FRANCHISE DISCLOSURE DOCUMENT

SHH Group, LLC
A Delaware Limited Liability Company
505 Consumers Road, Suite 307
Toronto, Ontario, Canada M2J 4V8
(416) 490-6266
info@sculpturehospitality.com
www.sculpturehospitality.com
globaloffice@sculpturehospitality.com

The franchise offered is to operate a business offering evaluation services for bars, nightclubs, restaurants and other hospitality establishments to monitor the loss of liquor, wine and beer due to theft, spillage, shrinkage and other factors under the trade name Sculpture Hospitality and other names, marks and commercial symbols we designate.

The total investment necessary to begin operation of a Sculpture Hospitality franchise will depend on the number of Establishments with liquor licenses located within the geographic boundaries of your franchise territory. We offer three sizes of territories with varying numbers of Establishments and a varying total initial investment, as follows:

(i) Approximately 150 Establishments: total investment necessary to begin operations ranges from $45,500 to $49,500, which includes $35,000 that must be paid to the Franchisor or its affiliate(s);

(ii) Approximately 250 Establishments: total investment necessary to begin operations ranges from $50,500 to $54,500, which includes $40,000 that must be paid to the Franchisor or its affiliate(s);

(iii) Approximately 500 Establishments: total investment necessary to begin operations ranges from $60,500 to $64,500, which includes $50,000 that must be paid to the Franchisor or its affiliate(s);

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive 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 governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact SHH Group, LLC, Global Office, 505 Consumers Road, Suite 307, Toronto, Ontario, Canada M2J 4V8 and (416) 490-6266.

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

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

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

Issuance Date of this Franchise Disclosure Document: May 19, 2026.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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

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

5. **Turnover Rate**. During the last 3 years, a large number of franchised outlets (33) were terminated, not renewed or reacquired by franchisor. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone Number: (517) 335-7567

Note: Despite paragraph (f) above, we intend, and we and you agree, to enforce fully the arbitration provisions of our Franchise Agreement and other agreements. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions.

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

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, **"we," "us," "our,"** or "**Franchisor**" means SHH Group, LLC, the franchisor. "**You**," **"your**," or **"Franchisee"** means the person or entity who is awarded the right to operate a franchise and includes your owners if you are a corporation, limited liability company, partnership or other entity. If you are a corporation, limited liability company, partnership or other entity, your owners must sign our "Guaranty," which means that all provisions of our Franchise Agreement (Exhibit A) also will apply to your owners. (See Item 15).

The Franchisor

We organized as a limited liability company under the laws of the State of Delaware on October 3, 2017. We do business under our corporate name and the name "Sculpture Hospitality." Our current principal place of business is 505 Consumers Road, Suite 307, Toronto, Ontario, Canada M2J 4V8. Our agents for service of process are listed in Exhibit G to this Disclosure Document.

In October 2017, we purchased through a public sale by its lenders substantially all of the assets of Sculpture Hospitality, LLC (the "**Immediate Predecessor**"), the previous owner and operator of the SCULPTURE HOSPITALITY franchise system. The assets we acquired from the Immediate Predecessor consisted in part of all instruments, documents, general intangibles including, without limitation, trademarks, trade secrets, copyrights, franchises, customer lists, contract rights software and the franchise agreements and regional director agreements associated with the SCULPTURE HOSPITALITY franchise system (collectively, "**Assets**"). Upon consummating the purchase of the Assets, we commenced operating the SCULPTURE HOSPITALITY franchise system in substantially the same format as the franchise system was operated by the Immediate Predecessor.

We began operating SCULPTURE HOSPITALITY businesses similar to those being offered under this disclosure document in October 2017. We began offering franchises for the SCULPTURE HOSPITALITY franchise system in June 2018. We have not conducted business in any other line of business, nor have we offered franchises in any other lines of business.

Predecessors

The Immediate Predecessor, a Delaware limited liability company, was organized on March 22, 2010. Its last known principal business address is 51 Brentford Drive, Louisville, Kentucky 40245. The Immediate Predecessor changed its entity name from Intelliworx, LLC to Bevintel, LLC in 2011 and from Bevintel, LLC to Sculpture Hospitality, LLC in 2014.

The Immediate Predecessor developed what is now known as the SCULPTURE HOSPITALITY franchise system in July 2011 by acquiring a beverage evaluation system and franchise system operated under the BEVINCO mark from Bevinco Corporation ("**Bevinco**") in February 2011. Beginning in July 2011 (October 2011 in Canada), the Immediate Predecessor offered franchises under the BEVINTEL trade name and marks, before transitioning the entire franchise system to the SCULPTURE HOSPITALITY trade name and marks in October 2014. The Immediate Predecessor offered franchises under the SCULPTURE HOSPITALITY from October 2014 to October 2017. Franchisees that once operated under the BEVINCO mark now operate under the SCULPTURE HOSPITALITY mark.

Bevinco is a Canadian company incorporated in March 2003. Bevinco did not offer franchises in any line of business. However, from 1995 to February 2011, Bevinco's affiliate, Bevinco American Bar Systems,

Ltd. ("**BABS**"), a Delaware corporation formed in June 1994, offered the BEVINCO franchises that now comprise part of the SCULPTURE HOSPITALITY franchise system. Bevinco and BABS principal place of business is 505 Consumers Road, Suite 307, Toronto, Ontario, Canada M2J 4V8.

The Immediate Predecessor also offered Regional Director franchises from October 2011 to October 2014 under the BEVINTEL trade name and marks, before transitioning the Regional Director franchise system to the SCULPTURE HOSPITALITY mark.

Other than the franchise offerings described above, the Immediate Predecessor, Bevinco, and BABS did not offer franchises in other lines of business.

Other than as stated above, we have no predecessors or affiliates that must be disclosed in this Item 1.

Our Franchise Offering

We offer qualified franchisees the right to operate businesses (**"Franchised Businesses"**) which provide consultative inventory management services for liquor, wine and beer consumption to help restaurants, bars, hotels, sports arenas, nightclubs and other similar type venues (collectively, "**Establishments**") identify sources of theft, spillage, shrinkage, waste and other causes adversely affecting the Establishment's profitability and beverage controls (the "**Inventory Control System**"). Through the use of a proprietary software system in conjunction with an Establishment's existing point of sale system, a trained certified evaluator performs on premise evaluations which help identify the sources of these problems and aids in developing corrective strategies ("**Client Evaluations**"). These franchises will operate under the trade name SCULPTURE HOSPITALITY and other trademarks, service marks, trade names, and commercial symbols we designate ("**Marks**") and operate under a distinct system ("**System**"). As of December 31, 2025, there were 172 Franchised Businesses and 13 company-owned businesses in operation in the United States.

Franchised Businesses will identify themselves as Sculpture Hospitality franchisees. If you acquire a Franchised Business, you must operate in accordance with the terms of our Franchise Agreement, including only offering the products and services we permit, operating within our specified procedures, policies, standards and specifications (the **"Standards and Specifications"**) and providing us with reports on a regular basis. For the Inventory Control System, you must pay us royalties based on the evaluations you conduct. We have the right from time to time to enhance existing services, to discontinue any adopted systems or services and to mandate that you utilize new systems or services which may require that you purchase additional equipment, to require payment to us of additional royalties, and to require compliance by you with additional minimum quota requirements.

The Inventory Control System currently has three types of clients:

(a) "**Full-Service Clients**": You execute the inventory count process on premise, as well as processing purchases, sales and spillage reconciliation, weekly order forecast, ordering and variance analysis.

(b) "**Shared Service Clients**": Your client performs on-site inventory and uploads counts to our server. You generally complete the remaining aspects of the evaluation process, but specific split of responsibilities with the client is negotiable.

(c) "**Self-Service Clients**": Your client executes the full evaluation process using the Sculpture Hospitality software and systems. You provide training, set up the database and verify costing and recipes.

Regional Director franchises are offered, if at all, under a separate and distinct franchise disclosure document. As of December 31, 2025, there were 13 Regional Directors in the United States and 1 Regional Director in Canada.

National Account Program

We have established a national account program through which we are able to contract with businesses to conduct Client Evaluations on a nationwide basis and offer these accounts special pricing options for the use of our Systems (the "National Account Program"). A "National Account" is any multi-unit operator that has a minimum of five (5) locations in three or more franchised territories and/or non-franchised territories or any prospective client which will likely expand to additional locations in multiple territories following a pilot or trial program. We have the right to administer a National Account ourselves, or by or through our affiliates or designated third parties. We may mandate certain practices or service standards to ensure consistency across a National Account's locations utilizing our Systems and may reassign the franchisee or party supporting a National Account location at any time at our sole discretion. We may discontinue or terminate a National Account or the entire National Account Program. You may receive a portion of the monthly Client Evaluation fees associated with National Accounts for which you perform services which are located in your territory, as described in Item 11.

Regulatory Matters

There are no regulations specific to the industry in which you will operate your franchise, although you must comply with local, state and federal laws that apply generally to all businesses. Additionally, since you may accept credit cards, you must also comply with any laws and regulations relating to the acceptance of credit cards, including the Payment Card Industry Data Security Standards. Compliance with these laws and regulations are your responsibility.

Market and Competition

The market for liquor, wine and beer inventory control products and services is developed and competitive. Your products and services will be sold primarily to the hospitality industry including bars, restaurants, nightclubs, hotels and sporting venues. Methods for liquor, wine and beer inventory control in these establishments are varied and include manual systems, automated dispensing systems, restricted pouring systems, SaaS solutions, and weighing systems.

Item 2

BUSINESS EXPERIENCE

President and Chief Executive Officer: Vanessa De Caria

Mrs. De Caria has been our Chief Executive Officer since January 2019 and has been our President since October 2017. Mrs. De Caria served as President of Sculpture Hospitality from September 2016 until our formation. Mrs. De Caria serves in her present capacities in Toronto, Ontario, Canada.

Vice President and Controller: Jacqueline Boers

Ms. Boers has been our Vice President and Controller since October 2017. Ms. Boers serves in her present capacities in Toronto, Ontario, Canada.

Vice President and Secretary: Aaron Roberts

Mr. Roberts has been our Vice President and Secretary since October 2017. Since March 2013, Mr. Roberts has also served as the Executive Vice President of MINCA, Inc. in San Diego, California. Mr. Roberts serves in his present capacities in San Diego, California.

Vice President of Learning: Gillian Blair

Ms. Blair has been our Vice President of Learning since June 2024. From November 2021 to April 2024, Ms. Blair served as Learning & Development Manager for FSES (Canada) ULC (NovaSource Power Services/Heliolytics in Halifax, Nova Scotia, Canada). From September 2018 to November 2021, Ms. Blair served as Lead Instructional Designer for CPA Canada in Toronto, Ontario, Canada. Ms. Blair also served as Senior Learning and Development Advisor for Creative Training Edge in Brant County, Ontario, Canada from July 2009 to December 2024. Ms. Blair serves in her present capacities in Toronto, Ontario, Canada.

Chief Technology Officer: Ken Keng

Mr. Keng has been our Chief Technology Officer since October 2017. Mr. Keng serves in his present capacities in Toronto, Ontario, Canada.

Chief Revenue Officer: Scot Hulshizer

Mr. Hulshizer has been our Chief Revenue Officer since November 2025. From January 2022 to July 2023, Mr. Hulshizer served as our Chief Operating Officer. From September 2021 to December 2021, Mr. Hulshizer also served as our Consultant. Mr. Hulshizer has also served as Founder and Principal at Acuity Advisor Group LLC in Alpharetta, Georgia since August 2023, and Managing Member of SDH Solutions LLC in Alpharetta, Georgia since October 2013. Mr. Hulshizer serves in his current capacities in Alpharetta, Georgia.

Vice President of Operations and Support: Victoria Mosley

Ms. Mosley has been our Vice President of Operations and Support since January 2026. Prior to that position, Ms. Mosley served in multiple roles for us, including as: Senior Director of Support and Field Operations from May 2025 to December 2025; Director of Client Success from January 2022 to May 2025; and Client Success Manager from May 2020 to January 2022. Ms. Mosley serves in her current capacities in Dallas, Texas.

We authorize the Regional Directors to help coordinate the development of our franchise system and to recruit franchisees on our behalf. See Exhibit D for more information on the Regional Directors operating in selected geographical areas in the United States.

Item 3

LITIGATION

Concluded or Pending Actions Involving Franchisor: None

Concluded or Pending Actions Involving Sculpture Hospitality, LLC (Predecessor)

Every Ounce Counts, LLC and Perfect Pour, LLC v. SHH Group, LLC, Peter Kaplan, Ramon Ortega, and Jorge Pineiro, 15th Judicial Circuit, Palm Beach County, Florida, Case No. 2015-CA-014358, and Every

Ounce Counts, LLC, Perfect Pour, LLC and Luis Rivera v. SHH Group, LLC, American Arbitration Association Case No. 01-16-0001-0891. Franchisees of 3 territories in Florida, who sold 2 of their territories when their franchise agreements expired, filed the initial lawsuit against us and their buyers on December 29, 2015. They alleged that we wrongfully failed to renew the 2 franchises that they resold and wrongfully terminated the third franchise, bringing claims against us for breach of contract, tortious interference with contract relating to their arrangement with the buyer, civil conspiracy, and aiding and abetting the buyer's breach of fiduciary duty. The complaint sought preliminary injunctive relief reinstating the franchise agreements, a declaration that we wrongfully failed to renew or terminated the franchise agreements, and attorneys' fees, costs and interest. On March 30, 2016, the plaintiffs in the lawsuit and their principal owner filed the arbitration demand with the American Arbitration Association, ultimately making the same allegations and claims as in the lawsuit and seeking $300,000 in damages. On June 8, 2016, we filed a counter-demand in the arbitration seeking a declaration of our right to terminate the third franchise agreement and unspecified damages based on the former franchisees' breach of non-competition covenants contained in their 2 non-renewed franchise agreements. On January 17, 2017, the parties agreed to settle both actions and we agreed to pay the former franchisees $126,123.

Concluded Actions Involving Bevinco American Bar Systems Ltd. (Predecessor)

State of Maryland vs. BEVINCO American Bar Systems, Ltd and Jack C. Jones (Case No. 2004-0568) On April 27, 2005, in accordance with Sections 14-210, 14-216, 14-223, and 14-229 of the Maryland Franchise Law and Maryland Franchise Regulation (COMAR) Section 02.02.08.04, the Maryland Attorney General required one of our predecessors, BAS, to sign a Consent Order for violations of those sections in that BAS sold franchises prior to BAS' renewal registration becoming effective and offered to sell several others during this period of time. The Order required BAS to offer rescission to the franchisees who bought the franchise, and to enroll one of its officers in a franchise compliance training program. The Order also provides that if BAS violates the Order, the Maryland Division of Securities may bring administrative or judicial proceedings against BAS for enforcement of the Order. BAS ceased offering franchises in 2011 and was administratively dissolved in 2013.

Other than the above actions, no litigation is required to be disclosed in this Item. See Exhibit D for any required disclosures relating to Regional Directors.

Item 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item. See Exhibit D for any required disclosures relating to Regional Directors.

Item 5

INITIAL FEES

All franchisees pay us an initial franchise fee depending on the number of Establishments in the franchisee's territory. We offer three territory sizes, each with a different initial franchise fee, as follows:

Number of Establishments	Initial Franchise Fee
Approximately 150	$25,000 + $10,000 required training fee
Approximately 250	$30,000 + $10,000 required training fee
Approximately 500	$40,000 + $10,000 required training fee

The initial franchise fee includes access to the Inventory Control System, our proprietary software programs, and/or SaaS solutions. Additionally, franchisees that are new to our system are required to pay a one-time $10,000 training and onboarding fee. If you would like to send more than one trainee through our initial training program, and there is space available in the program, we have the right to charge a fee of up to $5,000 per additional or subsequent trainee. There are no other required purchases from us in connection with the opening and initial operation of your franchise.

The total initial franchise fee and any required training fees are payable to us upon the execution of your Franchise Agreement and all such fees are nonrefundable. During our last fiscal year, we did not reduce the initial franchise fee in connection with the sale of a franchise. We reserve the right to offer reduced initial franchise fees to existing franchisees purchasing additional franchises.

Item 6

OTHER FEES

Type of Fee (Note 2)	Amount	Due Date	Remarks
Royalty Fee for Inventory Control System (See Note 1 below)	FULL-SERVICE CLIENTS OR SHARED SERVICE CLIENTS FOR TERRITORY WITH APPROXIMATELY 150 ESTABLISHMENTS First six months: 8% of the evaluation revenue generated per Client Thereafter, the greater of: (a) 8% of the evaluation revenue generated per Client, or (b) First six months: $0 Each of months 7 – 12 of the first year of the Term: $150 Each month during 2nd year: $375 Each month during 3rd year: $585 FULL-SERVICE CLIENTS OR SHARED SERVICE CLIENTS FOR TERRITORY WITH APPROXIMATELY 250 ESTABLISHMENTS First six months: 8% of the evaluation revenue generated per Client Thereafter, the greater of: (a) 8% of the evaluation revenue generated per Client, or	By the 15th of each month for the previous month. For all fees payable that fall on a national holiday, the payment is due the following business day.	The Royalty Fee will be calculated based on the data in the BARS platform. It is your responsibility to ensure your client data including address and evaluation fee is accurately reported through the BARS platform and that evaluations from the Beverage Platform (2020) are synched to BARS by end of day on the 1st of the month following the reporting period. If you discover an error in your monthly evaluation report, you must notify us within 10 days from the close of the reporting period.

Type of Fee (Note 2)	Amount	Due Date	Remarks
	(b) First six months: $0 Each of months 7 – 12 of the first year of the Term: $225 Each month during 2nd year: $675 Each month during 3rd year: $915 <u>FULL-SERVICE CLIENTS OR SHARED SERVICE CLIENTS FOR TERRITORY WITH APPROXIMATELY 500 ESTABLISHMENTS</u> First six months: 8% of the evaluation revenue generated per Client Thereafter, the greater of: (a) 8% of the evaluation revenue generated per Client, or (b) First six months: $0 Each of months 7 – 12 of the first year of the Term: $225 Each month during 2nd year: $675 Each month during 3rd year: $990 <u>SELF-SERVICE CLIENTS FOR ALL TERRITORIES</u> Greater of $38 or 20% of the Client's monthly self-service fee (Includes MDF)		
Marketing Development Fund Contribution	<u>TERRITORIES WITH APPROXIMATELY 150 ESTABLISHMENTS</u> First six months: 2% of the evaluation revenue generated per Client Thereafter, the greater of: (a) 2% of the evaluation revenue generated per Client or (b) Each of months 7 – 12: $60 Each month during 2nd year: $150 Each month during 3rd year: $234	Monthly, at time the Royalty Fee is paid	Applicable to all client types (Full Service, Shared Service and Self Service Clients) See Item 11 for a full description.

Type of Fee (Note 2)	Amount	Due Date	Remarks
	TERRITORIES WITH APPROXIMATELY 250 ESTABLISHMENTS First six months: 2% of the evaluation revenue generated per Client Thereafter, the greater of: (a) 2% of the evaluation revenue generated per Client or (b) Each of months 7 – 12: $90 Each month during 2nd year: $270 Each month during 3rd year: $366 TERRITORIES WITH APPROXIMATELY 500 ESTABLISHMENTS First six months: 2% of the evaluation revenue generated per Client Thereafter, the greater of: (a) 2% of the evaluation revenue generated per Client or (b) Each of months 7 – 12: $90 Each month during 2nd year: $270 Each month during 3rd year: $396		

Type of Fee (Note 2)	Amount	Due Date	Remarks
Centralized Marketing Program	Mandatory Program: $70 per month, but the monthly fee could increase if our costs increase. On an annual basis, the increase will not exceed 110% of the previous year's monthly fee.	Monthly, at time the Royalty Fee is paid	Contributions in addition to the Marketing Development Fund with the intention of helping establish both brand awareness and brand compliance. Additional advertising budget will count toward the local advertising spend required of each franchisee. To enroll in the Centralized Marketing Program, we require the right to access administrative privileges of your business social media accounts to ensure brand compliance is followed.
Interest/Late Fee	2% per month of the defaulted balance per month or the highest rate permitted by law ("Default Rate")	Due only if payments are overdue	
Credit Card Administration Fee	Up to 4% of total amount, depending on banking institution	Due only if paying by credit card	
Technology Infrastructure Fee	$55 per month, but could increase if our costs increase, but on a yearly basis the increase will not exceed 10% of the previous year's monthly fee	Monthly basis	Includes marketing platform, support platforms and communication tools
Local Marketing	You must spend 3% of your Gross Sales including the amounts you receive for monthly Client Evaluations on marketing in your territory which is approved by us.		See Note 2 below for the definition of Gross Sales
Transfer Fee	30% of then-current franchise fee being offered to new franchisees	Before transferring	You must pay this transfer fee to cover our administrative and other expenses associated with the transfer of the Franchised Business (unless you make the transfer to a corporation formed solely for the convenience of ownership). If you are granted a franchise as a result of a transfer from an existing Franchisee, you must pay us $10,000 to go through the initial training program.

