall determine all such essential terms and conditions of employment, which are defined in the Manual or otherwise defined by law. Franchisee specifically agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a Power Locker Franchise and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf, participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

20.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals, if any, in this Agreement or the Franchised Business, except in accordance with Article 15 hereof.

20.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

20.4 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed, and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principals shall be deemed to be joint and several covenants, agreements, and obligations of each of the persons named as Franchisee, if more than one person is so named.

20.5 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

20.6 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused, or by electronic mail to the designated address. All such written notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing. Each party shall designate an email address for notice and may update that designation by notice in accordance with this Section.

20.7 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than in the Territory shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Territory.

20.8 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Articles 16 and 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

20.9 Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of New Jersey, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement, and by attaching their digital signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their digital signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on a digital signature, including a DocuSign signature, as the respective party's signature.

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

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

20.12 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing in this

Agreement or any related agreement with Franchisor is intended to disclaim any representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

**-Remainder of Page Intentionally Blank-**



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

FRANCHISOR:

POWER LOCKER USA FRANCHISE INC.

By: \_\_\_\_\_

\_\_\_\_\_,  
(Print Name, Title)

FRANCHISEE (Entity):

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_,  
(Print Name, Title)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

FRANCHISEE (Principal):

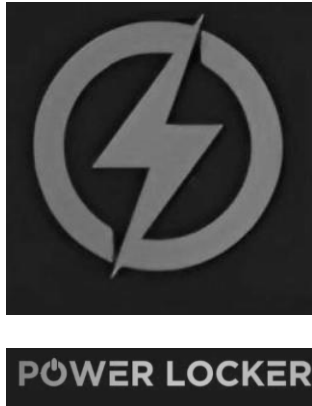
\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

## ATTACHMENT 1

### TRADEMARKS

Power Locker



## **ATTACHMENT 2**

### **TERRITORY**

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

### ATTACHMENT 3

#### MINIMUM PERFORMANCE STANDARDS

|                              | Minimum Annual Gross Revenue |
|------------------------------|------------------------------|
| Year 1                       | No Minimum                   |
| Year 2                       | \$90,000                     |
| Year 3                       | \$95,000                     |
| Year 4                       | \$100,000                    |
| Year 5+ (and Successor Term) | \$105,000                    |

**ATTACHMENT 4**  
**ACH AUTHORIZATION**

Franchisor Name: **Power Locker USA Franchise Inc.**

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

Financial Institution Name: \_\_\_\_\_ Branch: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

ACH/Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_  
(Nine Digits)

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

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 17 of the Franchise Agreement.

Print Franchisee / Account Holder Name

Print Franchisee/Co-Account Holder Name

Franchisee/ Account Holder Signature-Date

Franchisee/Co-Account Holder Signature-Date

Daytime Phone Number

Email Address

**PLEASE ATTACH A VOIDED CHECK TO THIS FORM**

**Please Return Form to: Power Locker USA Franchise Inc.  
376 Main Street, Suite 100  
Bedminster, NJ 07921**

**ATTACHMENT 5**

**STATEMENT OF OWNERSHIP INTERESTS IN  
FRANCHISEE/ENTITY**

**Name**

**Percentage of Ownership**

## ATTACHMENT 6

### SPOUSE GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on \_\_\_\_\_ (the “Effective Date”) to Power Locker USA Franchise Inc., a New Jersey limited liability company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the “Franchise Agreement”) with \_\_\_\_\_, a(n) \_\_\_\_\_ and \_\_\_\_\_ (collectively “Franchisee”).

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

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

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-disclosure and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 18.2, 18.5, 18.6, 18.8 and 18.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

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

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

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

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

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

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

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

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

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_



## ATTACHMENT 7

### **INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT**

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_ (the “Effective Date”) by and between Power Locker USA Franchise Inc., a New Jersey limited liability company (the “Franchisor”), and \_\_\_\_\_ a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principal(s) \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

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

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

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

#### **1. Definitions**

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

#### **2. Internet Advertising and Telephone Accounts**

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

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

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

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media and software companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Internet Web Sites, Social Media Accounts and other Listings: (i) to transfer all of Franchisee’s Interest in such Internet Web Sites, Social Media Accounts and other Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites, Social Media Accounts and other Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites, Social Media Accounts and other Listings or will take such other actions with respect to the Internet Web Sites, Social Media Accounts and other Listings as Franchisor directs; and

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

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

2.4.1 Direct the Internet Companies to transfer all Franchisee’s Interest in and to the Internet Web Sites, Social Media Accounts and/or other Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Internet Web Sites, Social Media Accounts and/or other Listings;

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

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

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

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

### 3. Miscellaneous

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

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

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

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

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

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

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

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

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

FRANCHISOR:

POWER LOCKER USA FRANCHISE INC.

By: \_\_\_\_\_

\_\_\_\_\_,  
(Print Name, Title)

FRANCHISEE (Entity):

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_,  
(Print Name, Title)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

## ATTACHMENT 8

### **PROVISIONS APPLICABLE TO SBA FINANCING**

For the purpose of Franchisee's application for funding from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (the "SBA"), and at all times that the SBA has an interest in any SBA-assisted financing provided to Franchisee, Franchisor and Franchisee agree as follows:

1. With respect to a partial interest in the Franchised Business, Franchisor may exercise its option to purchase or its right of first refusal only if the proposed transferee is not a current owner or family member of a current owner of Franchisee.

2. If Franchisor's consent is required for any transfer (full or partial) of the Franchised Business, Franchisor will not unreasonably withhold such consent.

3. If Franchisee owns the real estate where the Franchised Business operates, Franchisee will not be required to sell the real estate upon default or termination of the Franchise Agreement, but Franchisee may be required to lease the real estate for the remainder of the Term (excluding additional renewals) for fair market value.

4. If Franchisee owns the real estate where the Franchised Business operates, Franchisor has not and will not during the Term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental indemnification, control or use restrictions. If any such restrictions are currently recorded against Franchisee's real estate, they must be removed in order for Franchisee to obtain SBA financial assistance.

5. If Franchisee owns the real estate where the Franchised Business operates, the right of Franchisor to assume Franchisee's lease has not and will not during the Term of the Franchise Agreement be recorded against the real estate and may not include any attornment language unless it is subordinated to any SBA financial assistance.

6. For other than regularly scheduled payments and payments otherwise authorized in the Franchise Agreement, Franchisor does not have the authority to unilaterally share, commingle, or withdraw funds from Franchisee's bank account.

7. The Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business. Meaningful oversight includes the authority to:

- i. Approve the annual budget of the Franchised Business;
- ii. Have control over the bank accounts of the Franchised Business; AND
- iii. Have oversight over the employees operating the Franchised Business (who must be employees of Franchisee).

Franchisee agrees that the Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business by requiring Franchisee to comply with quality, marketing, and operations standards that govern Franchisee's use of Franchisor's System.

## ATTACHMENT 9

### CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this day of \_\_\_\_\_, by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), a franchisee of Power Locker USA Franchise Inc., a New Jersey limited liability company (“Franchisor”), and \_\_\_\_\_, an individual (“Covenantor”).

**WHEREAS**, Franchisee and Franchisor are parties to a franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain of Franchisor’s trademarks and copyrights, including but not limited to, the Power Locker trademarks and logo, website, documents, advertisements, photographs, social media content, promotional materials and operations manual (collectively referred to as the “Intellectual Property”) for the establishment and operation of a Power Locker franchised business;

**WHEREAS**, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Intellectual Property and other confidential information, knowledge, know-how, techniques, training, and other materials used in or related to the Power Locker brand and/or concerning the methods of operation of a Power Locker franchised business (collectively referred to as “Confidential Information”);

**WHEREAS**, the Intellectual Property and Confidential Information provide economic advantages to Franchisor and licensed users of Franchisor, including Franchisee;

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

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

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

#### 1. Confidentiality Agreement.

**a.** Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use the Intellectual Property and such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Power Locker franchised business under the Franchise Agreement and in accordance with the requirements thereof.

**b.** Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Intellectual Property or Confidential Information, and shall not reproduce, in whole or in part, any of the Intellectual Property or Confidential Information, without Franchisor’s express written permission.

**c.** Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of Franchisee's Power Locker franchised business.

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

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

**f.** Upon termination of employment or association with Franchisee, Covenantor shall immediately lose all rights to access and/or use the Intellectual Property and Confidential Information for any purpose whatsoever.

## **2. Covenants Not to Compete.**

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

(i) divert, or attempt to divert, any business or customer of Franchisee or of other franchisees in the Power Locker system to any competitor, by direct or indirect inducement or otherwise or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any business that offers or sells vending machine systems, or related items by any means, including, without limitation, sales via the Internet or catalogs.

**b.** In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the Power Locker system, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Franchisee's Power Locker franchised business or the business of other franchisees in the Power Locker system to any competitor, by direct or indirect inducement or otherwise or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any business that offers or sells vending machine systems within the Territory of the Franchisee's Power Locker franchised business, within fifteen (15) miles outside of the boundaries of Territory of the Franchisee's Power Locker franchised business or within fifteen (15) miles of the territory of any other Power Locker affiliate-owned or franchised business.

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

**d.** If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such

restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

### **3. General.**

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

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

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

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

**e.** THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW JERSEY, WITHOUT REFERENCE TO NEW JERSEY CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF NEW JERSEY. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY NEW JERSEY OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN NEW JERSEY; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

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

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

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



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

If directed to Franchisee:

\_\_\_\_\_  
\_\_\_\_\_

If directed to Covenantor:

\_\_\_\_\_  
\_\_\_\_\_

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

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

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

**-Remainder of Page Intentionally Blank-**

The undersigned have entered into this Confidentiality and Non-Compete Agreement as of the date first written above.