Type of Fee (Note 2)	Amount	Due Date	Remarks
Audit Fee	Cost of audit plus interest on the underpayment at the Default Rate	Due only if the audit shows an understatement of any amount due to us	
Indemnification	An amount equal to the value of all losses and expenses incurred by us	Upon being incurred by us	You are obligated to indemnify us from all losses and expenses incurred in connection with any action that is based upon any of the items listed in the section of the Franchise Agreement labeled "Indemnification."
Renewal Fee	In lieu of paying the then-current initial franchise fee or its equivalent, you must pay a renewal fee of 10% of the then-current franchise fee for a territory of your size for an additional three-year period.	Due only if you elect to renew the Franchise Agreement	The renewal fee of 10% is on the then-current initial franchise fee, inclusive of training fee. If you exceed your minimums for a period of at least 6 consecutive months prior to the renewal, we will reduce your renewal fee by 50%.
Initial Training Fee for Additional or Subsequent Trainees	Currently $2,000 per trainee, but we may increase the fee up to a maximum of $5,000 per trainee, if our costs increase.	As incurred	The initial training fee paid at the time of your purchase covers you (or one of your owners, if you are an entity) (the "Required Trainee") to attend initial training one time, but we will charge a fee for additional or subsequent trainees to attend initial training (or for Required Trainees who retake initial training). You will be responsible for the travel expenses and wages for all of your trainees and for lodging and meals for all of your trainees other than the Required Trainee.
Franchise Convention	Historically these fees have ranged from $500 to $800 per person, plus the costs of travel, lodging and meals. Fees are solely dependent on selection of venue and actual expenses incurred	As incurred	At least one person per Franchise must attend our Franchise Convention, which may last up to 2 days/3 nights. This Convention will be held every 12 to 24 months.

Type of Fee (Note 2)	Amount	Due Date	Remarks
Ongoing Training Programs	Fee will vary by program and is currently $2,000 per attendee per program. The fee will not exceed $5,000 per attendee per program.	As incurred	We may offer optional or mandatory ongoing programs and sessions. We may charge you a fee for such sessions. You will be responsible for the travel, lodging, and meals of you and your trainees.
Expansion Fee	Then-current initial franchise fee associated with the number of Establishments within the expansion portion of the Territory less the relevant training fees	Upon the execution of an amendment modifying the definition of your Territory	If you establish five (5) or more accounts outside your Territory (within a geographic area which does not yet have an active Sculpture Hospitality franchisee), you agree to purchase an expansion of your Territory.
Supplier and Product Review	The fee will be equal to and will not exceed 110% of the costs that we and our affiliates incur related to the inspection.	As incurred	Payable if you would like to purchase any items from an unapproved supplier or distributor.
Electronic Mail Account Fee	$14.72 per month for each additional electronic mail account that we provide to you. The fee will be based on the then-current Google workspace pricing at the time we provide an electronic mail account.	As incurred	The fee is payable only if you would like us to provide you with any additional accounts beyond the one electronic mail account we provide to you at no charge. The fee is subject to change.
Customer Relationship Management System (CRMS) Fee	Currently not charged. If we begin collecting this fee, the fee will not exceed 100% of our and our affiliates' costs relating to the CRMS.	As incurred	We do not currently charge a CRMS Fee, but we may do so in the future. We estimate that this fee could range from $50 to $100 per month.
Royalty Fee during suspension period	The Royalty Fee will be increased by 25% during the suspension period, and prior to the expiration of the Franchise Agreement, because the parties failed to renew the Franchise Agreement.	As incurred	See Section II.C. of the Franchise Agreement

NOTES TO ITEM 6

1. We may in the future modify the method and manner in which the Inventory Control System is distributed to Establishments and/or establish a different pricing methodology for providing evaluation services under the Inventory Control System to Establishments, which could cause a modification of the Royalty Fees payable under the Franchise Agreement. Any such modification to the Royalty Fee will only apply to you if you agree to the modification.

2. All fees in this Item 6 are uniformly imposed by and are payable to us. All fees are nonrefundable. All monthly payments required under the Franchise Agreement must be in U.S. Dollars received by us via ACH Debit Transaction, credit card or electronic funds transfer no later than the fifteenth (15th) day of each month for the number of Client Evaluations in your Territory during the immediately preceding month unless otherwise specified by us. All invoices issued by us to you for services we performed at your direction, in connection with your Franchised Business, are due no later than the fifteenth (15th) day of each month.

3. **"Gross Sales"** shall mean the total of all sales of the Franchised Business, including sales generated for any Client Evaluation under the Sculpture Hospitality System and any other activities, products or services sold or performed by you, in connection with the Franchised Business, directly or indirectly, less sales, use or service taxes actually collected and paid to the appropriate taxing authorities.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Estimated Initial Investment for a Territory with Approximately 150 Establishments

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
INITIAL FRANCHISE FEE [1]	$25,000	Lump sum	Upon the execution of your Franchise Agreement	Us
REQUIRED TRAINING[2]	$10,000	Lump Sum	Upon execution of your Franchise Agreement	Us
TRAVEL AND RELATED EXPENSES DURING TRAINING[2]	$500 to $1,000	Lump sum	As incurred	Vendors
COMPUTER HARDWAREAND OTHER EQUIPMENT [3]	$1,000 to $3,000	Lump sum	Before opening	Vendors
LEGAL & ACCOUNTING	$1,000 to $2,000	As arranged	As incurred	Attorneys and Accountants
INSURANCE[4]	$1,000 to $1,500	As arranged	Before opening	Insurance Companies
ADDITIONAL FUNDS 3 Months[5]	$7,000	As incurred	As incurred	Not applicable

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
TOTAL[5]	$45,500 to $49,500			

Estimated Initial Investment for a Territory with Approximately 250 Establishments

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
INITIAL FRANCHISE FEE[1]	$30,000	Lump sum	Upon the execution of your Franchise Agreement	Us
REQUIRED TRAINING[2]	$10,000	Lump Sum	Upon the execution of your Franchise Agreement	Us
TRAVEL AND RELATED EXPENSES DURING TRAINING[2]	$500 to $1,000	Lump sum	As incurred	Third Parties
COMPUTER HARDWARE AND OTHER EQUIPMENT [3]	$1,000 to $3,000	Lump sum	Before opening	Us or Outside Suppliers
LEGAL & ACCOUNTING	$1,000 to $2,000	As arranged	As incurred	Attorneys and Accountants
INSURANCE[4]	$1,000 to $1,500	As arranged	Before opening	Insurance Companies
ADDITIONAL FUNDS 3 Months[5]	$7,000	As incurred	As incurred	Not applicable
TOTAL[5]	$50,500 to $54,500			

Estimated Initial Investment for a Territory with Approximately 500 Establishments

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
INITIAL FRANCHISE FEE[1]	$40,000	Lump sum	Upon the execution of your Franchise Agreement	Us
REQUIRED TRAINING[2]	$10,000	Lump Sum	Upon execution of your Franchise Agreement	Us

Type of Expenditure	Amount	Method of payment	When due	To whom payment is to be made
TRAVEL AND RELATED EXPENSES DURING TRAINING[2]	$500 to $1,000	Lump sum	As incurred	Third Parties
COMPUTER HARDWARE AND OTHER EQUIPMENT [3]	$1,000 to $3,000	Lump sum	Before opening	Us or Outside Suppliers
LEGAL & ACCOUNTING	$1,000 to $2,000	As arranged	As incurred	Attorneys and Accountants
INSURANCE[4]	$1,000 to $1,500	As arranged	Before opening	Insurance Companies
ADDITIONAL FUNDS 3 Months[5]	$7,000	As incurred	As incurred	Not applicable
TOTAL[5]	$60,500 to $64,500			

NOTES TO ITEM 7

These charts contain estimates of a franchisee's total initial investment in a Sculpture Hospitality franchise based upon our experience franchising Sculpture Hospitality franchises. The charts should be read in conjunction with the following notes. None of these fees or payments are refundable unless otherwise noted below.

1. As described above in Item 5, the total initial franchise fee is payable on or before you start your initial training program and is nonrefundable. The cost of the right to use our Systems, and the cost of your Required Trainee attending initial training, which includes mandatory Sculpture Sales training, is included in the initial franchise fee.

   In certain circumstances, we may offer to finance up to a maximum of 50% of your initial franchise fee for a term of up to 3 years. You must sign a promissory note (**"Note"**) containing the terms of the financing, which is Exhibit H to this Disclosure Document. We permit you to pay the calculated amount monthly over the contract period, with interest at 8% per annum for a maximum period of 3 years. We, as the lender, do not take any security interests from you. If you elect to pay off the Note during the contract period, you will not be penalized for the remaining months as long as you pay the principal portion due on the Note in full. All interest earned prior to this conversion is considered earned by us. See Item 10 for further details.

2. You are responsible for all lodging, meals, and local transportation expenses incurred by your Required Trainee or your other trainees related to getting to and from training and any wages earned by the Required Trainee or your other trainees. Travel costs incidental to training may vary. The estimate assumes that only the Required Trainee will travel as part of the initial training.

3. As described in Item 11, you must obtain certain supplies and equipment for the Franchised Business, including computer hardware/software for use of the Systems in the operation of the

Franchised Business. We currently recommend you acquire an approved model of keg scale, bottle scale, scanner, mobile device, and Bluetooth adaptor for the bottle scale (as needed), but we reserve the right to add, delete, or otherwise modify the list of equipment that we recommend from time to time. We do not sell computers to our franchisees. We may sell some equipment and supplies to you, but you are not required to buy them from us. These fees are non-refundable. However, you do not have to establish a leased or home office to operate the Franchised Business. Since you do not have to establish an office, there is no cost for furniture.

4. During the term of the Franchise Agreement, you must pay for all insurance premiums, including comprehensive general liability insurance. You must name us as an additional insured at your expense and furnish us with certificates of insurance, along with evidence that the premiums have been paid. You are liable for any cost and expense, including attorneys' fees that we incur associated with any matters insured according to the insurance required under the Franchise Agreement. Refundability will depend upon your negotiations with the insurer.

5. This item estimates your initial startup expenses (other than the items identified separately in the table). You should provide for funds with which to pay the overhead (such as marketing) expenses of the Franchised Business during the first three months of operation. We have provided these figures based on our predecessors' and subsidiaries' experience. We estimate these amounts will be required to cover your initial startup expenses.

6. The availability and terms of financing depend on many factors including the availability of financing generally, your creditworthiness and lending policies of financial institutions from which you request financing.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Products, Services and Suppliers

We have developed or may develop additional Standards and Specifications for types, models and brands of products, software and services and assets required to operate the Franchised Business. We reserve the right from time to time to approve specifications, suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates. We may designate a single distributor or supplier (collectively **"supplier"**) for any product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products. The designated supplier may be us or our affiliate.

During our fiscal year ending December 31, 2025, we did not derive any revenue or other material consideration from required purchases or leases by franchisees. However, we reserve the right to receive payments from suppliers on account of such suppliers' dealings with you and other Franchised Businesses and may use any amounts so received without restriction and for any purpose we deem appropriate. In addition, we may collect payments for promotional allowances, rebates, volume discounts and other payments that designated, approved or recommended suppliers make to us. We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services.

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. We do not provide material benefits to you based on your purchase of particular products or services or use of a designated or approved supplier, since at this time, you must only use our proprietary

software which is included in the franchise fee. Currently, we are the only approved supplier for the proprietary software. Except as disclosed in this Item 8, there are currently no other items for which we are currently approved suppliers or the only approved suppliers. None of our officers owns any interest in any of our suppliers.

Currently, there are no formal or mandatory purchasing or distribution cooperatives.

If you would like to purchase any items from any unapproved supplier or distributor, you must submit to us a written request for approval of the proposed supplier or distributor. (Alternatively, the proposed supplier or distributor may submit its own request.) We have the right to inspect the proposed supplier's or distributor's facilities, and to require product samples from the proposed supplier or distributor to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing. Either you or the proposed supplier or distributor must pay us a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test plus a 10% administrative fee) to make the evaluation. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, price consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria and such approval may be temporarily pending our continued evaluation of the supplier or distributor from time to time. Except as described in the previous sentence, we do not make specific criteria for approving suppliers available to our franchisees. We reserve the right to require you to purchase certain items from only the suppliers that we designate, regardless of the qualifications of suppliers that you propose to use.

Within a reasonable time after we receive the completed request and after we complete our evaluation and inspection or testing, we will notify you in writing of our approval or disapproval of the proposed supplier and/or product. We anticipate that we will provide notice of our decision in most cases within 30 days of our receipt of your request, but we are not contractually obligated to complete our review within a specific period of time. We reserve the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet any of our criteria. We also reserve the right to charge manufacturers or suppliers a royalty for the right to manufacture products for any use in the Franchised Businesses.

You understand and acknowledge that every detail of the performance of the Franchised Business and the interaction with clients and potential clients in compliance with the Standards and Specifications is critical to us, you and other Franchised Businesses operating under the Marks, in order to: (1) develop and maintain high and uniform operating standards; (2) increase the demand for the products and services sold by Franchised Businesses; and (3) protect the Marks, our trade secrets, reputation and goodwill. We describe our current Standards and Specifications in our online Manuals and in other written communications with our franchisees. We may change our Standards and Specifications from time to time through modifications to our online Manuals and other written communications with our franchisees.

We estimate that the cost to purchase and lease all equipment, inventory and other items and services that we require you to obtain from us, from designated suppliers, or in accordance with our specifications will be approximately 50% of the total cost to purchase and lease equipment, inventory, and other items necessary to establish a Franchised Business and 60% to 80% of the total cost to purchase and lease equipment, inventory, and other items to operate a Franchised Business.

Sale of Unauthorized Products to the Establishments.

You must spend substantially all of your time operating your franchise. As a franchisee, you may not, directly or indirectly attempt to trade, or trade off the goodwill associated with the Marks and our System by operating any type of venture or business other than Franchised Business without our written approval.

Additionally, without our prior written approval, during the term of your Franchise Agreement, your owners and their spouses and immediate family members (children and their spouses, if any) are prohibited from selling competitive products and services or products and services that by their nature trade off the goodwill associated with the Marks or our products and services) to any establishment or an owner of any establishment, whether inside or outside of your territory. If you, directly or indirectly through any other party whether or not affiliated with the Franchised Business make such unauthorized sale, we will be entitled to collect the full amount you received for such sale and this activity shall constitute a breach of the Franchise Agreement subject to termination under Section XII. For the avoidance of any doubt, the franchise granted to you prohibits you and your owners from operating any other business while you operate your Franchised Business or from owning any interest in any entity that undertakes to offer or sell products or services that compete with the products or services of a Franchised Business. You may not directly or indirectly, offer any other products or services to any establishment or to any client or prospective client nor may you or your owners have any interest in any business that does.

Compliance with Uniform Standards.

You must operate the Franchised Business in conformity with such uniform methods, standards, and specifications as we may from time to time prescribe to ensure that the highest degree of quality and service is uniformly maintained. You shall conduct your business in a manner which reflects favorably at all times on the Sculpture Hospitality name and franchise system. You may at no time engage in deceptive, misleading or unethical practices or conduct any other act which may have a negative impact on our reputation and goodwill or the reputation and goodwill of any other franchises. According to this ongoing responsibility, you agree:

1. To maintain in sufficient supply, as we may prescribe in the Manuals or otherwise in writing and use at all times, supplies that conform to our Standards and Specifications, and to refrain from deviating from these standards without our prior written consent;

2. To sell or offer for sale all and only such products and services as approved in writing by us and as meet our uniform standards of quality and quantity which have been expressly approved for sale in writing by us in accordance with our methods and techniques.

3. To refrain from any deviation from our Standards and Specifications for serving or selling such products or services; and to discontinue selling and offering for sale any such products or services as we may, in our sole discretion, disapprove in writing at any time;

4. To permit us or our designee to conduct Client Evaluations, and collect revenue from these evaluations, from any client located within the territory, if and only if you are unwilling or unable to provide this service; and

5. To operate the Franchised Business at a standard of excellence consistent with the requirements set forth in the Manuals.

6. You and your employees are required to use an @sculpturehospitality.com email address when communicating matters that concern the Franchised Business.

Computer System

You must purchase a computer system that meets our specifications in the Operations Manual, including software, peripheral devices and equipment we specify for (i) the efficient management and operation of the Franchised Business, (ii) the transmission of data to and from us and (iii) giving us access to information

related to the Franchised Business (the **"Computer System"**). You will receive access to the web-based system and mobile application. We currently allow you to purchase the Computer System (or components of the Computer System) from any supplier, but in the future, we have the right to require you to purchase it from a designated vendor or us. The current Computer System is not proprietary to us. Currently, there is not one designated source for the Computer System. You can purchase the Computer System from any vendor that can supply the Computer System that meets all of our specifications. See Item 11 for details on the Computer System.

Insurance

You must purchase and maintain specific types of insurance coverage from insurance companies satisfactory to us in accordance with the standards and specifications that we may specify from time to time in the Operations Manual or otherwise in writing. Currently, we require you to obtain and maintain at least the following policies: (a) commercial general liability ($1,000,000 per occurrence and $2,000,0000 aggregate), (b) errors and omissions ($100,000 per occurrence), (c) hired and non-owned automobile ($50,000 combined single limit), (d) workers' compensation ($100,000 each accident), and (e) employer's liability insurance ($10,000). We may change the types of insurance and insurance amounts from time to time.

Initially and upon each periodic insurance policy renewal, you must make a request, through your insurance agent and/or carrier, for timely delivery to us of certificates of insurance of all coverage required by us along with evidence that the premiums have been paid. Each certificate must contain statements by the insurer that (i) the policy will not be canceled or initially altered without at least thirty (30) days prior written notice to us; and (ii) we are designated as an additional named insured. You must procure the required insurance coverage(s) and submit copies of the initial insurance policies to us prior to the commencement of initial training.

Non-competition and Nondisclosure Agreements

All executive personnel (including your owners) must sign the Confidentiality Agreement and Ancillary Covenants Not to Compete attached to the Franchise Agreement as Attachment D. All other employees and independent contractors must sign the Confidentiality Agreement attached to the Franchise Agreement as Attachment E.

Item 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation		Section in Franchise Agreement	Items in Disclosure Document
a.	Site selection and acquisition/lease	Not Applicable	Not Applicable
b.	Pre-opening purchases/leases	Section V.H.	Item 8
c.	Site development and other pre-opening requirements	Section I.B.	Items 6, 7 and 11
d.	Initial and ongoing training	Sections V.C. and V.D.	Item 11
e.	Opening	Section V.	Item 11
f.	Fees	Section IV and Section IX.B.	Items 5 and 6

Obligation		Section in Franchise Agreement	Items in Disclosure Document
g.	Compliance with standards and policies/Operating Manual	Sections III.A. and V.G.	Item 11
h.	Trademarks and proprietary information	Section VI.	Items 13 and 14
i.	Restrictions on products/services offered	Sections V.A. and V.B.	Item 16
j.	Warranty and customer service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Section I.E.	Item 12
l.	Ongoing product/service purchases	Sections V.A. and V.B.	Item 8
m.	Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n.	Insurance	Section X	Item 7
o.	Advertising	Section IX	Items 6 and 11
p.	Indemnification	Sections VI.E. and XVII.B.	Item 6
q.	Owner's participation/ management/staffing	Section V.F.	Items 11 and 15
r.	Records and reports	Sections VIII.A. and VIII.B..	Item 6
s.	Inspections and evaluations	Section VIII.E.	Items 6 and 11
t.	Transfer	Section XI	Items 6 and 17
u.	Renewal	Section II	Items 6 and 17
v.	Post-termination obligations	Section XIII	Item 17
w.	Non-competition covenants	Section XIV	Item 17
x.	Dispute resolution	Section XXIV	Item 17
y.	Guaranty	Attachment B	Items 1, 10, and 15

Item 10

FINANCING

After considering your financial condition and creditworthiness, we may offer to finance a portion of your initial franchise fee up to a maximum of fifty percent (50%) of the franchise fee up to a term of 3 years. If we agree to provide financing to you, the amount we finance and the term of your repayment will vary and depend on a number of factors including your financial wherewithal, your business acumen, the economy, the availability of credit from other sources, the number of other prospective franchisees seeking financing, and our own internal policies and procedures. You must sign a promissory note (**"Note"**) containing the terms of the financing, which is Exhibit H to this Disclosure Document. The Note contains waivers of defenses of presentment and notice. We permit you to pay the calculated amount monthly over the contract period, with interest at 8% per annum for a maximum period of 3 years. We, as the lender, do not take any security interests from you. If you elect to pay off the Note during the contract period, you will not be penalized for the remaining months as long as you pay the principal portion due on the Note in full. All interest earned prior to this conversion is considered earned by us. If you are a corporation, limited liability company or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and related commitments such as this financing arrangement in accordance with the Guaranty attached to the Franchise Agreement as Attachment B.

If you default on the Note, we may declare the entire unpaid principal amount of the Note to be due and payable immediately. You will pay all costs and expenses of enforcement and collection of the Note, including attorneys' fees and costs. If payment is not made, we may terminate the Franchise Agreement. You waive your rights to notice of a collection action and to assert any defenses to collection against us. We have the right to terminate any other franchise agreements you have signed with us if we terminate the Franchise Agreement for a default of the Note.

We currently do not, and currently do not intend to, sell, assign, or discount to a third party all or part of any financing arrangements. If we do sell, assign, or discount the Note to a third party in the future, we will determine the assignment terms at such time, and you may lose all of your defenses against the lender as a result of the sale or assignment.

Except as described above, we do not offer financing or arrange for financing from other sources for the franchise fee, computer hardware and software systems, or supplies. We will not guarantee your lease or obligations to third parties.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open your Franchised Business, our duties may include some, but not necessarily all, of the following services:

1. We shall provide marketing and promotional materials for use in promoting the Franchised Business;

2. 2. Within approximately ninety (90) days of you executing this Agreement, we shall provide you (or one of your owners, if you are an entity) (the "**Required Trainee**") with the internet training and regional portion of our New Franchisee Training program ("**NFT**") as set forth in our Manuals. The initial training program within NFT is comprised of three integrated components, which may be delivered concurrently or sequentially, as determined by us.

(i) Phase 1 consists of self-paced eLearning courses delivered via SculptureU, complemented by live or recorded video sessions and assessments. This phase introduces the organization, fundamental concepts, metrics, and the basics of the inventory process. Trainees will complete a simulated client inventory scenario using our technology, with progress tracked in SculptureU. Key learning outcomes include understanding Sculpture's services, mastering foundational industry knowledge, and applying the inventory process in practice.

(ii) Phase 2 begins alongside or after Phase 1 and includes:

- Technical operations field training delivered by your Regional Director or an approved trainer.
- On-site inventories with your Regional Director until key performance indicators (KPIs) are met (specific KPIs to be determined).
- Mandatory participation in the Sculpture Sales Foundations Program. This program must commence within 120 days of signing your Franchise Agreement or as scheduling

permits. Upon completion of Phase 2, trainees should have the knowledge necessary to operate the business independently.

(iii) Phase 3 component focuses on advanced business operations, marketing, sales, and growth strategies. Training includes:

- Sculpture Sales Skills Program events.
- Sessions delivered by guest speakers, leadership, and approved trainers.

This phase ensures comprehensive mastery of all operational and strategic aspects of the business.

You are responsible for expenses related to transportation, lodging, meals, and any wages earned by the Required Trainee and any other trainees you send to initial training. Your Required Trainee must complete Phase 1 of the mandatory initial training program to our satisfaction. Generally, Phase 1 is completed within 90 days of enrollment following the signing of your Franchise Agreement, and Phase 2 must be completed as soon as scheduling permits. Unless you already are a Sculpture Hospitality franchisee as of the Effective Date, you are required to pay in full upon the execution of this Agreement a one-time training and onboarding fee of Ten Thousand Dollars ($10,000). This payment covers the Required Trainee for the initial training program; and

During the initial training program, we shall provide to you with online access to our confidential manuals (collectively, the "**Manuals**") that will contain specifications, standards, services, operating procedures and rules prescribed from time to time by us for the operation of the Franchised Business. We will provide access to different portions of the Manuals to coincide with what we deem to be necessary for your development and the opening and operation of the Franchised Business. You may not make any copies of the Manuals, or any portions thereof. Your right to access our Manuals is based solely on your status as a franchisee of ours. The Manuals contain proprietary information of ours and must be kept confidential by you during the period you are operating the Franchised Business and subsequent to the expiration or earlier termination of the Franchise Agreement, in accordance with the terms of Section VII. of the Franchise Agreement. We shall have the right to add to and otherwise modify the Manuals from time to time to reflect changes in the Specifications, Standards, operating procedures and rules prescribed by us for the Franchised Business, provided that no such addition or modification shall alter your fundamental status and rights under this Agreement. We shall have no obligation to provide the Manuals in hard copy. The Manuals remain our property at all times. You agree and covenant that you will not permit any affiliate, employee, independent contractor or other third party to disclose, duplicate or otherwise use any portion of the Manuals in any unauthorized manner or for an improper purpose. The Manuals will not include any employment-related policies or procedures. You are solely responsible for the terms and conditions of employment of your employees.

The table of contents of the Operations Manual is attached as Exhibit I to this Disclosure Document. There is a total of 14 pages in the Operations Manual; and

During the operation of the Franchised Business, we will:

1. provide such general advisory assistance deemed by us to be helpful to you in the ongoing operation, advertising and promotion of the Franchised Business (Section III.B.1. of the Franchise Agreement). As part of our advisory assistance, we may, but are not obligated to, provide recommended pricing strategies or set minimum prices. Currently, we set a minimum price for Self-Service Clients, but you otherwise may set prices in your sole discretion;

2. be available to provide management consulting services or assistance to you, or groups of franchisees, for special projects based on the availability of our personnel, and upon a mutually

acceptable arrangement pertaining to fees and expenses (Section III.B.2 of the Franchise Agreement);

3. provide you with updates, revisions and amendments to our Manuals (Section III.B.3. of the Franchise Agreement);

4. continue our efforts to establish and maintain high standards of quality, and service, and to that end will on a periodic basis, (a) conduct, as we deem advisable, inspections of the services and products provided to clients and customers, and (b) where necessary, provide suggestions for improvements of such services and products (Section III.B.4. of the Franchise Agreement);

5. at our sole discretion, coordinate, conduct and otherwise make available to you such other optional and mandatory ongoing training programs or seminars that we deem appropriate from time to time (Section III.B.5. of the Franchise Agreement);

6. provide to you any Standards and Specifications for types, models, and brands of products, services, and assets (including inventory, equipment and supplies) that you are required to use to operate the Franchised Business (Section V.A. of the Franchise Agreement); and

7. review your requests to purchase any items from an unapproved supplier. We have the right to inspect the proposed supplier's or distributor's facilities, and to require product samples from the proposed supplier or distributor to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing. Either you or the proposed supplier or distributor must pay us a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test plus a 10% administrative fee) to make the evaluation. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, price consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria and such approval may be temporarily pending our continued evaluation of the supplier or distributor from time to time. Except as described in the previous sentence, we do not make specific criteria for approving suppliers available to our franchisees. Within a reasonable time frame after we receive the completed request and after we complete our evaluation and inspection or testing (typically, within 90 days of receiving your request), we will notify you in writing of our approval or disapproval of the proposed supplier and/or product (Section V.A. of the Franchise Agreement).

Site Selection

You are not required to establish an office. We do not provide any site selection assistance. If you establish an office, we do not have to approve your site. However, you may only operate the Franchised Business in your territory.

Marketing Development Fund

During the term of the Franchise Agreement, you must make nonrefundable monthly contributions to the Marketing Development Fund for each Territory where it operates a Franchised Business based upon the number of Establishments within the Territory. During the first six (6) months of the term of the Franchise Agreement, regardless of the type of Territory you operate, all franchisees pay 2% of the evaluation revenue generated per Client. Thereafter, the monthly contribution you must pay is equal to the greater of (a) 2% of the evaluation revenue generated per Client or (b) the following amounts depending on the type of Territory and size of Territory:

Months of the Term	150 Territory*	250 Territory*	500 Territory*
Each of Months 7 through 12 during the first year of the Term	$60	$90	$90
Each Month in 2nd year of the Term	$150	$270	$270
Each Month in third year of the Term	$234	$366	$396

*The number associated with the Territory means the approximate number of Establishments in the Territory.

The Marketing Development Fund has been established to help strengthen advertising, marketing, customer relationship management system (CRMS), and public relations initiatives while safeguarding and elevating our distinctive Marks and Systems. We exercise exclusive oversight over the creative ideation, graphic design, media selection, and endorsements for all Fund-sponsored activities, as well as their targeted placement across various geographies, markets, and media channels. Currently, we do not charge a set-up or ongoing fee to enable you to utilize the CRMS, however, we may do so in the future. The ongoing fee for CRMS, if instituted, will not exceed the costs incurred by us and our affiliates in maintaining the CRMS.

The Fund facilitates the creation and production of multimedia content, including video, audio, and written materials, along with the development, operation, and maintenance of a comprehensive franchise system website, intranet, extranet, and related strategies. In addition, it will orchestrate national, regional, multi-regional, and local marketing and advertising campaigns, encompassing media purchases, direct mail, online advertising, and social media promotions, among others. Furthermore, the Fund will actively engage in market research, customer satisfaction surveys, and various advertising, promotion, graphic design, and marketing endeavors, collaborating with expert agencies and advisors as needed.

Our commitment extends to supporting public relations efforts, enlisting the services of celebrities and public figures for franchise endorsements, utilizing "mystery shop" services, customizing advertising materials for local Franchised Businesses, and pursuing a spectrum of brand and design enhancement activities.

While administering the Fund, we are not obligated to allocate expenditures in direct proportion to individual franchisee contributions, nor do we guarantee specific benefits for any franchisee based on Fund expenditures. Additionally, there is no obligation to allocate a specific budget for advertising within your territory. We are not required to spend any amount on advertising in your territory.

Periodically, the Fund will provide you with complimentary samples of advertising, marketing, CRMS, and promotional materials. If you wish to obtain additional copies, they will be available for purchase at cost, inclusive of associated production, shipping, handling, and storage expenses.

We will account for the Fund separately from our other monies and not use the Fund for our general operating expenses. However, we may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund; the Fund's other administrative costs; travel expenses of personnel while they are on Fund business; meeting costs; overhead relating to Fund business; and other expenses that we incur in activities reasonably related to administering and directing the fund and its programs, including conducting market research; public relations; preparing advertising and marketing materials, conducting promotions, directing the CRMS programs, and collecting and accounting for Fund contributions.

The Fund is not our asset and we do not owe any fiduciary obligation to you for administering the Fund or for any other reason. We hold all Fund contributions for the benefit of the contributors, and we use contributions for the purposes described in this Item. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Fund contributions to pay

costs before using the Fund's other assets. Company-owned businesses are not obligated to make any contributions to the Fund, but currently make contributions to the Fund in the same manner as our franchisees.

We will prepare an annual, unaudited statement of the Fund collections and expenses and give you a copy of the statement upon written request. We may, within our sole discretion, have the Fund audited annually, at the Fund's expense, by an independent certified public accountant we select. We may incorporate the Fund or operate it through a separate entity whenever we deem it appropriate. The successor entity will have all of the rights and duties specified in Section IX.B. of the Franchise Agreement.

We intend the Fund to maximize recognition of the Marks, enhance system protection of the Marks, and increase patronage of Franchised Businesses. Although we will try to use the Fund to develop advertising, CRMS, and marketing materials and programs, and to execute advertising, marketing, and research activities, that will benefit all Franchised Businesses, we have no requirement or obligation to ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to Fund contributions by the Franchised Business operating in that geographic area or that any Franchised Business benefits directly or in proportion to its Fund contributions from the development of advertising, CRMS, and marketing materials or the execution of advertising, marketing, and research activities. The Fund will not be used principally to develop materials and programs to solicit franchisees. However, media, materials, and programs, including a franchise system website, prepared using Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads.

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

We may at any time defer or reduce contributions of the Franchised Business and, upon thirty (30) days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, at our option, we can expend all remaining Fund monies on permitted activities or distribute all unspent monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective Fund contributions during the preceding twelve (12) month period.

During our fiscal year ended December 31, 2025, 100% of the monies expended by the Fund was allocated for creative, production and development. We do not use any Fund expenditures principally to solicit new franchise sales. There is no requirement that contributions to the Fund in a given year must all be used during the year in which we received the contribution. Contributions not utilized during the year in which they were contributed, will be retained for use in future years.

There is no advertising council composed of franchisees, nor do we require you to participate in any local or regional advertising cooperatives. All franchisees are required to enroll in our free customized Sculpture Sales coaching and training program. If you are not meeting our minimum performance requirements, you may be required to participate in additional training, at your own expense, which is approximately $2,000.

Centralized Marketing Program

In addition to making payments to the Marketing Development Fund, all franchisees purchasing a franchise under this Disclosure Document are required to participate in our Centralized Marketing Program at a cost

of $70 per month payable at the same time and in the same manner, as when you make other monthly payments to us under the Franchise Agreement.. Through the Centralized Marketing Program, we will:

- Set up or take over your Franchise Business Facebook page on Meta (Facebook & Instagram)
- Create and manage your LinkedIn Business Page and Bing Places for Business
- Set up and manage local review and networking sites (Nextdoor, Yelp, Alignable)
- Register or claim your Better Business Bureau profile where available
- Establish local business listings, such as your Google Business Profile
- Create your personalized franchise web page
- Set up your branded email signature

This program helps maintain a consistent, professional online presence across multiple platforms, supporting your franchise's marketing efforts while ensuring brand compliance and uniformity.

To enroll in the Centralized Marketing Program, we require the right to access the administrative privileges of your social media accounts. This is solely for the purpose of ensuring brand compliance across all digital platforms. By granting us access, we can oversee and maintain uniformity and integrity of the brand's representation across various social media channels. This provision is essential for upholding the brand's standard and ensuring consistency in messaging and visual identity, ultimately contributing to the overall success and reputation of the franchise.

Optional add-ons to the Centralized Marketing Program are available for an additional fee beyond the monthly cost. Options may include items such as paid social media advertising managed by our affiliate agency, cold email outreach, AI-driven marketing tools, and targeted campaigns for specific market areas. Access to these optional add-ons requires that your Centralized Marketing Program setup has been completed.

National Account Program

We have developed a National Account Program through which we are able to serve National Accounts that have several Establishments located in multiple franchised territories and/or non-franchised territories. Pursuant to the National Account Program, at our sole option, we may contract with such businesses and offer special pricing options for the use of our Systems. We have the right to administer any National Account ourselves, or by or through our affiliates or designated third parties. National Accounts are and shall remain our sole and exclusive customer. We have the right at any time to remove a National Account from the National Account Program or to modify, discontinue, or terminate parts of, or the entire National Account Program. Similarly, we have the right to convert an existing client of the Sculpture Hospitality franchise system to a National Account due to the growth and expansion of the client's business endeavors and success. The client will become a National Account upon notification to the then-current franchisee who is servicing the client. Our notification will provide the details of the National Account Program as it will apply to the client. Depending on the service model for each National Account, you may receive a custom revenue split, determined at our sole discretion, if the program calls for you to service the National Account in your Territory.

Your Local Marketing

In addition to your Marketing Development Fund contribution obligation above, you must spend each year during the term of the Franchise Agreement, in the manner we approve, at least three percent (3%) of Gross Sales on a monthly basis, to market and promote your Franchised Business locally. At our request, you agree to send us, in the manner we prescribe, an accounting of your expenditures for local marketing and promotion. You agree to consult with us each year, as often as we deem reasonably necessary, to devise

and implement a local marketing plan for your Franchised Business for that year and subsequent years of the term of the Franchise Agreement. At our request, you must send us in the manner we prescribe (with receipts included), an accounting of your expenditures for advertising, marketing, and promotion for the period we specify. We may require you to purchase from us, our affiliates and/or unaffiliated vendors advertising, marketing, and CRMS materials, brochures, and flyers. We may require you to access third party websites for such approved materials and to customize those materials for the Franchised Business. During the term of the Franchise Agreement, we may designate which expenditures will, or will not, count toward your required advertising expenditures. For example, your costs of purchasing and mailing SCULPTURE HOSPITALITY marketing materials to circulate within and outside the territory, and your costs of acquiring mailing lists (which we may require you to obtain from or through us) are excluded from the minimum percentage local marketing expenditure specified above.

Your local advertising, marketing, and promotion must follow our guidelines. All advertising, marketing and promotional materials that you develop for your Franchised Business must contain notices of the franchise system website's domain name in the manner we designate. You may not develop, maintain, provide mutual links to, or authorize any website that mentions or describes you or the Franchised Business or displays any of the Marks. You agree that your advertising, promotion, CRMS, research, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

We have the right to audit any local marketing and advertising you conduct for the Franchised Business to confirm your compliance with the Franchise Agreement. If you fail to comply with these obligations, we may require you to pay the required percentage of the Franchised Business' Gross Sales to us. We may determine how best to spend those funds including, but not limited to, depositing it into the Fund.

Your investment in the Centralized Marketing Program, together with any additional advertising expenditures made in connection with the Program, as approved and administered by us or our designated agencies, will be credited on a dollar-for-dollar basis against your local marketing requirement for the month in which such contributions are utilized.

In the event that we provide you with a client lead, you are required to confirm in writing for us, within 48 hours of receipt, that the lead has been received and that initial contact has been made with the prospective customer. Additionally, you must follow up with us to provide the outcome of the client lead.

Computer System and Equipment

You must purchase any Computer System that is internet-enabled and can run the latest browser technology for either Google Chrome or Mozilla Firefox. We estimate it will cost you between $500 and $1,500 to purchase the required Computer System.

We also recommend that you purchase the following items and that they be operational when you commence operating your franchise:

1. A scale for weighing bottles certified for use with our mobile app, with embedded Bluetooth or an approved adapter (estimated as of the date of this disclosure document to cost between $50 - $700);
2. A scale capable of weighing half-barrel kegs (estimated as of the date of this disclosure document to cost between $50 - $300);
3. A hardware scanning solution that allows the scanning of UPC codes and is compatible with our current technology (estimated as of the date of this disclosure document to cost between $100 - $800); and

4. Mobile device compatible with our current approved software version and approved hardware options.

We will also provide you with access to our proprietary software programs and/or SaaS solutions as part of the initial franchise fee.

We may periodically modify the computer system and equipment specifications which you and our other franchisees must utilize. You are responsible for your computer system and equipment including complying with all applicable standards and laws as may be periodically required.

In addition to being required to connect to the Internet so you can provide us with the records and related information we require, you must finalize your evaluations on the same day that the final reports are delivered to the client.

We do not have independent access to the data stored in your computer system. We will not independently access your computer system except to perform software updates or requested remote support sessions.

We will provide you with one primary electronic mail address, which is covered in the Technology Infrastructure Fee. Should you request any additional electronic mail accounts from us, we will charge you $14.72 per month for each additional account, subject to upward adjustment depending on Google workspace pricing. All franchisees and their employees must use an @sculpturehospitality.com email address when communicating matters that concern the Franchised Business.

We will provide you with ongoing support and required upgrades for any software that we provide as part of the franchise fee at no additional charge, although we may charge for additional optional capabilities added or released in the future. Except as stated in the previous sentence, we, our affiliates, and third parties are not obligated to provide ongoing maintenance, repairs, upgrades, or updates of the software or hardware. The manufacturers of any hardware may provide service and support in accordance with the warranties that they may provide and service contracts that they may offer. Since we do not require you to enter into any maintenance contracts, we cannot estimate your annual cost for a maintenance contract. The cost will depend, in part, on the services you choose and the length of the contract. Some maintenance contracts average $75 to $150 per month.