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

COVENANTOR:

\_\_\_\_\_

Name: \_\_\_\_\_

**EXHIBIT C**  
**FINANCIAL STATEMENTS**

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 or her opinion with regard to their content or form.

POWER LOCKER USA FRANCHISE INC.

OPENING BALANCE SHEET

|                                                                                                        |                       |
|--------------------------------------------------------------------------------------------------------|-----------------------|
| Assets                                                                                                 | <u>July 31, 2025.</u> |
| Current Assets                                                                                         |                       |
| Miscellaneous receivables .....                                                                        | <u>\$ 10</u>          |
| Total Current Assets .....                                                                             | <u>\$ 10</u>          |
| Total Assets .....                                                                                     | <u>\$10</u>           |
| Liabilities and Stockholders' Equity (Deficit)                                                         |                       |
| Total Current Liabilities .....                                                                        | <u>-</u>              |
| Total Liabilities .....                                                                                | <u>-</u>              |
| Stockholders' Equity                                                                                   |                       |
| Common Stock, par value \$0.001, 1,000 shares<br>authorized, 1,000 shares issued and outstanding ..... | 1                     |
| Additional Paid-in Capital.....                                                                        | 9                     |
| Retained Deficit.....                                                                                  | <u>-</u>              |
| Total Stockholders' Equity (Deficit) .....                                                             | <u>10</u>             |
| Total Liabilities and Stockholders' Equity .....                                                       | <u>,\$10</u>          |

*(Prepared based on accrual method)*

## **EXHIBIT D**

### **OPERATIONS MANUAL TABLE OF CONTENTS**

#### **Power Locker Game Plan Table of Contents**

|                                             |           |
|---------------------------------------------|-----------|
| <b>1. The Power Locker Mission</b>          | <b>1</b>  |
| <b>2. Performance Nutrition</b>             | <b>2</b>  |
| <b>3. Principles of Sales</b>               | <b>5</b>  |
| <b>4. Product and Nutrition Information</b> | <b>9</b>  |
| <b>5. Location Procurement</b>              | <b>13</b> |
| <b>6. School Admin Relations</b>            | <b>15</b> |
| <b>7. Pre-Launch Procedures</b>             | <b>17</b> |
| <b>8. Vending Unit Set-Up</b>               | <b>18</b> |
| <b>9. Power Locker Launch!</b>              | <b>22</b> |
| <b>10. Personnel Management</b>             | <b>24</b> |
| <b>11. Passion Person Training</b>          | <b>25</b> |
| <b>12. Advertising</b>                      | <b>27</b> |
| <b>13. Social Media</b>                     | <b>29</b> |
| <b>14. Management Procedures</b>            | <b>31</b> |
| <b>15. Re-Stocking and Maintenance</b>      | <b>33</b> |
| <b>16. Franchise Reporting Requirements</b> | <b>35</b> |
| <b>17. Bookkeeping and Recordkeeping</b>    | <b>37</b> |
| <b>18. Customer Service Procedures</b>      | <b>39</b> |
| <b>19. Information Procedures</b>           | <b>41</b> |
| <b>20. Safety Procedures</b>                | <b>48</b> |
| <b>21. Other Franchise Requirements</b>     | <b>50</b> |
| <b>Appendices</b>                           | <b>60</b> |

**EXHIBIT E**

**FRANCHISED OUTLETS**

**CURRENT FRANCHISEES**

(as of December 31, 2024)

NONE

**FORMER FRANCHISEES**

(as of December 31, 2024)

that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with the franchisor within the 10 weeks preceding the Issuance Date of this Disclosure Document:

NONE

**EXHIBIT F**  
**FORM OF RELEASE**



## GENERAL RELEASE

This release (the "Release") is given this day of \_\_\_\_\_ by \_\_\_\_\_  
\_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_  
\_\_\_\_\_, ("Franchisee") and \_\_\_\_\_'s principals \_\_\_\_\_, an  
individual residing at \_\_\_\_\_ and ("Principal(s)").