Although we have not recommended any compatible equivalents to the computer hardware and software listed above or have a contractual obligation to upgrade or update the computer system, we will continue to research, update and/or upgrade the system with developments applicable to the industry. There are no specific contractual obligations limiting the frequency or cost of your obligation to acquire upgrades and updates or to replace obsolete or worn-out hardware or equipment.

Other than the equipment recommendations and the computer system specifications described above, we do not provide any assistance with equipment, fixtures, or opening inventory. We provide assistance with signs and supplies by providing you with marketing materials, layouts, and promotional items for use in promoting your Franchised Business.

Mandatory Initial Training Program Overview

Before you begin operating your Franchised Business, you or your Required Trainee must complete to our satisfaction Phases 1 and 2 of the mandatory NFT. Without a thorough understanding of these two phases, you will be unable to operate your franchise effectively, provide services to clients, and generate revenue. Generally, these phases are completed within 90 days of enrollment following the signing of your Franchise Agreement. Phase 3 must be completed as soon as scheduling permits and may include participation in the

Sculpture sales skills programs, workshops, meetings, events, and other advanced or continuing education offerings that may be scheduled throughout the year and that franchisees are required to attend as required by us.

Your investment of $10,000 covers one Required Trainee for the initial training program. A training fee of up to $5,000 may be charged for each additional or subsequent trainee attending the initial training program (or if your Required Trainee retakes the program). You are responsible for expenses related to transportation, lodging, meals, and any wages earned by the Required Trainee and any additional trainees. If you acquire a franchise through transfer from an existing franchisee, you must pay us the $10,000 initial training program fee, as you or your Required Trainee will need to attend the initial training program.

As described elsewhere in this disclosure document, our initial training program consists of three phases, as follows:

Phase 1: Laying the Groundwork

Phase 1 consists of self-paced eLearning courses delivered via SculptureU, complemented by live or recorded video sessions and assessments. This phase introduces the organization, fundamental concepts, metrics, and the basics of the inventory process. Trainees will complete a simulated client inventory scenario using our technology, with progress tracked in SculptureU. Key learning outcomes include understanding Sculpture's services, mastering foundational industry knowledge, and applying the inventory process in practice.

Path	Subject	Location	Hours Classroom	Hours Practical
1- NFT Onboarding	Meet & Greet	VILT	0.5	0
1- NFT Onboarding	The Sculpture Story	Self	0.5	0
1- NFT Onboarding	Inside Sculpture: Our Global Network	Self	0.5	0
1- NFT Onboarding	Introduction to Sculpture Hospitality	ILT	1	0
1- NFT Onboarding	Services and Solutions	Self/ILT	1	0
1- NFT Onboarding	Tools and Technology	Self/ILT	1	0
1- NFT Onboarding	Why Clients Need Us	Self/ILT	1	0
1- NFT Onboarding	Consulting with Data	Self	1	0
1- NFT Onboarding	Service Types	Self	1	0
1- NFT Onboarding	Restaurant Inventory Solution	Self	1	0
1- NFT Onboarding	Consulting with Data	Self	1	0
1- NFT Onboarding	Introduction to Marketing & Sales	Self	2	0

Path	Subject	Location	Hours Classroom	Hours Practical
1- NFT Onboarding	Consultative Selling Practice Essentials	Self/AI/ILT	4	4
1-NFT Onboarding	Centralized Marketing Program	Self/ILT	1	1
1- NFT Onboarding	Onboarding Recap	ILT	1	1
1- NFT Onboarding	Industry Terms & Vocabulary	Self	0.5	0
2- Inventory Essentials	1-Tech Foundation	Self	1	0
2- Inventory Essentials	2-Pour Cost	Self	1	0
2- Inventory Essentials	3-Unit Cost	Self	1	0
2- Inventory Essentials	Food Cost	Self	1	0
2- Inventory Essentials	5-Ordering & Par	Self	1	0
2- Inventory Essentials	1-Evaluation 101	Self	1	0
2- Inventory Essentials	Sculpture App Training	Self	1	0
2- Inventory Essentials	App "Crash Course" (30 mins)	VILT	1	0
2- Inventory Essentials	App Video Tutorials	Self	1	0
2- Inventory Essentials	Module 1: Introduction to the Platform and App	Self (Lab)	0	0.5
2- Inventory Essentials	Module 2: Intro to Sales Uploader	Self (Lab)	0	0.5
2- Inventory Essentials	Module 3: Adding Purchases (Invoices)	Self (Lab)	0	0.5
2- Inventory Essentials	Module 4: Adding Counts and Weights via Sculpture App	Self (Lab)	0	0.5
2- Inventory Essentials	Module 5: Item Creation	Self (Lab)	0	0.5
2- Inventory Essentials	Instructor-Led App Training Day 1: Introduction to Basic App Functions Workshop	ILT	1	0
2- Inventory Essentials	Instructor-Led App Training Day 2: Advanced Settings and Other Features Workshop	ILT	1	0
2- Inventory Essentials	The Ordering Feature Demonstration Video	Self	0.5	0
2- Inventory Essentials	Variance Reports 101	Self	0.5	0

Path	Subject	Location	Hours Classroom	Hours Practical
3- Building Your Business	Getting Started with Shared Services	Self	1.5	.5
3- Building Your Business	Hiring for Success	Self	1	0
Phase Recap & Next Steps	Phase Overview: Onsite with Your Regional Director	Self	0.5	0
	Phase 1	**Total Hours**	**33**	**3.5**

NFT = New Franchisee Training
VILT = Virtual Instructor Led Training
ILT = Instructor Led Training

Phase 2: Mastering the Field

Phase 2 begins contemporaneous with, or after Phase 1 and includes:

- Technical operations field training delivered by your Regional Director or an approved trainer.
- On-site inventories with your Regional Director until key performance indicators (KPIs) are met (specific KPIs to be determined).
- Mandatory participation in the Sculpture Sales Foundations Program, facilitated by a certified Sculpture Sales mentor and/or Regional Director. This program must commence within 120 days of signing your Franchise Agreement or as scheduling permits. Upon completion of Phase 2, trainees should have the knowledge necessary to operate the business independently.

Path	Subject	Location	Hours Classroom	Hours Practical
On-Site Expertise with Your Regional Director	Overview	In your territory	0	1
On-Site Expertise with Your Regional Director	Equipment Setup	In your territory	0	2
On-Site Expertise with Your Regional Director	Introduction procedures for the Client Evaluations and Draught Management Systems	In your territory	0	3
On-Site Expertise with Your Regional Director	How to set up a new client base	In your territory	0	2
On-Site Expertise with Your Regional Director	Client Evaluations - Take a precise inventory for liquor, wine, beer, draft beer	In your territory	0	4

Path	Subject	Location	Hours Classroom	Hours Practical
On-Site Expertise with Your Regional Director	Compare usage to sales	In your territory	0	2
On-Site Expertise with Your Regional Director	Check Your Work for Accuracy	In your territory	0	2
On-Site Expertise with Your Regional Director	Communicating results	In your territory	0	8
On-Site Expertise with Your Regional Director	Live Evaluations in the Field	In your territory	0	16
On-Site Expertise with Your Regional Director	Live Evaluations in the Field - Final Assessment	In your territory	0	4
Sculpture Sales Training & Mentoring Program	Generating Leads & Prospecting	ILT	2	1
Sculpture Sales Training & Mentoring Program	The Benefit Focused Mindset	ILT	2	1
Sculpture Sales Training & Mentoring	Questioning for Real Needs	ILT	2	1
Sculpture Sales Training & Mentoring	Handling Objections with Confidence	ILT	2	1
Sculpture Sales Training & Mentoring	Securing Commitment and Next Steps	ILT	2	1
	Phase 2	**Total Hours**	**10**	**49**

Phase 3: Business Operations Mastery

Phase 3 focuses on advanced business operations, marketing, sales, and growth strategies. Training includes:

- Sculpture Sales Skills Program events.
- Sessions delivered by guest speakers, leadership, and approved trainers. This phase ensures comprehensive mastery of all operational and strategic aspects of the business.

Path	Subject	Location	Hours Classroom	Hours Practical
Creating Value and Partnerships	Our Value Proposition	VILT	2	0
Creating Value and Partnerships	Building Value with Data	VILT	2	0

Path	Subject	Location	Hours Classroom	Hours Practical
Creating Value and Partnerships	Starting New Clients	VILT	2	0
Creating Value and Partnerships	Retaining Clients	VILT	2	0
Creating Value and Partnerships	Solution Selling	VILT	2	0
Operational Excellence	BARS/Accounting	VILT	1	0
Operational Excellence	Operations Best Practices	VILT	2	0
Marketing & Growth Strategies	Course 1: Sculpture Marketing	VILT	1	0
Marketing & Growth Strategies	Course 2: Successful Business Structures	VILT	1	0
Marketing & Growth Strategies	Course 3: Best Practices	VILT	1	0
Marketing & Growth Strategies	Course 4: Chains & National Accounts	VILT	2	0
Building and Managing Your Team	Course 1: Setting the Stage for Success	Self	1	0
Building and Managing Your Team	How to Attract and Retain Top Talent	Self	1	0
Building and Managing Your Team	How to Avoid Bias in Talent Recruiting and Retention	Self	1	0
Building and Managing Your Team	Employee Growth and Performance Strategies	Self	1	0
Building and Managing Your Team	Overcoming Challenges	Self	1	0
Building and Managing Your Team	Letting an Employee Go Gracefully	Self	1	0
	Phase 3	**Total Hours**	**24**	**0**

Each phase has specific objectives and performance metrics to measure success:

- **Phase 1:** Trainees must demonstrate a basic understanding of Sculpture's inventory process and complete all self-paced modules with a score of 80% or higher on assessments.

- **Phase 2:** Trainees must conduct and be assessed on at least three independent inventory services and score 95% or higher on assessments, evaluated by their Regional Director or designated persons assigned by Corporate.
- **Phase 3:** Trainees must develop and present a business growth plan, reviewed and approved by corporate trainers or designated persons assigned by Corporate.

Instructional materials for all phases are hosted on SculptureU (our 360Learning platform) and in our Knowledge Center. These materials include manuals, videos, webinars, presentations, and other resources deemed beneficial. Certification of completion requires all program components to be marked "Complete" in SculptureU.

The training program combines self-paced online learning with skills practice supported by your Regional Director or corporate staff. SculptureU courses and Knowledge Center resources include articles, quick reference guides, videos, interactive system simulations, quizzes, and recorded video assessments. Most Regional Directors have been with the franchise system for over 10 years. Each of them also operates their own unit territory and has a wealth of knowledge and hands-on experience running the business. The Foundations Sales Training is conducted by certified professionals.

Gillian Blair, our Vice President of Learning since June 2024, will oversee our training program. Ms. Blair is a seasoned learning and development professional with over 25 years of experience, including over 15 years in the hospitality sector. She also has specialized expertise in restaurant and bar operations.

In-person training may take place in your territory, or you may be required to travel to a different territory, or some combination of the two. This decision will be made at our sole discretion based on our assessment of what is likely to provide the best learning experience for your Required Trainee.

We provide accommodations for trainees with disabilities to ensure equal access to the training program. Accommodations may include extended time for eLearning modules, accessible training materials, or other adjustments as required. Requests for accommodations must be submitted in writing at least 14 days prior to the start of the training program and include any relevant documentation to support the request. We will review and respond to all requests promptly to ensure appropriate arrangements are made.

We may periodically conduct mandatory or optional training programs for your Required Trainee and/or other designated owners/ employees at our office or another location that we designate. A fee of $2,000 will apply (not to exceed $5,000 per trainee per program). Additional training may be delivered via recorded media, teleconference, videoconference, in-person, the Internet, webinars, or other methods. You are responsible for any travel, living expenses (including meals, transportation, and accommodations), wages, and related costs incurred by your Required Trainee or other trainees for attending these programs.

Upon successful completion of the training program, trainees will receive a Certificate of Achievement. Certification is valid for two years, after which refresher training may be required to maintain active certification status.

Opening of Business

The typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business is 90 days. The factors that affect this time are the ability to obtain a lease (we do not require you to establish an office), financing, and your completion of Phases 1 and 2 of the initial training program to our satisfaction. There are no consequences for not opening your Franchised Business within this 90-day time period.

Item 12

TERRITORY

You will receive an exclusive territory. You will receive one of three sizes of Territories based upon the number of Establishments with liquor licenses located within the Territory. The smallest Territory has approximately 150 Establishments with liquor licenses and the largest Territory has approximately 500 Establishments with liquor licenses. The other Territory has approximately 250 Establishments with liquor licenses. You must operate your Franchised Business solely within your territory. As a service business, we do not approve the site in which you will operate your administrative offices and you may relocate your administrative offices within your territory without requiring our prior approval.

We will not establish additional Franchised Businesses or company-owned units within your exclusive territory as long as you comply with the terms of the Franchise Agreement and all other agreements between us. Provided that you remain in compliance with your Franchise Agreement and all other agreements with us, there are no other circumstances under which we are permitted to modify your territorial rights. However, we retain the right to: (1) establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside of the Territory; (2) operate and to grant others the right to operate the Franchised Businesses located anywhere outside of the territory under terms and conditions we deem appropriate regardless of proximity to the territory; (3) acquire the assets or equity interests of one or more businesses providing products and services similar to those provided at Franchised Businesses and creating similar businesses once acquired, even if such business operates, franchises or licenses competitive businesses in the territory; (4) right to be acquired by a business providing products and services similar to those provided at Franchised Businesses or by another business, even if such business operates, franchises, and/or licenses competitive businesses in the Territory; (5) allow others including ourselves to operate in the territory under the National Accounts Program; and (6) right to operate, and to grant others the right to operate, a business inside or outside your Territory, the purpose of which is to provide consultative inventory management services associated with food consumption to help Establishments identify sources of theft, shrinkage, waste and other causes adversely affecting the Establishment's food operation's profitability and food controls.

You are not permitted to actively solicit clients or customers outside of your territory. We are not, however, responsible or liable for the acts or omissions of other franchisees. The territory is typically described in terms of municipal or county boundaries. The actual size of the territory will vary depending upon the number of establishments with liquor licenses.

We have instituted policies and procedures concerning a franchisee's attempt to provide Client Evaluations and other services outside its territory in geographic areas in which a Franchised Business has not been granted ("**Open Areas**") and which also govern the transitioning of client accounts managed by a Franchised Business in an Open Area to a new franchisee who subsequently purchases a Franchised Business for the Open Area. These policies are described in the Manuals and you must comply with these policies and procedures as they now exist or as they may be modified, altered or amended by us. Some of these policies and procedures in the Manuals require you to pay an incursion fee to the new franchisee during the transition period equal to a percentage of the fees you receive from the client accounts in the former Open Area. Currently, you must pay an incursion fee to the new franchisee of 25% of these fees that you receive from client accounts in the former Open Area.

Inventory Control System; Minimum Client Evaluations. You are required to market the Inventory Control System in the Territory and to use the Inventory Control System to complete Client Evaluations. You are required to offer and sell the Inventory Control System as the focal point of your sales activities, irrespective of the number of other services you offer to Establishments and with greater

dedication and diligence than any other service we authorize you to offer to current and potential clients in the Territory. You acknowledge and agree that the development of demand for, and the use of, the Inventory Control System by your clients is, unless you are otherwise notified by us to the contrary, the primary marketing and sale priority of your Franchised Business.

Minimum Number of Monthly Client Evaluations in Your Territory

Months of the Term	150 Territory*	250 Territory*	500 Territory*
Each of Months 1 through 6 during initial year of the Term	0	0	0
Each of Months 7 through 12 during initial year of the Term	10	15	15
Each Month in 2nd year of the Term	25	45	45
Each Month in 3rd year of the Term	39	61	66

*The number associated with the Territory means the approximate number of Establishments operating in the Territory

Since you do not physically conduct Client Evaluations for your Self-Service Clients, when calculating your minimum number of Client Evaluations per month, each Self-Service Client will count for two Client Evaluations. For the avoidance of any doubt, you must physically complete these Client Evaluations. Other than Client Evaluations deemed to be conducted for Self-Service Clients, compliance with this requirement will only occur when the minimum number of Client Evaluations are actually completed within a given month and you are able to provide proof to us of each completed Client Evaluation during the month within 10 days following the last day of the applicable month.

You will be in default of this Agreement if (i) you fail to meet the minimum requirements stated in the Franchise Agreement regarding Client Evaluations or (ii) you fail to meet the minimum requirements associated with any other System you are required to operate in the future as part of your Franchised Business for two months within any consecutive 12-month period. If any such default is not cured within thirty (30) days of your receipt of our written default notice, or any longer period as applicable law may require, we may terminate your Franchise Agreement.

We have developed and continue to develop Systems for use by you to perform Client Evaluations efficiently and effectively using the Inventory Control System. In connection with the products and services

you are authorized to offer in your Franchised Business, we may in our sole judgment add additional Systems, enhance existing Systems and/or delete any existing System from the Franchised Businesses upon written notice to you. We may specify a new System as either mandatory or optional. If we specify a System as mandatory you must adopt, implement and use the System in such time period as we prescribe.

You may sell our services to customers and prospective customers within your territory. You may not engage in any promotional activities or sell our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the **"Electronic Media"**); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may not place advertisements in printed media, on television, radio, or on social networks in the form of a paid search or SEO that are targeted to customers and prospective customers located outside of your territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises.

We and our affiliates will not sell products or services under the Marks within and outside your territory through any method of distribution other than a dedicated Franchised Business, including sales through such channels of distribution as the Internet, catalog sales, telemarketing or other direct marketing sales (together, **"alternative distribution channels"**). You may not use alternative distribution channels to make sales inside or outside your territory except as described in the following paragraph and you will not receive any compensation for our sales through alternative distribution channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any services offered by a Franchised Business calling for delivery or performance in your territory, then we will offer the order to you. If you choose not to fulfill the order or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will not be entitled to any compensation, or relief from minimum performance requirements, in connection with the order.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

We do not operate or franchise the operation of (or have any presently formulated plans or policy to operate or franchise the operation of) any Franchised Businesses providing services under different trade names or trademarks similar to or competitive with those to be offered by you.

Item 13

TRADEMARKS

You must use certain Marks in operating your franchise. The principal trademark that you will use as our franchisee is the "SCULPTURE HOSPITALITY" Mark and logo that appears on the front page of this Disclosure Document. We may also periodically authorize you to use other Marks from time to time. You may only use the Marks that we designate for use in connection with your Franchised Business, and it is mandatory that your use of the Marks must conform with the Franchise Agreement, the Manuals, and other written directives we may issue with respect to the manner in which the Marks are used. All current logos are available in our franchise asset library.

The following Mark is registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration Number	Registration Date	Owner
Sculpture Hospitality (Word Mark)	5324129	October 31, 2017	Us

After our purchase of the assets of Sculpture Hospitality, LLC, the trademark registration was assigned to us officially in the records of the USPTO on January 17, 2018.

All required affidavits for the Marks have been filed. There are no currently effective determinations of the USPTO, any trademark trial and appeal board, any state trademark administrator or any court, or any court; nor is there any pending infringement, opposition or cancellation proceeding, or material litigation, involving any of the Marks. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in a manner material to the franchise. There are no state registrations for the Marks.

You may not use any of the Marks as part of your corporate or other name. You must follow our instructions for identifying yourself as a franchisee and for filing and maintaining the required trade name or fictitious registrations. Unless we expressly permit you to do so, you may not use the Marks or any part of derivative of the Marks on the Internet. You are prohibited from using the Marks or any derivative of the Marks as part of any URL or domain name.

We have no obligation to protect your right to use the Marks but must protect you against claims of infringement and unfair competition arising out of your use of the Marks. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark or confusingly similar trademark, and not to communicate with any person other than us, our attorneys, and your attorneys regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, and other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse your costs for taking any requested action.

We agree to reimburse you for all damages, claims, and expenses that you incur or for which you are liable in any proceeding challenging you right to use any Mark under the Franchise Agreement, provided your use has been consistent with the Franchise Agreement, the Manuals, and the Standards and Specifications communicated to you and you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark.

If it becomes advisable at any time in our opinion for us and/or you to modify, discontinue using, and/or replace any Mark and/or to use one or more additional, substitute, or replacement trade or service marks together with or instead of any previously designated Mark, you agree to comply with our directions within a reasonable time after we deliver notice to you. We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the signs or replacing supplies), for any loss of

revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Other than as described in this Item 13, we do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not claim right in patents or copyrights that are material to our business, but we do claim proprietary rights and common law copyrights to the confidential information contained in our intranet system and Manuals. The Manuals are described in Item 11. We claim common law copyrights on our operational materials and on other proprietary materials specifically created by us, which is associated with our System, including the proprietary advertisements, all of our materials presented to your prospective customers, printed materials, and forms associated with the operation of a Franchised Business. The Manuals, in our intranet system, and other proprietary materials have not been registered with any copyright office. Item 11 describes limitations of the use of the Manuals by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we deem appropriate. We will not indemnify you for losses brought by a third party concerning your use of this information. We do not have any pending patent applications that are material to our business.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you must devote your full-time and best efforts to the management and operation of the Franchised Business. If you are a corporation or other entity, you must appoint an owner to serve as the manager, successfully complete our initial training program, and to directly supervise the operation of the Franchised Business. Any owner who owns a majority interest in the franchisee must serve as the manager. No change in designation of manager may occur without the new manager having satisfactorily completed initial training and any additional training we may require.

You and your owners may not engage in any other business during the term of the Franchise Agreement. You are responsible for the development, operation, promotion and enhancement of the Franchised Business during the term of the Franchise Agreement. You must maintain an active business operation according to the terms of the Franchise Agreement and conduct your business in conformity with all standards of ethical business conduct.

If you are a corporation, limited liability company or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement according to the Guaranty attached to the Franchise Agreement as Attachment B. If the proposed owners do not meet the financial or management qualifications to become a franchisee based on their own qualifications, we may also require spouses of the owners to sign the Guaranty in order to meet our qualifications.

At our request, you shall obtain, in a form that we prescribe, non-compete and non-disclosure agreements from: (1) all directors and managers of the Franchised Business and any other personnel employed by you who have received training from us or who have access to our confidential information; (2) all officers,

directors and holders of a beneficial interest of 5% or more of the securities of you and of any corporation directly or indirectly controlling you if you are a corporation; and (3) the general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of 5% or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if you are a partnership.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchise Agreement provides that you must offer, and may only offer, the products and services that we authorize now or in the future. There are no limits on our rights to change required and/or authorized products and services (see Sections V.A. and V.B. of the Franchise Agreement). You may sell authorized products and services to any customer located within your territory.

Item 17

RENEWAL, TERMINATION, TRANSFER & 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.

Provision		Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section II.A.	Term is equal to three years
b.	Renewal or extension of the term	Section II.B.	If you are compliant with the terms and conditions of your franchise agreement (and otherwise undertake successfully the renewal requirements) you may renew for an unlimited number of additional three-year terms
c.	Requirements for franchisee to renew or extend	Section II.C.	Give notice, pass inspection, sign new agreement, pay fee, train, and sign release. You may be asked to sign a contract with materially different terms and conditions than your original contract including without limitation, a higher percentage royalty fee, higher minimum requirements for the Inventory Control System, a different territory (which may be smaller than your current territory and a change in the number of establishments, (see Item 12), and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees. You are also required to participate in the customized Sculpture training program at your own expense within 60 days of the renewal of your Franchise Agreement. If you renew your franchise, at the beginning of the 4th year and continuing during each year of the renewal term, your minimum monthly Client Evaluations may increase by 10% per year.

Provision		Section in Franchise Agreement	Summary
			In the event that you fail to meet your minimum requirements for Client Evaluations in the final year of the then-current term, you will have failed to meet one of the terms for renewing your franchise.
d.	Termination by franchisee	Not Applicable	Provision(s) regarding termination by the franchisee are subject to state law.
e.	Termination by franchisor without cause	Not Applicable	
f.	Termination by franchisor with cause	Section XII.	We can terminate only if you default; if you fail to pay any amount due us or fail to meet any minimum requirements after notice and opportunity to cure, we may choose to temporarily suspend your right to conduct Client Evaluations and to operate in your territory instead of terminating the Agreement without waiving our rights to terminate
g.	"Cause" defined – curable defaults	Section XII.B.	You have 30 days to cure: non-payment of fees, bankruptcy, non-submission of reports and any other default not listed in Section XIII.A. of the Franchise Agreement
h.	"Cause" defined – non-curable defaults	Section XII.A.	Non-curable defaults: conviction of felony, repeated defaults even if cured, abandonment, trademark misuse, unapproved transfer, etc.
i.	Franchisee's obligations on termination/ non-renewal	Section XIII.	Obligations include complete de-identification and payment of amounts due (also see r, below)
j.	Assignment of contract by franchisor	Section XI.A.	No restriction on our right to assign
k.	"Transfer" by franchisee – defined	Section XI.B.	Includes transfer of contract or assets or ownership change
l.	Franchisor approval of transfer by franchisee	Section XI.B.	We have the right to approve all transfers but will not unreasonably withhold approval
m.	Conditions for franchisor approval of transfer	Section XI.B.	New franchisee qualifies and signs current agreement, transfer fee paid, training arranged, you sign release, etc. (see also r, below)
n.	Franchisor's right of first refusal to acquire franchisee's business	Section XI.D.	We may match any bona fide offer for your business

Provision		Section in Franchise Agreement	Summary
o.	Franchisor's option to purchase your business	Section XIII.J.	We reserve the right to purchase upon termination
p.	Death or disability of franchisee	Section XI.E.	We must approve transfer or estate must transfer business to our designee within six months
q.	Non-competition covenants during the term of the franchise	Section XIV.B.	No involvement in competing business anywhere in U.S. (subject to applicable state law)
r.	Non-competition covenants after the franchise is terminated or expires	Sections XIV.B.	No competing business for 2 years from the expiration or termination of the Franchise Agreement or beginning on the date on which you begin to comply with the non-compete; whichever comes later (subject to applicable state law)
s.	Modification of the agreement	Section XV.	No modifications generally but Manuals may be changed
t.	Integration/merger clause	Section XXI.	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section XXIV.	Except for certain claims, all disputes must be arbitrated in International Center for Dispute Resolution in Toronto, Canada (may be subject to applicable state law if franchisee is located in the US)
v.	Choice of forum	Section XXIII.B.	Subject to arbitration requirements, litigation must be only in a provincial courts in Ontario, Canada (may be subject to applicable state law if franchisee is located in the US)
w.	Choice of law	Section XXIII.A.	The laws of Ontario, Canada (may be subject to applicable state law if franchisee is located in the US)
x.	Payment upon Termination	Section XIII.F.	If your Franchise Agreement is terminated by us for cause or because you ceased to operate your Franchised Business, then you must pay us in a lump sum payment a termination fee equal to either the product of the aggregate Minimum Monthly Royalty Fee for the number of months remaining on the Term of this Agreement at the time of such termination or for the next 12 months, whichever is less.

See the state addenda to the Franchise Agreement and Disclosure Document for disclosures required by applicable state law.

Item 18

PUBLIC FIGURES

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

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Vanessa De Caria at 505 Consumers Road, Suite 307, Toronto, Ontario, Canada M2J 4V8 and (416) 490-6266, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Fiscal Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	184	181	-3
	2024	181	179	-2
	2025	179	172	-7
Company-Owned	2023	14	11	-3
	2024	11	10	-1
	2025	10	13	+3
Total Outlets	**2023**	**198**	**192**	**-6**
	2024	**192**	**189**	**-3**
	2025	**189**	**185**	**-4**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Fiscal Years 2023 to 2025

State	Year	Number of Transfers
Arizona	2023	2
	2024	0
	2025	0

State	Year	Number of Transfers
California	2023	1
	2024	0
	2025	0
Florida	2023	2
	2024	0
	2025	0
Kentucky	2023	1
	2024	0
	2025	0
Louisiana	2023	0
	2024	0
	2025	2
South Carolina	2023	0
	2024	1
	2025	0
South Dakota	2023	1
	2024	0
	2025	0
Texas	2023	0
	2024	1
	2025	0
Total	**2023**	**7**
	2024	**2**
	2025	**2**

Table No. 3
Status of Franchised Outlets
For Fiscal Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
AL	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	1	2	0	2
AR	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
AZ	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5
CA	2023	16	0	1	1	0	0	14
	2024	14	0	0	1	0	0	13
	2025	13	0	0	0	1	0	12
CO	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
	2025	2	0	0	0	0	0	2
DC	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
	2025	0	0	0	0	0	0	0
FL	2023	33	0	0	0	0	0	33
	2024	33	1	4	0	0	0	30
	2025	30	0	0	1	0	0	29
GA	2023	7	2	0	0	0	0	9
	2024	9	0	2	0	0	0	7
	2025	7	0	0	0	3	0	4
HI	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
ID	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
IL	2023	12	0	0	0	0	0	12
	2024	12	0	0	0	0	0	12
	2025	12	0	0	0	0	0	12
IN	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
KS	2023	3	0	0	2	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
KY	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
LA	2023	3	0	0	0	0	0	3
	2024	3	0	0	1	0	0	2
	2025	2	1	0	0	0	0	3
MA	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	0	0	6
MD	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
	2025	0	0	0	0	0	0	0
ME	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
MI	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
	2025	2	0	0	0	0	0	2
MN	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
MO	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	1	0	0	4
NC	2023	6	0	1	0	0	0	5
	2024	5	1	0	0	0	0	6
	2025	6	0	0	0	0	0	6
ND	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
NE	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	1	0	0	0	0	3
NJ	2023	5	0	0	0	0	0	5
	2024	5	1	0	0	0	0	6
	2025	6	0	0	0	0	0	6
NM	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
NV	2023	1	2	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
NY	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
OH	2023	13	0	0	1	0	0	12
	2024	12	1	0	0	0	0	13
	2025	13	0	0	0	0	0	13
OK	2023	4	1	2	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
OR	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
PA	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
RI	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
	2025	4	0	0	0	0	0	4
SC	2023	7	0	0	0	0	0	7
	2024	7	0	0	1	0	0	6
	2025	6	0	0	0	0	0	6
SD	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
TN	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5
TX	2023	13	2	2	1	0	0	12
	2024	12	3	0	0	0	0	15
	2025	15	0	0	0	0	0	15
VA	2023	5	0	0	1	0	0	4
	2024	4	1	0	0	0	0	5
	2025	5	0	0	0	0	0	5
WA	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
WI	2023	3	0	0	1	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
TOTALS	**2023**	**184**	**10**	**6**	**7**	**0**	**0**	**181**
	2024	**181**	**9**	**6**	**5**	**0**	**0**	**179**
	2025	**179**	**2**	**0**	**3**	**6**	**0**	**172**

Table No. 4
Status of Company-Owned Outlets
For years Fiscal Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
AL	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	1	0	0	1
CA	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	1	0	0	1
GA	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	1	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
MN	2023	3	0	0	0	0	3
	2024	3	0	0	1	0	2
	2025	2	0	0	0	0	2
NV	2023	2	0	0	0	2	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
NY	2023	9	0	0	3	0	6
	2024	6	0	0	0	0	6
	2025	6	0	0	0	0	6
TX	2023	0	0	2	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2
Total	**2023**	**14**	**0**	**2**	**3**	**2**	**11**
	2024	**11**	**0**	**0**	**1**	**0**	**10**
	2025	**10**	**0**	**3**	**0**	**0**	**13**

Table No. 5
Projected Openings as of December 31, 2025

State	Franchise Agreements Signed but Franchise Not Opened	Projected New Franchises in the Next Fiscal Year	Projected New Company Owned Franchises in the Next Fiscal Year
Florida	0	1	0
Hawaii	0	1	0
Total	0	2	0

A list of the names of all franchisees and the addresses and telephone numbers of their businesses as of December 31, 2025 is attached to this Disclosure Document as Exhibit C-1. A list of the names of all Regional Directors and the addresses and telephone numbers of their businesses as of December 31, 2025 is attached to this Disclosure document as Exhibit D.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement as of December 31, 2025 or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document is listed on Exhibit C-2. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. If a prospective franchisee signs the Confidentiality Agreement attached as Exhibit K, he/she will be restricted from disclosing confidential information obtained while deciding whether to purchase a Sculpture Hospitality franchise.

There are no trademark-specific franchise organizations associated with our franchise system.

Item 21

FINANCIAL STATEMENTS

Exhibit B contains: (i) our audited consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in equity, and cash flows for the fiscal years then ended; (ii) our audited consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in equity, and cash flows for the fiscal years then ended; and (iii) our unaudited and unreviewed balance sheet as of March 31, 2026 and the related unaudited and unreviewed statement of income for the three-month period ended March 31, 2026. Our fiscal year end is December 31st.

The unaudited statements as of and for the period ended March 31, 2026, have not been audited or reviewed by our independent accountants. The incomplete unaudited condensed balance sheet and statements of operations are stated in conformity with accounting principles generally accepted in the United States of America ("GAAP") included in Exhibit B, except that they are not consolidated and incomplete in that they omit statements of cash flows and all footnotes required under GAAP.

Item 22

CONTRACTS

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

Franchise Agreement - Exhibit A.
General Release Agreement - Exhibit F.
Promissory Note – Exhibit H.
Confidentiality Agreement for Prospective Franchisees - Exhibit K.

Exhibit J contains the Franchisee Disclosure and Compliance Questionnaire which you must complete at or before signing the Franchise Agreement.

Item 23

RECEIPTS

The last pages of the Disclosure Document are duplicate Receipt pages to be signed by you on receipt of this Disclosure Document. One signed Receipt should be returned to us and one should be retained for your file.

EXHIBIT A

FRANCHISE AGREEMENT

SHH GROUP, LLC

FRANCHISE AGREEMENT

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SHH GROUP, LLC

FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into on this _____ day of _____, 20___ ("**Effective Date**"), by and between **SHH GROUP, LLC,** a Delaware limited liability company whose principal place of business is 505 Consumers Road, Suite 307, Toronto, Ontario, Canada M2J 4V8 (hereinafter referred to as "**we**," **"us**," "**our**," or the "**Company**") and _____, a _____, whose principal place of business is _____ (hereinafter referred to as "**you**," "**your**" or the "**Franchisee**").

WITNESSETH:

WHEREAS, we and our predecessor over a considerable period of time have developed (and continue to develop and modify) a consultative inventory management services business for liquor, wine and beer consumption to help restaurants, bars, hotels, sports arenas, nightclubs and other similar type venues (collectively, "**Establishments**") identify sources of theft, spillage, shrinkage, waste and other causes adversely affecting the Establishment's profitability and beverage controls (the "**Inventory Control System**"). Using a proprietary software system in conjunction with an Establishment's existing point of sale system, a trained certified specialist performs an on-premises review which help identify the sources of these problems and aid in developing corrective strategies ("**Client Evaluation**").

WHEREAS, we have developed a franchise offering under the principal trade name "Sculpture Hospitality" and in accordance with our standards and specifications (the "**Standards and Specifications**") which allows franchisees the right to operate a business (the "**Franchised Business**") that will offer Establishments the review services associated with our Inventory Control System, and to market other products and services and proprietary systems that we may specify from time to time (collectively, the "**Systems**");

WHEREAS, the distinguishing characteristics of the Standards and Specifications include, without limitation, unique operational methods and techniques, proprietary software, automated programs and computerized tools, technical assistance and training in the operation, management and promotion of the Franchised Business, specialized reporting, bookkeeping and accounting methods and documents, and advertising and promotional programs, all of which may be changed, improved and further developed by us;

WHEREAS, we own the trade name, service mark and trademark "Sculpture Hospitality" and certain logos and other service marks and trademarks that we may specify from time to time (collectively, the **"Marks"**) for use in operating a Franchised Business in association with our Standards and Specifications according to the terms of this Agreement. We may supplement the Marks in the future by designating other trademarks, service marks and commercial symbols for use with a Franchised Business and, upon such designation, they will become Marks licensed hereunder;

WHEREAS, we grant to persons, who meet our qualifications and who are willing to undertake the investment and full-time efforts, a franchise to own and operate a Franchised Business within a specified geographic area ("**Territory**"), offering only the Systems we authorize in conjunction with the Marks, Standards and Specifications; and

WHEREAS, you desire to acquire a franchise to operate a Franchised Business, and we desire to grant you a franchise on the terms and conditions set forth in this Agreement.

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

I. GRANT OF FRANCHISE

A. Grant. You have applied for a franchise to develop and operate a Franchised Business within the Territory identified in Attachment A. We hereby grant to you, upon the terms and conditions herein contained, the right and license to operate such a business in strict conformity with our Standards and Specifications and only using our authorized Systems and Marks. You hereby accept such license and agree to perform all of your obligations in connection therewith as set forth herein. Without our prior written consent, which may be withheld in our sole discretion, you may not operate your Franchised Business outside of the Territory.

B. Official Place of Business. The operation of the Franchised Business does not require you to establish an office, however, you may only operate the Franchised Business within the Territory.

C. Territory. Subject to the terms of this Agreement, we hereby grant to you the right and license to operate one (1) Franchised Business in the Territory. We offer three (3) sizes of territories based upon the number of Establishments in the territory. "**Territory A**" will contain approximately 150 Establishments, "**Territory B**" will contain approximately 250 Establishments and "**Territory C"** will contain approximately 500 Establishments. Attachment A lists the geographic area encompassing your Territory including, as appropriate, identifying counties and/or zip codes within the Territory or other means for designating the Territory. You have a protected territory. We agree that, provided you remain in good standing under the terms of the Franchise Agreement and subject to the rights reserved to us in Section I.D. below or as otherwise set forth herein, we will protect your territorial rights by not granting to a third party a franchise for the right to operate another Franchised Business in the Territory and we will not ourselves operate a Sculpture Hospitality business in the Territory. We are not, however, responsible or liable for the acts or omissions of other franchisees who may encroach on your territorial rights.

D. Rights We Reserve. Except as expressly limited by Section I.C. above, we and our affiliates (and our and their respective successors and assigns, by purchase, merger or otherwise) retain all rights with respect to the Franchised Businesses, the Marks, the Standards and Specifications and the Confidential Information (as defined in Section VII. below) anywhere in the world, and the right to engage in any business whatsoever including, without limitation, the following rights:

1. The right to establish and operate, and to grant others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Territory, under the Marks and on any terms and conditions we deem appropriate;

2. The right to operate, and to grant others the right to operate, Franchised Businesses located anywhere outside the Territory under any terms and conditions we deem appropriate even if it is in close proximity to the borders of your Territory;

3. The right to acquire the assets or equity interests of one or more businesses providing products and services similar to those provided at Franchised Businesses, and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired, inside and outside the Territory;

4. The right to be acquired (whether through acquisition of assets, equity interests, or otherwise, regardless of the form of transaction) by a business providing products and services similar to

those provided at Franchised Businesses or by another business, even if such business operates, franchises, and/or licenses competitive businesses in the Territory;

5. The right for us (and others we permit) to offer and operate national account programs in your Territory pursuant to the terms of our National Accounts Program (see Section IV.D. below); and

6. The right to operate, and to grant others the right to operate, a business inside or outside your Territory, the purpose of which is to provide consultative inventory management services associated with food consumption to help Establishments identify sources of theft, shrinkage, waste and other causes adversely affecting the Establishment's food operation's profitability and food controls.

E. <u>Your Obligations with Respect to the Use of the Systems</u>.

We developed the Inventory Control System for you to use to perform Client Evaluations in your Territory efficiently and effectively. In connection with the products and services you are authorized to offer in your Franchised Business, we may in our sole judgment enhance existing Systems, add new Systems and/or delete existing Systems from the Franchised Business upon written notice to you. We may specify a new System as either mandatory or optional. If we specify a System as mandatory, you are required to adopt, implement, and use the System for such time period as we prescribe. You acknowledge that your failure to use any System required by us constitutes a breach of this Agreement subject to the terms of Section XII. Whether a product or service we implement is mandatory or optional, we have the absolute right to require you to: (1) purchase additional computerized or electronic components to operate and implement the System; (2) impose royalty fees and other charges payable to us in connection with such System; and/or (3) establish minimum sales requirements or quotas that we impose upon you as a condition for your use of the System within your Franchised Business.