Franchisee and Principal(s), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasers"), hereby release, discharge and hold harmless Power Locker USA Franchise Inc. ("Franchisor") and Franchisor's parent company, affiliates, officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated \_\_\_\_\_ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasers now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasers also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Release given this day of \_\_\_\_\_ by:

FRANCHISEE (Entity):

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**EXHIBIT G**

**STATE-SPECIFIC ADDENDA**

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

The Office of Attorney General for the State of Maryland requires that certain provisions contained in franchise documents be amended to be consistent with Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Maryland Franchise Law”). To the extent that this Disclosure Document or Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. No requirement that you agree to any release, assignment, novation, estoppel or waiver of liability as a condition to your purchasing a Power Locker USA franchise shall act as a release, estoppel or waiver of any liability under the Maryland Franchise Law.
2. Item 17 is amended to state:
  - (a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
  - (b) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law.
  - (c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).
  - (d) Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

**THE REGISTRATION OF THIS FRANCHISE DISCLOSURE DOCUMENT WITH MARYLAND SECURITIES DIVISION OF THE OFFICE OF ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE SECURITIES COMMISSIONER.**

**AMENDMENT TO THE POWER LOCKER USA FRANCHISE AGREEMENT REQUIRED BY  
THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached Power Locker USA Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee’s assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article [ ] or Section [ ] of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section [ ] of the Franchise Agreement is hereby amended to further state:

“Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).”

3. To the extent of any inconsistencies, Section [ ] of the Franchise Agreement is hereby amended to further state:

“Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.”

4. To the extent of any inconsistencies, Section [ ] of the Franchise Agreement is hereby amended to further state:

“Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.”

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

**DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW**

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

In accordance with South Carolina Code of Laws, Chapter 57, Section 39-57-70(b)(3), South Carolina franchisees are on notice that Franchisor's Registered Agent for Service of Process is:

Registered Agents Inc.  
C6650 Rivers Ave. STE 100  
Charleston SC 29406

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of \_\_\_\_\_.

FRANCHISOR:  
**POWER LOCKER USA FRANCHISE INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE (Entity):

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

The parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

**POWER LOCKER USA FRANCHISE INC.**

By: \_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

## **VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following statements are added to Item 17.h.

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

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

**EXHIBIT H**

**FRANCHISEE ACKNOWLEDGEMENT STATEMENT**



**\*DO NOT SIGN IF YOU ARE A RESIDENT OF MARYLAND OR THE BUSINESS IS TO BE OPERATED IN MARYLAND\***

**FRANCHISEE ACKNOWLEDGEMENT STATEMENT**

Franchisee hereby acknowledges the following:

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

6. Franchisee acknowledges that Franchisor's mutual agreement to Franchisee's Territory does not constitute a warranty, recommendation or endorsement of the Territory for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business in the Territory will be successful or profitable.

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

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

\_\_\_\_\_  
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE POWER LOCKER USA FRANCHISE INC., AND ANY OF ITS PARENT COMPANIES, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

\_\_\_\_\_  
Initial

FRANCHISEE (Entity):

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_,  
(Print Name, Title)

Date: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

Date: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

Date: \_\_\_\_\_

## State Effective Dates

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

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

| State    | Effective Date   |
|----------|------------------|
| Maryland | Not Applicable   |
| Michigan | November 4, 2025 |
| New York | Not Applicable   |
| Virginia | Not Applicable   |

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

**EXHIBIT I**

**RECEIPTS**

## **RECEIPT**

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

If Power Locker USA Franchise Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. (905) 902-5025

If Power Locker USA Franchise Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

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

Peter Dyakowski  
376 Main Street, Suite 100  
Bedminster, NJ 07921  
905-902 -5025

Issuance Date: October 10, 2025

I received a Disclosure Document dated October 10, 2025, that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process  
EXHIBIT B: Franchise Agreement  
EXHIBIT C: Financial Statements  
EXHIBIT D: Operations Manual Table of Contents  
EXHIBIT E: Franchised Outlets  
EXHIBIT F: Form of Release  
EXHIBIT G: State-Specific Addenda  
EXHIBIT H: Franchisee Acknowledgement Statement  
EXHIBIT I: Receipts

Date Received: \_\_\_\_\_  
(If other than date signed)

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

Print Name: \_\_\_\_\_

Print Address: \_\_\_\_\_  
\_\_\_\_\_

**KEEP FOR YOUR RECORDS**

## RECEIPT

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

If Power Locker USA Franchise Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Power Locker USA Franchise Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

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

Peter Dyakowski  
376 Main Street, Suite 100  
Bedminster, NJ 07921  
905-902 -5025

Issuance Date: October 10, 2025

I received a Disclosure Document dated October 10, 2025, that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process  
EXHIBIT B: Franchise Agreement  
EXHIBIT C: Financial Statements  
EXHIBIT D: Operations Manual Table of Contents  
EXHIBIT E: Franchised Outlets  
EXHIBIT F: Form of Release  
EXHIBIT G: State-Specific Addenda  
EXHIBIT H: Franchisee Acknowledgement Statement  
EXHIBIT I: Receipts

Date Received: \_\_\_\_\_  
(If other than date signed)

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

Print Name: \_\_\_\_\_

Print Address: \_\_\_\_\_  
\_\_\_\_\_

Please return signed receipt to Power Locker USA Franchise Inc.  
376 Main Street, Suite 100  
Bedminster, NJ 07921