F. <u>Inventory Control System; Minimum Client Evaluations</u>. You are required to market the Inventory Control System in the Territory and to use the Inventory Control System to complete Client Evaluations. You are required to offer and sell the Inventory Control System as the focal point of your sales activities, irrespective of the number of other services you offer to Establishments and with greater dedication and diligence than any other service we authorize you to offer to current and potential clients in the Territory. You acknowledge and agree that the development of demand for, and the use of, the Inventory Control System by your clients is, unless you are otherwise notified by us to the contrary, the primary marketing and sale priority of your Franchised Business.

[Remainder of page intentionally left blank]

Minimum Number of Monthly Client Evaluations in Your Territory

Months of the Term	150 Territory*	250 Territory*	500 Territory*
Each of Months 1 through 6 during first Year of the Term	0	0	0
Each of Months 7 through 12 during first Year of the Term	10	15	15
Each Month during second Year of the Term	25	45	45
Each Month during third Year of the Term	39	61	66

*The number associated with the Territory means the approximate number of Establishments operating in the Territory

Since you do not physically conduct Client Evaluations for your Self-Service Clients, when calculating your minimum number of Client Evaluations per month, each Self-Service Client will count for two Client Evaluations. For the avoidance of any doubt, you must physically complete these Client Evaluations. Other than Client Evaluations deemed to be conducted for Self-Service Clients, compliance with this requirement will only occur when the minimum number of Client Evaluations are actually completed within a given month, and you are able to provide proof to us of each completed Client Evaluation during the month within 10 days following the last day of the applicable month.

You will be in default of this Agreement if (i) you fail to meet the minimum requirements stated in the Franchise Agreement regarding Client Evaluations or (ii) you fail to meet the minimum requirements associated with any other System you are required to operate in the future as part of your Franchised Business for two months within any consecutive 12-month period. If any such default is not cured within thirty (30) days of your receipt of our written default notice, or any longer period as applicable law may require, we may terminate your Franchise Agreement.

G. Inventory Control System and Client Evaluation Information. We and our affiliates, through the Inventory Control System and Client Evaluations or otherwise, will have access to data concerning the liquor, wine and beer offered and sold in Establishments located in your Territory

(collectively, "**Client Data**"). As between you and us, we own the Client Data, and you acknowledge and agree that during the Term and thereafter, we and our affiliates have the right to make use of the Client Data as we deem appropriate including disclosing such information to third parties and otherwise using Client Data in our respective business activities and in any manner that we or our affiliates deem necessary or appropriate.

II. TERM AND RENEWAL

A. Initial Term. Except as otherwise provided herein, the initial term of this Agreement shall be for three (3) years commencing on the Effective Date (the "**Initial Term**"). Collectively, the Initial Term and any renewal term hereunder shall be collectively referred to as the "**Term**."

B. Renewal Term. You may, at your option, continue to operate and manage the Franchised Business for an unlimited number of additional three (3) year renewal Terms, subject, in each case, to the conditions set forth in Section II.C.

C. Conditions of Renewal. With respect to the renewal of the Initial Term or the final year of the then-current renewal Term, as the case may be, you must meet the following conditions unless and to the extent expressly waived in writing by us):

1. You shall give us written notice of your election to renew this Agreement no less than nine (9) months prior to the end of the then-current Term of this Agreement;

2. At least six (6) months prior to the expiration of the then-current Term of this Agreement, we shall have the right to give notice of all required modifications to the nature and quality of the products and services offered in connection with the Franchised Business, as well as your advertising, marketing and promotional programs;

3. You shall not be in default of any provision of this Agreement, any amendment hereof or any other agreement between you and us or our subsidiaries, affiliates and suppliers. You shall have substantially complied with all of the terms and conditions of such agreements during the various Terms hereof and thereof;

4. During the entirety of the final year of the then-current Term, you must have satisfied the monthly minimum number of Client Evaluations serviced as set forth in Section I.F.

5. You shall have satisfied all of your monetary obligations to us and our subsidiaries, affiliates and suppliers and shall have timely met those obligations throughout each Term of this Agreement;

6. You shall execute our then-current form of Franchise Agreement, which agreement will supersede in all respects this Agreement, and the terms of which may be altered including, without limitation, (i) changed geographic boundaries of your Territory because of changing demographics, population changes, and your performance during the preceding twelve (12) month period, (ii) increasing the minimum number of Client Evaluations to be serviced on a monthly basis but not any higher than the minimum number of Client Evaluations to be serviced on a monthly basis as set forth in our then-current form of franchise agreement, (iii) changes in the number of Establishments operating in your Territory, (iv) modifying your contributions and fees associated with the Marketing Development Fund, Centralized Marketing Program, Technology Infrastructure, local marketing expenditure minimums, and (v) implementing additional fees applicable to our franchise system. You must fully execute and return to us

your new franchise agreement for the new renewal Term within fifteen (15) days of your receipt of the new franchise agreement from us;

7. You must pay a renewal fee equal to ten percent (10%) of the then-current initial franchise fee for your Territory size, inclusive of training fee ("**Renewal Fee**").

8. Unless waived by us, your Required Trainee (as defined below) and any of your owners or employees that we designate shall attend our then-current qualification and training programs at your expense;

9. You and your owners shall execute a general release, in a form prescribed by us, of any and all claims against us and our subsidiaries and affiliates, and their respective officers, directors, agents and employees for the period prior to and including the date of the execution of the general release;

10. Your operation and management of the Franchised Business shall be in full compliance with the Standards and Specifications and other requirements with respect to our Systems as well as with the terms of this Agreement; and

11. You must maintain and be in good standing with all necessary and appropriate licenses and permits.

In the event that any of the foregoing conditions to renew have not been met prior to the expiration of the then-current Term of this Agreement, we shall have no obligation to renew this Agreement but shall give you at least thirty (30) days' prior written notice of our intent not to renew this Agreement, which notice shall set forth the reasons for such refusal to renew. For the avoidance of any doubt, you acknowledge that your failure to provide the required renewal notice at least six (6) months prior to the expiration of this Franchise Agreement (see Section II.C.1.) shall constitute an event of default pursuant to Section XII. of this Agreement. Notwithstanding the foregoing, should you fail to fully execute and return to us the form of franchise agreement that we issue for the new renewal term within fifteen (15) days of your receipt of such new Franchise Agreement from us, you agree that we have the right to suspend your right to access our Systems until such time as we receive the properly executed franchise agreement for the renewal term. Further, during the period of suspension, we will treat this Agreement as continued on a month-to-month basis until both parties agree to enter into our then-current form of franchise agreement for a renewal Term or until one party provides the other with written notice of termination, its decision to cease operating, in which case the suspension period will terminate thirty (30) days after the receipt of the notice of termination. All your obligations will remain in full force and effect during the suspension period as if this Agreement had not expired, except that the Royalty Fee during the suspension period will be increased by 25% from the standard Royalty Fee payable hereunder immediately prior to the expiration of this Agreement. All obligations and restrictions imposed on you upon the expiration of this Agreement shall take effect upon termination of the suspension period without the execution of a renewal Franchise Agreement.

D. **Expansion of Your Territory**. You acknowledge and agree that in the event you establish five (5) or more accounts outside your Territory (within a geographic area which does not yet have an active franchisee utilizing the Inventory Control System), whether through your own marketing efforts, as a result of the account being assigned to you by us or otherwise based upon our approval, you agree to purchase the expansion rights for your Territory by paying us the then-current initial franchise fee associated with the number of Establishments within the expansion portion of the Territory. ("**Expansion Fee**"). The Expansion Fee is nonrefundable and is due upon the execution of an amendment hereto modifying Attachment A to reflect the new description of the Territory. However, if the geographic area in which such accounts are located is sold to a third party franchisee prior to your consummation of the transaction expanding your Territory and your payment of the Expansion Fee, then you acknowledge and agree that

you will transition such accounts to the third party franchisee, at no charge or fee to the franchisee, and you will provide the franchisee with all data files associated with such accounts to facilitate a smooth transition.

III. DUTIES OF THE COMPANY

A. Pre-Opening Obligations. Our duties prior to the opening of the Franchised Business may include some, but not necessarily all, of the following services:

1. We shall provide marketing and promotional materials for use in promoting the Franchised Business;

2. Within approximately ninety (90) days of you executing this Agreement, we shall provide you (or one of your owners, if you are an entity) (the "**Required Trainee**") with the internet training and regional portion of our New Franchisee Training program ("**NFT**") as set forth in our Manuals. The initial training program within NFT is comprised of three integrated components, which may be delivered concurrently or sequentially, as determined by us.

(i) Phase 1 of the initial training program consists of self-paced eLearning courses delivered via Sculpture U, which may be complemented by live or recorded video sessions and assessments. This phase introduces the organization, fundamentals concepts and metrics, and the inventory process.

(ii) Phase 2 of the initial training program begins concurrently with, or after, Phase 1 and includes technical operations field training delivered by your Regional Director or an approved trainer, on-site inventories with your Regional Director until key performance indicators (KPIs) are met (specific KPIs to be determined) and mandatory participation in the Sculpture Hospitality Sales Foundations Program.

(iii) Phase 3 of the initial training program focuses on advanced business operations, marketing, sales and growth strategies delivered or coordinated by your Regional Director or mentor. Training under this component may include participation in the Sculpture sales skills programs, workshops, meetings, events, and other advanced or continuing education offerings related to your Sculpture Hospitality business that may be scheduled throughout the year and that franchisees are expected to attend as required by us. These offerings help to ensure comprehensive mastery of all operational and strategic aspects of the franchised business.

You are responsible for expenses related to transportation, lodging, meals, and any wages earned by the Required Trainee and any other trainees you send to initial training. Your Required Trainee must complete Phase 1 of the mandatory initial training program to our satisfaction. Generally, Phase 1 is completed within 90 days of enrollment following the signing of your Franchise Agreement, and Phase 2 must be completed as soon as scheduling permits. Unless you already are a Sculpture Hospitality franchisee as of the Effective Date, you are required to pay in full upon the execution of this Agreement a one-time training and onboarding fee of Ten Thousand Dollars ($10,000). This payment covers the Required Trainee for the initial training program; and

3. During the initial training program, we shall provide to you with on-line access to our confidential manuals (collectively, the "**Manuals**") that will contain specifications, standards, services, operating procedures and rules prescribed from time to time by us for the operation of the Franchised Business. We will provide access to different portions of the Manuals to coincide with what we deem to be necessary for your development and the opening and operation of the Franchised Business. You may not make any copies of the Manuals, or any portions thereof. Your right to access our Manuals is based solely

on your status as a franchisee of ours. The Manuals contain proprietary information of ours and must be kept confidential by you during the period you are operating the Franchised Business and subsequent to the expiration or earlier termination of the Franchise Agreement, in accordance with the terms of Section VII. of this Agreement. We shall have the right to add to and otherwise modify the Manuals from time to time to reflect changes in the Specifications, Standards, operating procedures and rules prescribed by us for the Franchised Business, provided that no such addition or modification shall alter your fundamental status and rights under this Agreement. We shall have no obligation to provide the Manuals in hard copy. The Manuals remain our property at all times. You agree and covenant that you will not permit any affiliate, employee, independent contractor or other third party to disclose, duplicate or otherwise use any portion of the Manuals in any unauthorized manner or for an improper purpose. The Manuals will not include any employment-related policies or procedures. You are solely responsible for the terms and conditions of employment of your employees.

B. **Post-Opening Obligations**. Our obligations following the opening of the Franchised Business are as follows:

1. We shall provide such general advisory assistance deemed by us to be helpful to you in the ongoing operation, marketing and promotion of the Franchised Business;

2. We may, but are under no obligation to, provide management consulting services to you for projects or assistance based upon the availability of our personnel at a mutually acceptable arrangement pertaining to fees and expenses;

3. We will provide you with updates, revisions and amendments to the Manuals as we determine necessary, if any;

4. We shall continue our efforts to establish and maintain high standards of quality, customer satisfaction and service, and to that end, shall on a periodic basis, (a) conduct, as we deem advisable, inspections and mystery shopping of the Franchised Business and its operations and evaluations of the methods in which you are operating the Franchised Business, and (b) upon request and subject to the terms of this Agreement, disseminate to you or your suppliers our Standards and Specifications for items not deemed by us to be our trade secrets; and

5. At our sole discretion, and from time to time, we will coordinate, conduct and otherwise make available to you such other optional and mandatory ongoing training programs or seminars that we deem appropriate, as further described in Section V.D.

C. **Convention**. Approximately every twelve (12) to twenty-four (24) months, we intend to have a franchise convention at a location we designate. Unless we agree otherwise, at your cost and expense (including our then-current franchise convention fee), an owner or one (1) executive member of your staff is required to attend the convention. The length of the convention is usually two (2) days/three (3) nights, although we have the right to have the convention extend for a greater period of time. Attendance at this convention is required and the failure to attend shall be deemed an event of default under this Agreement. We reserve the right to have some, or all of the convention offered virtually as we deem necessary.

D. **Delegation**. We have the right from time to time to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether they are our affiliates, agents or independent contractors.

IV. INITIAL FEES, TRAINING FEE, ROYALTIES AND OTHER FEES

A. **Initial Franchise Fee**. The nonrefundable initial franchise fee is payable in full upon the execution of this Agreement and is deemed fully earned upon the execution of this Agreement. The nonrefundable initial franchise fee to be paid by you hereunder is:

☐ Twenty-five Thousand Dollars ($25,000), for a Territory A containing approximately one hundred fifty (150) Establishments;

☐ Thirty Thousand ($30,000), for a Territory B containing approximately two hundred fifty (250) Establishments; or

☐ Forty Thousand Dollars ($40,000), for a Territory C containing approximately five hundred fifty (500) Establishments.

B. **Required Training Fee**. As stated above in Section III.A, unless you are a Sculpture Hospitality franchisee as of the Effective Date, and regardless of the size of Territory you operate, you are required to pay in full upon the execution of this Agreement a one-time training and onboarding fee of Ten Thousand Dollars ($10,000). This fee is deemed fully earned upon the execution of this Agreement.

C. **Current Royalty Fee**. You shall pay to us a minimum continuing nonrefundable royalty fee as described herein (the "**Royalty Fee**") based upon the type of client you are servicing. Except as otherwise set forth herein, Royalty Fees shall be paid on or before the fifteenth (15th) day following the end of the prior month in such manner as we require and together with all reports we require. Currently, the monthly minimum Royalty Fees in connection with Client Evaluations for the Inventory Control System are as follows:

TERRITORY A - APPROXIMATELY 150 ESTABLISHMENTS: FULL-SERVICE AND SHARED SERVICE CLIENTS

First six months: 8% of the evaluation revenue generated per Client

Thereafter, the greater of:

(a) 8% of the evaluation revenue generated per Client; or

(b) First six months of the Term: $0
Each of months 7 – 12 of the first year of the Term: $150
Each month during 2nd year of the Term: $375
Each month during 3rd year of the Term: $585

TERRITORY B - APPROXIMATELY 250 ESTABLISHMENTS: FULL-SERVICE AND SHARED SERVICE CLIENTS

First six months: 8% of the evaluation revenue generated per Client

Thereafter, the greater of:

(a) 8% of the evaluation revenue generated per Client; or

(b) First six months of the Term: $0

Each of months 7 – 12 of the first year of the Term: $225
Each month during 2nd year of the Term: $675
Each month during 3rd year of the Term: $915

TERRITORY C - APPROXIMATELY 500 ESTABLISHMENTS: FULL-SERVICE AND SHARED SERVICE CLIENTS

First six months: 8% of the evaluation revenue generated per Client

Thereafter, the greater of:

(a) 8% of the evaluation revenue generated per Client; or

(b) First six months: $0
Each of months 7 – 12 of the first year of the Term: $225
Each month during 2nd year of the Term: $675
Each month during 3rd year of the Term: $990

ALL SELF-SERVICE CLIENTS REGARDLESS OF THE NUMBER OF ESTABLISHMENTS IN TERRITORY

The greater of $38 or 20% of the Client's monthly self-service fee (including Market Development Fund contributions)

You acknowledge and agree that we may in the future modify the method and manner in which the Inventory Control System is distributed to Establishments and/or establish a different pricing methodology for providing evaluation services under the Inventory Control System to Establishments, which could cause a modification of the Royalty Fees payable hereunder. Any such modification to the Royalty Fee will only apply to you if you agree to the modification.

D. National Account Program. We have established a national account program through which we are able to contract with businesses to conduct Client Evaluations on a national, regional or multiple franchised territory basis in order to offer these accounts special pricing options for the use of our Systems (the **"National Account Program"**). A "**National Account**" is any multi-unit operator that has a minimum of five (5) locations in three or more franchised territories and/or non-franchised territories or any prospective client which will likely expand to additional locations in multiple territories following a pilot or trial program. We have the right to administer a National Account ourselves, or by or through our affiliates or designated third parties. We may mandate certain practices or service standards to ensure consistency across a National Account's locations utilizing our Systems and may reassign the franchisee or party supporting a National Account location at any time at our sole discretion. We have the right at any time to remove a National Account from the National Account Program or we may discontinue or terminate the entire National Account Program. Further, we have the right to convert an existing client of the Sculpture Hospitality franchise system to a National Account due to the growth and expansion of the client's business endeavors and success. The client will become a National Account upon notification to the then-current franchisee who is servicing the client. Our notification will provide the details of the National Account Program as it will apply to the client. You may receive a portion of the monthly Client Evaluation fees associated with National Accounts for which you perform services in your territory as described herein or in our Manuals. Depending on the service model for each National Account, if a National Account is located in your Territory, you will either be paid a commission of (i) 8% of the monthly evaluation revenue or self-service fees generated by such National Account in your Territory, if we or our affiliate or a designated third party will service National Accounts, or (ii) a custom revenue split, determined in our sole

discretion, which will not be less than 8% of the monthly evaluation revenue or self-service fees generated by such National Account, if the program calls for you to service such National Account.

E. **Technology Infrastructure Fee**. You are required to pay us a monthly fee of Fifty-Five Dollars ($55) to cover the cost of marketing and support platforms and communication tools. We have the right to increase this monthly fee if our costs of undertaking these activities increases, provided, however, on a yearly basis the increase will not exceed 10% of the previous year's monthly fee.

F. **Payment Procedures and Penalty and Interest on Late Payments**. All monthly payments required under this Agreement shall be in U.S. Dollars received by us via ACH Debit Transaction, credit card or electronic funds transfer no later than the fifteenth (15th) day of each month for the number of Client Evaluations in your Territory during in the immediately preceding month unless otherwise specified by us. If any payments are due on a national holiday, payment shall be due on the first business day following such holiday. All invoices issued by us to you for services we performed at your direction, in connection with your Franchised Business, are due no later than the fifteenth (15th) day of each month. All payments are payable via ACH Debit Transaction in accordance with the due dates described above. You must complete the ACH Debit Form attached to this Agreement as Attachment F. Unless we declare otherwise in writing, any payment not actually received by us on or before such due date shall be deemed past due. If any payment is past due, you are required to pay us the past due amount plus interest on such amount from the date it was due until the date we receive payment at two percent (2%) per month of the unpaid balance or the maximum rate permitted by applicable state law, whichever is greater. Any interest payable hereunder, which shall be calculated daily, shall be in addition to any other remedies we may have including, but not limited to, terminating your access to our business system in accordance with Section XII.C.

G. **Credit Card Payments**. Should you request that we accept all or any part of any payment payable by you by way of an advance made by or through a credit card provider or other commercial lender, we may, in our sole discretion, opt to accept all or any part of any such payment. Regardless of how the same is to be made, you agree to pay to us, either concurrently with the advance or immediately following demand by us, all usage fees, commissions, conversion charges, e-commerce charges, administrations fees, inter-bank transfer costs, and other payment due or payable by us to the credit card provider as a result of or in connection with the advance. For greater certainty and without limiting the generality of the foregoing, this Section IV.G. shall apply to advances made by submission of a credit card, a check provided by the credit card provider, an electronic or inter-bank transfer or any other means. We reserve the right to require that you implement a system for automatic withdrawal of all or any payments due to us from you via an automated clearing house or other financial institution. We reserve the right to charge an administrative fee on all credit card payments of up to four percent (4%) of the total credit charge charges.

V. FRANCHISEE'S DUTIES

A. **Approved Products, Services and Suppliers**. We have developed or may develop additional Standards and Specifications for types, models and brands of products and services and assets required to operate the Franchised Business. We reserve the right from time to time to approve specifications, suppliers and distributors of such products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates. We may designate a single distributor or supplier (collectively "**supplier**") for any product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products. The designated supplier may be us or our affiliate.

We and our affiliates may receive payments from suppliers on account of such suppliers' dealings with you and other Franchised Businesses and may use any amounts so received without restriction for any purpose we deem appropriate. We may collect payments for promotional allowances, rebates, volume discounts and other payments that designated, approved or recommended suppliers make to us and our affiliates. We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, price consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria and such approval may be temporarily pending our continued evaluation of the supplier or distributor from time to time.

If you would like to purchase any items from a source that we have not previously approved as a supplier or distributor of the particular item, you must comply with our then-current supplier/distributor approval process and standard. We have the right to inspect the proposed supplier's or distributor's facilities, and to require product samples from the proposed supplier or distributor to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing. Either you or the proposed supplier or distributor must pay us a fee (not to exceed 110% of the cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor fails to meet any of our criteria. We also reserve the right to charge manufacturers or suppliers a royalty/fee for the right to manufacture products for any use in the Franchised Businesses.

You shall lease or purchase certain proprietary and copyrighted materials and related brochures, literature, and supplies relating to the operation of the Franchised Business solely from approved suppliers who shall have proved, to our continuing reasonable satisfaction, the ability to meet our reasonable Standards and Specifications for such products and related items. For certain proprietary products the sole approved supplier may be us. Such approved suppliers shall meet all of our Specifications and Standards as to content, quality, appearance, warranty, performance and serviceability and must adequately demonstrate their capacity and facilities to supply your needs for an effective and efficient operation of the Franchised Business as well as all Franchised Businesses.

You understand and acknowledge that every detail of the performance of the Franchised Business and the interaction with clients and potential clients in compliance with the Standards and Specifications is critical to us, you and other Franchised Businesses operating under the Marks, in order to: (1) develop and maintain high and uniform operating standards; (2) increase the demand for the products and services sold by Franchised Businesses; and (3) protect the Marks, our trade secrets, Confidential Information (as defined in Section VII.), reputation and goodwill.

B. **Sale of Unauthorized Products to Establishments**. You must spend substantially all of your time operating your franchise. You may not, directly or indirectly, attempt to trade, or trade off the goodwill associated with the Marks and our System by operating any type of venture or business other than Franchised Business without our prior written approval, which may be withheld in our sole discretion. Additionally, without our prior written approval, during the term of this Agreement, your owners and their spouses and immediate family members (children and their spouses, if any) are prohibited from selling competitive products and services or products and services which by their nature trade off the goodwill associated with the Marks or our System) to any Establishment or to an owner of any Establishment, whether inside or outside of your Territory. If you, directly or indirectly through any other party, whether or not affiliated with the Franchised Business, make such an unauthorized sale, we will be entitled to collect the full amount you received for such sale and this activity shall constitute a breach of the Franchise Agreement subject to termination under Section XII. thereof. For the avoidance of any doubt, the rights granted to you hereunder prohibit you and your owners from operating any other business while this

Agreement is in effect or from owning any interest in any entity that undertakes to offer or sell products or services that compete with or which are substantially similar to the products or services offered or sold in connection with the Franchised Business. You may not directly or indirectly, offer any other products or services to any Establishment or to any client or prospective client nor may you or your owners have any interest in any business that does.

C. **Initial Training**. Unless otherwise agreed to by us, the Required Trainee shall attend and complete, to our satisfaction, certain phases of our initial training program as set forth in our Manuals within ninety (90) days of the signing of your Franchise Agreement. Portions of our initial training program may be conducted in person at a location that we designate or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine. The training fee described in Section IV.B. covers the initial training program for your Required Trainee, although you will pay for the lodging, meals, and all transportation expenses incurred by the Required Trainee during the initial training program. We reserve the right to charge an additional training fee of $2,000 per trainee, but we may increase the fee up to a maximum of Five Thousand Dollars ($5,000) for each additional or subsequent trainee that attends the initial training program, or if your Required Trainee takes the program a second time.

D. **Ongoing Training**. We may periodically conduct mandatory or optional training programs for your Required Trainee and/or other owners or employees that we designate at our office or another location that we designate. We may charge you a reasonable fee for any training programs that we provide. This fee will vary by program and is currently $2,000 per attendee per program. The fee will not exceed $5,000 per attendee per program. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine. You shall be responsible for any travel and living expenses (including meals, transportation, and accommodations), wages, and other expenses incurred by your Required Trainee or other trainees related to any additional training programs.

E. **Working Capital**. You shall meet and maintain sufficient levels of working capital for use in connection with the management and operation of the Franchised Business as we may reasonably require from time to time.

F. **Best Efforts**. You shall devote your full time and best efforts to the management and operation of the Franchised Business. You and your owners may not engage in any other business while you are operating the Franchised Business. You are responsible for the development, operation, promotion and enhancement of the Franchised Business during the full term of this Agreement. You agree that the Franchised Business will at all times be under your supervision. If you are a corporation or other entity, you must appoint an owner to serve as the manager, successfully complete the initial training program, and to directly supervise the operation of the Franchised Business. Any owner who owns a majority interest in the franchisee must serve as the manager. No change in designation of manager may occur without the new manager having satisfactorily completed initial training and any additional training we may require.

G. **Compliance with Uniform Standards**. You shall operate the Franchised Business in conformity with such uniform methods, Standards and Specifications as we may from time to time prescribe to ensure that the highest degree of quality and service is uniformly maintained. You shall conduct your business in a manner which reflects favorably at all times on the Sculpture Hospitality trade name, brand and franchise system. You shall at no time engage in deceptive, misleading or unethical practices or

conduct any other act which may have a negative impact on our reputation and goodwill or the reputation and goodwill of any other Franchised Businesses. Pursuant to this ongoing responsibility, you agree:

1. To maintain a sufficient supply, as we may prescribe in the Manuals or otherwise in writing and use at all times, of supplies as conform to our Standards and Specifications, and to refrain from deviating therefrom without our prior written consent;

2. To sell or offer for sale only and all such products and services as approved in writing by us and as meet our uniform standards of quality and quantity which have been expressly approved for sale in writing by us in accordance with our methods and techniques;

3. To refrain from any deviation from our Standards and Specifications for serving or selling such products or services and to discontinue selling and offering for sale any such products or services as we may, in our sole discretion, disapprove in writing at any time;

4. To permit us or our designee to conduct Client Evaluations, sell products and equipment and provide monitoring services and collect revenue therefrom, from any client located within the Territory, if and only if we decide to offer these any of these to the public and you are unwilling or unsuitable to provide such service or product;

5. To operate the Franchised Business at a standard of excellence consistent with the requirements set forth in the Manuals; and

6. You and your employees are required to use an @sculpturehospitality.com email address when communicating matters that concern the Franchised Business.

H. Computer Systems. You agree to obtain and use the computer hardware and software that we periodically specify including, hardware components, dedicated communication and power lines, printers, and other computer-related accessories and peripheral equipment we periodically specify in connection with the operation of the Franchised Business (collectively, the "**Computer System**"). We may periodically modify specifications for and components of the Computer System. In addition to being required to be connected to the Internet so you can provide us with the records and related information we require, you are required to finalize your evaluations on the same day that final reports are delivered to the client. This program will assist you in transferring sales data to us on a daily basis and functions in such a manner as to help simplify and reduce the time needed to complete your evaluations. We do not have independent access to the data stored in your computer and we will not independently access a franchisee's computer system except to perform software updates and routine file maintenance, if required. Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (i) acquiring, operating, maintaining, and upgrading the Computer System; (ii) the manner in which your Computer System interfaces with our and any third party's computer system; and (iii) any and all consequences if the Computer System is not properly operated, maintained, and upgraded.

I. Non-competition and Nondisclosure Agreements. All executive personnel (including your owners) must sign the Confidentiality Agreement and Ancillary Covenants Not to Compete attached to this Agreement as Attachment D. It is your obligation to ensure that such agreement is enforceable against both your executive personnel and interest holders. All other employees and independent contractors must sign the Confidentiality Agreement attached to this Agreement as Attachment E.

J. Incursion Policies. You acknowledge and agree that we have instituted policies and procedures concerning a Sculpture Hospitality franchisee's attempt to provide Client Evaluations and other

services outside its assigned Territory in geographic areas in which a franchise has not been granted ("**Open Areas**") and which also governs the transitioning of client accounts managed by a franchisee in an Open Area to a new franchisee who subsequently purchases a franchise for the Open Area. Such policies are set forth in the Manuals and you agree to comply with such policies and procedures as now exist or are hereafter modified, altered or amended by us. You acknowledge and agree that some of these policies and procedures in the Manuals require you to pay an incursion fee to the new franchisee during the aforementioned transition period equal to a percentage of the fees you receive from the client accounts in the former Open Area.

K. **Compliance with Laws**. You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of the Franchised Business and must operate the Franchise Business in full compliance with all applicable laws, ordinances, and regulations including, but not limited to, government regulations relating to occupational hazards, health, worker's compensation, unemployment insurance, withholding and federal and state income taxes, social security taxes, and sales and service taxes. You must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we may periodically establish. All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. The Franchised Business must in all dealings with its customers, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You agree to refrain from any business or advertising practice that may be injurious to our business and the goodwill associated with the Marks and other Sculpture Hospitality businesses. You must notify us in writing within five (5) days: (i) of the 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 may adversely affect your operation or financial condition (or that of the Franchised Business), or (ii) of any notice of violation of any law, ordinance, or regulation relating to the Franchised Business.

L. **Customer List/Customer Data**. You acknowledge and agree that we are the sole owners of the Franchised Business' customer lists ("**Customer Lists**"), and you may not distribute the Customer Lists to any third party, in any form or manner, without our prior written consent. Despite our ownership of the Customer Lists, you may use the Customer Lists in connection with the Franchised Business' operation and as otherwise permissible under this Agreement. During the Term, we and our affiliates reserve the right to communicate with and provide notifications to customers appearing on the Customer Lists and to use the Customer Lists for any business purpose we and they deem necessary or appropriate (to the extent allowed by applicable law). Upon expiration (without a successor franchise) or termination of this Agreement, you and your affiliates may not use the Customer Lists in any form or manner. Additionally, while you are operating under this Agreement, you remain responsible for maintaining the Client Data and ensuring the information remains accurate, correct, truthful and complete and, at a minimum, you must always have the Client's full legal name, the names of those persons who have any equity ownership interest in the Client, if the Client is an entity, email address, telephone number and street address. You must also have the email address and telephone number of the primary Client contact person, if the person doesn't have an equity ownership interest in the Client.

M. **Access to Computer System**. You acknowledge and agree that you are responsible for managing your employees' login access to our Computer System and ensuring such employees have unique login access to platforms within the Computer System. Additionally, you are obligated to notify our Support Team ("Sculpture Support") immediately when any employee of yours is terminated or otherwise ceases to be an employee, in order to, among other things, terminate such employee's login to the Computer System. For the avoidance of any doubt, we are not responsible for any employee of yours, whether intentional or accidental, causing a loss, disruption or manipulation of any data regarding your Clients. You acknowledge and agree that you have been notified by us prior to the execution of this Agreement that there are no assurances that any such loss, disruption or manipulation can be corrected by us. **MARKS**

A. Ownership and Goodwill of Marks. We have licensed the Marks to you to use in franchising, developing, and operating the Franchised Business. Your right to use the Marks is derived only from this Agreement and is limited to your operating the Franchised Business in compliance with this Agreement and all Standards and Specifications we prescribe during the term of this Agreement. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Franchised Business in compliance with this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after the term of this Agreement contest or assist any other person in contesting the validity, or our ownership, of the Marks.

B. Limitations on Your Use of Marks. You agree to use the Marks as the Franchised Business' sole identification, except that you must identify yourself as its independent owner and operator at the Franchised Business in the manner we prescribe. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we license to you), (iii) in offering or selling any unauthorized services or products, (iv) as part of any domain name, homepage, electronic address, or otherwise in connection with electronic media, or (v) in any other manner we have not expressly authorized in writing. If we discover your unauthorized use of the Marks, we may require you to destroy all offending items reflecting the unauthorized use (with no reimbursement from us).

You may not use any Mark in advertising the transfer, sale, or other disposition of the Franchised Business or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe on forms, advertising and marketing, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

C. Notification of Infringements and Claims. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark or any confusingly similar trademark, and not to communicate with any person other than us, our attorneys, and your attorneys regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse your costs for taking any requested action.

D. Discontinuance of Use of Marks. If it becomes advisable at any time in our opinion for us and/or you to modify, discontinue using, and/or replace any Mark and/or to use one or more additional, substitute, or replacement trade or service marks together with or instead of any previously designated Mark, you agree to comply with our directions within a reasonable time after we deliver notice to you. We need not reimburse your direct expenses for the discontinuance or substitution of the Marks by us. We are not responsible for your expenses in modifying, discontinuing or promoting a modified or substituted Mark. Our rights in this Section VI.D. apply to any and all of the Marks (and any portion of any Mark) that this Agreement authorizes you to use. We may exercise these rights at any time and for any reason, business or otherwise, we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

E. Indemnification for Use of Marks. We agree to reimburse you for all damages, claims, and expenses that you incur or for which you are liable in any proceeding challenging your right to use any Mark or other Intellectual Property under this Agreement, provided your use has been consistent with this Agreement, the Manuals, and Standards and Specifications communicated to you and you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark.

VII. CONFIDENTIAL INFORMATION

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets and intellectual property under applicable law (the "**Confidential Information**"), relating to developing and operating a Franchised Business, including (without limitation):

1. curriculum and copyrighted intellectual property for services and products for the Franchised Businesses and operations materials and Manuals;

2. methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating a Franchised Business;

3. marketing and advertising programs and materials for a Franchised Business;

4. knowledge of Standards and Specifications for and suppliers of products, equipment and services required for the Franchised Business;

5. processing systems and other computer software or similar technology that may be proprietary to us or our affiliates;

6. knowledge of the operating results and financial performance of a Franchised Business other than your Franchised Business;

7. customer communication and retention programs and data used or generated in connection with those programs;

8. the identification and listing of potential clients, existing clients and Establishments of any Franchised Business, and any National Accounts, which information we are deemed to own; and

9. graphic designs and related intellectual property for marketing the Franchised Businesses.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify while operating the Franchised Business during the term of this Agreement, and that Confidential Information is proprietary, includes our Franchised Businesses (and, if applicable, our affiliates') trade secrets, and is disclosed to you only on the condition that you agree, and you hereby do agree, that you:

(a) will not use Confidential Information in any other business or capacity;

(b) will keep confidential each item deemed to be a part of Confidential Information, both during and after the term of this Agreement (afterward for as long as the item is not generally known in the industry);

(c) will not make unauthorized copies of any Confidential Information disclosed via electronic media or in written or other tangible form;

(d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting your disclosure to the Franchised Business' personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information. We have the right to regulate the forms of agreements that you use and to be a third-party beneficiary of those agreements with independent enforcement rights. You must keep copies of those agreements and send them to us upon request; and

(e) will not sell, trade, or otherwise profit in any way from the Confidential Information, including customer/membership lists, except as authorized by this Agreement.

Confidential Information does not include information, knowledge, or know-how that you can lawfully demonstrate came to your attention before we provided it to you directly or indirectly; that, at the time we disclosed it to you, already had lawfully become generally known in the inventory control industries through publication or communication by others (without violating an obligation to us); that, after we disclose it to you, lawfully becomes generally known in the inventory control industries through publication or communication by others (without violating an obligation to us); or that you independently develop without access to or reliance on our Confidential Information. However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in Section VII is satisfied.

All ideas, concepts, techniques, or materials relating to a Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the Sculpture Hospitality franchise system, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, by this Section VII you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

VIII. ACCOUNTING, INSPECTIONS AND RECORDS

A. Maintenance of Books and Records. You shall maintain during the term of this Agreement and shall preserve for not less than seven (7) years from the date of preparation full, complete and accurate books, records and accounts in accordance with the Standards and Specifications and in the form and manner prescribed by us in the Manuals or otherwise in writing. You acknowledge that it is your responsibility to maintain at your expense bookkeeping, accounting and recordkeeping systems which conform to our requirements as we prescribe from time to time. For the avoidance of any doubt, we will not seek, and do not want, any records or information relating to your employees, as you supervise exclusively your labor relations and employment practices.

B. Monthly Reports. During the term of this Agreement, you shall submit to us, certain monthly operating reports and statements of Client Evaluations in a form prescribed by us in the Manuals, together with such other data and information as we may require, which may include a statement or

declaration that you have otherwise not sold any products or services in your Territory that we have not approved, whether or not related to the offerings of the Franchised Business. If you discover an error in any monthly report or statement that you are required to submit with your monthly Royalty Fee, you must notify us within 10 days of your submission of the report or statement to us.

C. Financial and Related Reporting. During the term of this Agreement, you shall, at your expense, submit to us a monthly unaudited financial operating report for the Franchised Business in the form prescribed by us. The report shall include, but not be limited to, a statement of the sources of all income. The report shall be due not later than the fifth (5th) day of each month for the preceding month and shall be sent to us in a method we dictate. Within ninety (90) days of the completion of your fiscal year, you shall also prepare, and submit to us, at your expense, an annual financial statement which shall include an income statement prepared in accordance with generally accepted accounting principles and copies of your federal and state tax returns. Each annual financial statement and tax return shall be compiled by an independent certified public accounting firm and signed by your president or treasurer attesting that the statement is true and correct. We also reserve the right to request that you submit to us certified financial statements for any period or periods of any fiscal year, which shall be certified by your accounting firm and attested to by your treasurer or chief financial officer. You shall also submit to us, upon request, a copy of any of your periodic federal and state sales or income tax returns applicable to the Franchised Business.

D. Other Submissions. You shall also submit to us, for review and auditing, such other forms, and other reports and any and all other information and data as we may reasonably designate, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in the Manuals or otherwise in writing, at any time during the term of this Agreement.

E. Inspection/Accuracy of Audits. We or our designated agents shall have the right at all reasonable times to examine and copy, at our expense, your books, records, receipts and your tax returns. We shall also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that any payments to us have been understated in any report to us, then you shall immediately pay us, upon demand, the amount understated plus interest calculated at the default rate on a daily basis. If any inspection discloses an understatement in any report of any amount to be paid to us, you shall, in addition to the payment of interest thereon, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, reasonable accountants' and attorneys' fees). The foregoing remedies shall be in addition to any other remedies available to us hereunder. Additionally, we reserve the right to conduct periodic spot checks to verify the accuracy of Client Evaluation audit fees reported. As such, we may request copies of your client invoices to ensure they align with corresponding entries in the system used for calculating royalty fees for billing purposes. Underreporting of royalties constitutes a material breach of this Agreement.

IX. NATIONAL AND LOCAL ADVERTISING

Recognizing the value of national and local advertising, and the importance of the standardization of advertising programs to the furtherance and protection of the Marks, goodwill and public image of the Franchised Businesses, the parties agree as follows:

A. Submission and Approval of Promotional and Marketing Materials. All promotional and marketing materials to be used by you in any medium shall be presented in a dignified manner and shall conform to such standards and requirements as we may specify, from time to time, in the Manuals or otherwise. You shall submit to us for our prior approval samples of all promotional and marketing materials in whatever forms that you desire to use and that have not been approved within the last three (3) months by us. We shall notify you of our approval or disapproval thereof within ten (10) days from the date of receipt by us of such materials. You shall comply with all revisions to said promotional and marketing

materials which we may require prior to approving said promotional and marketing materials. You shall not use any advertising or promotional plans or materials which have not been approved by us, and you shall cease to use any plans or materials promptly upon notice by us. Failure by you to obtain the prior approval of us for all proposed advertising shall be deemed a default of this Agreement in accordance with Section XII. hereof.

B. **Marketing Development Fund**. We maintain and administer a Marketing Development Fund (the "**Fund**"). During the Term, you must make nonrefundable monthly contributions to the Marketing Development Fund for each Territory where you operate a Franchised Business based upon the number of Establishments within the Territory. During the first six (6) months of the Term, regardless of the type of Territory you operate, you must pay 2% of the evaluation revenue generated per Client. Thereafter, the monthly contribution you must pay is equal to the greater of (a) 2% of the evaluation revenue generated per Client or (b) the following amounts depending on the type of Territory and size of the Territory:

Months of the Term	150 Territory*	250 Territory*	500 Territory*
Each of Months 7 through 12 during the first year of the Term	$60	$90	$90
Each Month in the 2nd year of the Term	$150	$270	$270
Each Month in the 3rd year of the Term	$234	$366	$396

*The number associated with the Territory means the approximate number of Establishments in the Territory.

The Marketing Development Fund has been established to help strengthen advertising, marketing, customer relationship management system (CRMS), and public relations initiatives while safeguarding and elevating our distinctive Marks and Systems. We exercise exclusive oversight regarding the creative ideation, graphic design, media selection, and endorsements for all Fund-sponsored activities, as well as their targeted placement across various geographies, markets, and media channels. Currently, we do not charge a set-up or ongoing fee to enable you to utilize the CRMS, however, we may do so in the future. The ongoing fee for CRMS, if instituted, will not exceed 100% of our and our affiliates' costs relating to the CRMS.

The Fund facilitates the creation and production of multimedia content, including video, audio, and written materials, along with the development, operation, and maintenance of a comprehensive franchise system website, intranet, extranet, and related strategies. In addition, it will orchestrate national, regional, multi-regional, and local marketing and advertising campaigns, encompassing media purchases, direct mail, online advertising, and social media promotions, among others. Furthermore, the Fund will actively engage in market research, customer satisfaction surveys, and various advertising, promotion, graphic design, and marketing endeavors, collaborating with expert agencies and advisors as needed.

Our commitment extends to supporting public relations efforts, enlisting the services of celebrities and public figures for franchise endorsements, utilizing "mystery shop" services, customizing advertising materials for local Franchised Businesses, and pursuing a spectrum of brand and design enhancement activities.

We are not obligated to allocate expenditures in direct proportion to individual franchisee contributions, nor do we guarantee specific benefits for any franchisee based on Fund expenditures. Additionally, there is no obligation to allocate a specific budget for advertising within your Territory.

Periodically, the Fund will provide you with complimentary samples of advertising, marketing, CRMS, and promotional materials. If you wish to obtain additional copies, they will be available for purchase at cost, inclusive of associated production, shipping, handling, and storage expenses.

We will account for the Fund separately from our other monies and not use the Fund for any of our general operating expenses. However, we may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund; the Fund's other administrative costs; travel expenses of personnel while they are on Fund business; meeting costs; overhead relating to Fund business; and other expenses that we incur in activities reasonably related to administering and directing the Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising and marketing materials, conducting promotions, managing CRMS, and collecting and accounting for Fund contributions.

The Fund is not our asset. The Fund is not a trust. We will hold all Fund contributions for the benefit of the contributors and use contributions for the purposes described in this Subsection IX.B. We do not owe any fiduciary obligation to you for administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Fund contributions to pay costs before using the Fund's other assets. Company- owned businesses are not obligated to make any contributions to the Fund but currently make contributions to the Fund in the same manner as our franchisees.

We will prepare an annual, unaudited statement of the Fund collections and expenses and give you a copy of the statement upon written request. We may, within our sole discretion, have the Fund audited annually, at the Fund's expense, by an independent certified public accountant we select. We may incorporate the Fund or operate it through a separate entity whenever we deem it appropriate. The successor entity will have all of the rights and duties specified in this Section IX.B. of the Franchise Agreement.

We intend the Fund to maximize recognition of the Marks, enhance system protection of the Marks, and increase patronage of Franchised Businesses. Although we will try to use the Fund to develop advertising, CRMS, and marketing materials and programs, and to execute advertising, marketing, and research activities, that will benefit all Franchised Businesses, we have no requirement or obligation to ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to Fund contributions by the Franchised Business operating in that geographic area or that any Franchised Business benefits directly or in proportion to its Fund contributions from the development of advertising, CRMS, and marketing materials or the execution of advertising, marketing, and research activities. The Fund will not be used principally to develop materials and programs to solicit franchisees. However, media, materials, and programs, including a franchise system website, prepared using Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads.

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

We may at any time defer or reduce contributions of the Franchised Business and, upon thirty (30) days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, at our option, we can expend all remaining Fund monies on permitted activities or distribute all unspent

monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective Fund contributions during the preceding twelve (12) month period.

There is no requirement that contributions to the Fund in a given year must all be used during the year in which the contribution was received by us. Contributions not utilized during the year in which they were contributed will be retained for use in future years.

There is no advertising council composed of franchisees, nor do we require you to participate in any local or regional advertising cooperatives. All franchisees are encouraged to enroll in our free Sandler Sales coaching and training program. If you are not meeting our minimum performance requirements, you may be required to participate in one (1) additional training course, at your expense, which is approximately $2,000.

C. Centralized Marketing Program. This program is intended to help establish both brand awareness and brand compliance. In addition to making payments to the Marketing Development Fund, all franchisees are required to participate in our Centralized Marketing Program at a cost of $70 per month payable at the same time and in the same manner, as when you make other monthly payments to us under the Franchise Agreement. With this Centralized Marketing Program, we will set up your Business Facebook page, set up your Google My Business profile, create your personalized franchise web page, pull a base list and/or upload your database list (if applicable) into our marketing platform for our monthly marketing emails and set-up your branded email signature.

For you to enroll in the Centralized Marketing Program, we require the right to access the administrative privileges of your social media accounts. This is solely for the purpose of ensuring brand compliance across all digital platforms. By granting us access, we can oversee and maintain uniformity and integrity of the brand's representation across various social media channels. This provision is essential for upholding the brand's standard and ensuring consistency in messaging and visual identity, ultimately contributing to the overall success and reputation of the franchise.

D. Your Local Marketing. In addition to your Marketing Development Fund contribution obligation under Section IX.B. above, unless we agree otherwise, you must spend each year during the term of this Agreement, in the manner we approve, at least three percent (3%) of "Gross Sales" on a monthly basis, to market and promote your Franchised Business locally. For purposes of this Agreement "**Gross Sales**" shall mean the total of all revenues generated by you in connection with the Franchised Business, directly or indirectly, less sales, use or service taxes actually collected and paid to the appropriate taxing authorities. You agree to send us, in the manner we prescribe, an accounting of your expenditures for local marketing and promotion during the immediately preceding month. You agree to consult with us each year, as often as we deem reasonably necessary, to devise and implement a local marketing plan for your Franchised Business for that year and subsequent years of the term of this Agreement. At our request, you must send us, in the manner we prescribe (including with receipts), an accounting of your expenditures for advertising, marketing, and promotion for the period we specify. We may require you to purchase from us, our affiliates and/or unaffiliated vendors advertising, marketing, and CRMS materials, brochures, and flyers. We may require you to access third party websites for such approved materials and to customize those materials for the Franchised Business. During the term of this Agreement, we may designate which expenditures will, or will not, count toward your required advertising expenditures under this Section IX.D. For example, your costs of purchasing and mailing Sculpture Hospitality marketing materials to circulate within and outside the Territory, and your costs of acquiring mailing lists (which we may require you to obtain from or through us) are excluded from the minimum percentage local marketing expenditure specified above. We agree that if you have met your minimum leasing requirements and Client Evaluation requirements under this Agreement during any full year of the term of this Agreement, then for the next

succeeding full year of the term, you shall not be required to fulfill the local marketing expense amount set forth above.

Your local advertising, marketing, and promotion must follow our guidelines. All advertising, marketing and promotional materials that you develop for your Franchised Business must contain notices of the franchise system website's domain name in the manner we designate. You may not develop, maintain, provide mutual links to, or authorize any website that mentions or describes you or the Franchised Business or displays any of the Marks. You agree that your advertising, promotion, CRMS, research, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

We have the right to audit any local marketing and advertising you conduct for the Franchised Business to confirm your compliance with this Section IX.D. If you fail to comply with these obligations, you agree that we have the right to require you to pay us the amount of the required local marketing expenditure (three percent (3%) of your Gross Sales) that is not spent on a monthly basis. We may determine how best to spend those funds including, but not limited to, depositing those monies into the Fund.

Your investment in the Centralized Marketing Program, together with any additional advertising expenditures made in connection with the Program, as approved and administered by us or our designated agencies, will be credited on a dollar-for-dollar basis against your local marketing requirement for the month in which such contributions are utilized.

In the event that we provide you with a client lead, you are required to confirm in writing with us, within 48 hours of receipt, that the lead has been received and that initial contact has been made with the prospective customer. Additionally, you must follow up with us to provide the outcome of the client lead

X. INSURANCE

A. Procurement. You shall procure, within the timetable provided by us in the Manuals, and thereafter maintain in full force and effect during the term of this Agreement, at your expense, an insurance policy or policies protecting you and us, and our respective officers, directors, partners and employees, against any loss, liability, personal injury, death, property damage or expense whatsoever from fire, lightning, theft, vandalism, malicious mischief and the perils included in the extended coverage endorsement, arising or occurring upon or in connection with the Franchised Business, or by reason of the operation or occupancy of the Franchised Business, as well as such other insurance applicable to such other special risks, if any, as we may reasonably require for our own and your protection. You shall be obligated to procure such insurance and to submit copies of such policies to us prior to the commencement of training.

B. Minimum Coverage. Such policy or policies shall be written by an insurance company satisfactory to us in accordance with the standards and specifications set forth in the Manuals or otherwise in writing, and shall include, but shall not be limited to, the following:

1. Comprehensive General Liability insurance and Errors and Omissions insurance covering the operation of the Franchised Business; and

2. Workers' compensation and employer's liability insurance 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.

The type of insurance and the insurance amounts are subject to change based on inflation or future experience with claims asserted against Franchised Business. We, in our sole discretion, may require additional insurance coverage to be paid for by you. You will be liable for any cost and expenses, including attorneys' fees, incurred by us in connection with any proceedings arising out of compliance with the provisions of the Franchise Agreement relating to insurance. We shall be named as an additional insured in such of your insurance policies as are designated by us.

C. Certificates. Initially and upon each periodic policy renewal, you shall make a request, through your agent and/or carrier, for timely delivery to us of certificates of insurance of all coverage required by us along with evidence that the premiums have been paid. Each such certificate shall contain statements by the insurer that (i) the policy will not be canceled or initially altered without at least thirty (30) days prior written notice to us; and (ii) we are designated as an additional named insured.

D. No Relief of Liability to Us. The procurement and maintenance of such insurance shall not relieve you of any liability to us under any indemnity requirements of this Agreement.

XI. TRANSFER OF INTEREST; OPERATION BY US

A. Transfer by Us. We shall have the right to assign this Agreement, and all of its rights and privileges hereunder without restriction. Specifically, and without limitation to the foregoing, you expressly affirm and agree that we may, among other things, sell our assets and our rights in and to the Marks and the Standards and Specifications outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of us, our parent or the Sculpture Hospitality franchise system.

Nothing contained in this Agreement shall require us to remain in the beverage inventory control system or to offer similar services, whether or not bearing our Marks, in the event that we exercise our rights hereunder to assign our rights in this Agreement.

B. Transfer by You.

1. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you (or, if you are an entity, to your owners) and that we have granted you the rights under this Agreement in reliance upon our perception of your (or your owners') individual or collective character, skill, aptitude, business ability and financial capacity. Accordingly, no transfer of this Agreement or any interest in this Agreement, the Franchised Business or all or substantially all of the operating assets of the Franchised Business, or any ownership interest in you, whether directly or indirectly through a transfer of ownership interests in any owner of yours that is an entity and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place, may be consummated without our prior written approval and satisfying the applicable conditions of this Section XI., subject to Section XI.D. Any purported assignment or transfer, by operation of law or otherwise, not having our written approval shall be null and void and shall constitute a material breach of this Agreement, for which we may then terminate without opportunity to cure pursuant to Section XII. of this Agreement.

2. We shall not unreasonably withhold our approval to a transfer of any interest in you or in this Agreement; provided, however, that if a transfer, alone or together with other previous,

simultaneous or proposed transfers, would have the effect of transferring a controlling interest in you (if you are an entity) or in the Franchised Business, we may, in our sole discretion, require any or all of the following as conditions of its approval:

(a) All of your accrued monetary obligations and all other outstanding obligations to us (our subsidiaries, affiliates, suppliers and vendors) shall be up to date, fully paid and satisfied;

(b) You shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, any other franchise agreement or other agreement between you and us, or our subsidiaries, affiliates, or suppliers;

(c) You and each of your shareholders, officers and directors shall have executed a general release under seal, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, provided, however, that you shall not be required to release us for violations of federal and state franchise registration and disclosure laws;

(d) The transferee shall enter into a written assignment, under seal and in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement; and, if your obligations were guaranteed by the transferor, the transferee shall guarantee the performance of all such obligations in writing in a form satisfactory to us;

(e) The transferee shall demonstrate to our satisfaction that the transferee meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business herein (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial criteria required of new franchisees and shall have sufficient equity capital to operate the Franchised Business;

(f) At our option, the transferee shall execute (and/or, upon our request, shall cause all interested parties to execute) for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the standard form of Franchise Agreement then being offered to new franchisees and such other ancillary agreements as we may require for the Franchised Business, which agreements shall supersede this Agreement in all respects and the terms of which agreements may differ from the terms of this Agreement, by including, without limitation, a higher Royalty Fee, higher local marketing expenditure minimums, and the implementation of additional fees;

(g) You shall remain liable for all direct and indirect obligations to us in connection with the Franchised Business prior to the effective date of the transfer and shall continue to remain responsible for its obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement and shall execute any and all instruments reasonably requested by us to further evidence such liability;

(h) At our option, the transferee will be required to successfully complete our initial training program;

(i) The transferee shall have signed an Acknowledgment of Receipt of all required legal documents, such as the Disclosure Document and the then-current Franchise Agreement and ancillary agreements; and

(j) You shall pay to us a transfer fee of thirty percent (30%) of the then-current initial franchise fee being charged by us to you. The transfer fee is to cover our administrative expenses and other costs in connection with the proposed transfer and shall be fully payable prior to any such transfer and is nonrefundable.

In the event of a transaction governed by this Section XI.B.2., we reserve the right to require that we facilitate the transfer by holding the consideration payable by the transferee and disbursing the transferor's portion of the consideration sixty (60) business days after the closing of the transfer provided transferee fulfills all training requirements we obligate the transferee to complete and all financial obligations of the transferor or transferee owed to us have been paid in full. You and the transferee agree to execute such documents we prepare which further specify our role as facilitator.

3. For a transfer which does not transfer a controlling interest in you (if you are an entity) or in the Franchised Business, we may, in order to provide our approval, require the transferee fulfill one or more of the conditions set forth in the following subparts of Section XI.B.2.: Sections XI.B.2(a), (b), (c), (h) and (i).

4. You shall grant no security interest in the Franchised Business or in any of its assets unless the secured party agrees that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of you. Notwithstanding the foregoing, we shall not be construed as a guarantor or surety for you.

5. You acknowledge and agree that each of the foregoing conditions of transfer which must be met by you and the transferee are necessary and reasonable to assure such transferee's full performance of the obligations hereunder.

C. <u>Additional Requirements – If you are a Corporation or other Entity</u>. The following requirements shall apply to you if you are a corporation, in addition to those requirements set forth elsewhere in this Agreement, the Manuals or otherwise:

1. You shall be a newly organized corporation and your organizational documents (e.g. Articles of Incorporation or Articles of Organization) shall at all times provide that your activities are confined exclusively to operating the Franchised Business herein.

2. Copies of your organizational documents and other governing documents, and any amendments thereto, including appropriate resolutions of your governing body (e.g. Board of Directors or managing member) authorizing entry into this Agreement, shall be promptly furnished to us.

D. <u>Our Right of First Refusal</u>.

1. Any party who holds an interest (as reasonably determined by us) in you or in the Franchised Business and who desires to accept any written bona fide offer from a third party to purchase his interest shall notify us in writing of each such offer and, except as otherwise provided herein, we shall have the right and option, exercisable within sixty (60) days after receipt of such written notification, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. In the event that we elect to purchase the seller's interest, closing on such purchase must occur by the later of: (a) the closing date specified in the third party offer; or (b) within sixty (60) days from the date of notice to the seller of our election to purchase. Failure by us to exercise the option afforded by this Section XI.D. shall

not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section XI. with respect to a proposed transfer.

2. In the event the consideration, terms and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms and/or conditions, then we may purchase the Franchised Business proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by a third party, an independent appraiser shall be designated by us, and his determination shall be final and binding.

E. Transfer Upon Death, Mental Incapacity or Disability. Upon the death, mental incapacity or disability of you or a shareholder of a corporation or a general partner of a partnership which has been formed to own and operate the Franchised Business, we shall consent to the transfer of said interest in you, the Franchised Business and this Agreement to the spouse, heirs or relative by blood or by marriage, shareholder or partner, whether such transfer is made by will or by operation of law, if, in our sole discretion and judgment, such person or persons meet our educational, managerial and business standards; possess a good moral character, business reputation and credit rating; have the aptitude and ability to conduct the Franchised Business herein; have at least the same managerial and financial criteria required by new franchisees and shall have sufficient equity capital to operate the Franchised Business. If said transfer is not approved by us, the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by us within six (6) months after such death, mental incapacity or disability. Such transfer shall be subject to our right of first refusal and to the same conditions as any inter vivos transfer.

F. Non-Waiver of Claims. Our consent to a transfer of any interest in the Franchised Business shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement, or any other agreement to which we and the transferee are parties, by the transferee.

G. Operation of the Franchised Business by Us Upon Happening of Certain Events. In order to prevent any interruption of Franchised Business and any injury to the goodwill and reputation thereof which would cause harm to the Franchised Business and thereby depreciate the value thereof, you hereby authorize us, and our sole option, to operate said Franchised Business for so long as we deem necessary in the event that: (1) any of your principals, directors, shareholders or partners is absent or incapacitated by reason of illness or death, you are not able to effectively manage the Franchised Business; (2) any allegation or claim is made against the Franchised Business, you or any of your principals, directors, shareholders, partners, or employees, involving or relating to misrepresentations or any fraudulent or deceptive practices; or (3) there occurs any other special circumstances, including but not limited to accreditation problems, or contract disputes, we shall operate the Franchised Business pursuant to this Section XI.G., without waiving any other rights or remedies we may have under this Agreement. All revenues from the operation of the Franchised Business during such period of operation by us will be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our operating representative, will be charged to said account. If, as herein provided, we elect to temporarily operate the Franchised Business on behalf of you, you hereby agree to indemnify and hold harmless from any and all claims arising from the acts or omissions of us and our representatives taken in good faith. It is the intent of this Section XI.G. of the Franchise Agreement to prevent any interruptions of the business of the Franchised Business and/or injury to the goodwill and reputation thereof which could cause harm to the Franchised Business or the Systems and potentially depreciate the value thereof. You are also required to provide to us or our designee (including, without limitation, your Regional Director) all data files associated with your Franchised Business in order to facilitate a smooth transition of the Franchised Business to us.

XII. DEFAULT AND TERMINATION

As a matter of policy, we shall make every good faith effort to avoid terminating this Agreement without having first employed all reasonable steps hereunder to cause you to correct and cure any default. Furthermore, the terms and conditions regarding default and termination contained herein shall be subject to any applicable state statutes or regulations regarding the termination of a franchise.

A. Default With No Opportunity to Cure. You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon receipt of notice from us to you, upon the occurrence of any of the following events:

1. If you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, becomes insolvent or makes a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by you or such a petition is filed against and consented to by you, or if you are adjudicated bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you, or if a receiver or other custodian (permanent or temporary) of your business or assets is appointed by any court of competent jurisdiction, or if proceedings for a conference with a committee of creditors under any state, federal or foreign law should be instituted by or against you, or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedes bond is filed), or if execution is levied against your operating location or property, or suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days, or if any substantial real or personal property of the Franchised Business must be sold after levy thereupon by any sheriff, marshal or constable;

2. If you cease to do business, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located;

3. If you attempt to duplicate, tamper with or adulterate any of our proprietary materials;

4. If a threat or danger to public health or safety results from the construction, maintenance or operation of the Franchised Business;

5. If you have made any material misrepresentation or omission in the Franchise Agreement or request for consideration submitted to us in order to determine the eligibility and qualifications of you;

6. If you (or the principal stockholder or general partner of a corporate or partnership franchisee) repeatedly engages in the excessive use of alcohol and/or abuse of drugs;

7. If you misuse or make any unauthorized use of the Marks, engage in any business or market any services or products under a name or mark which is confusingly similar to the Marks, or otherwise materially impairs the goodwill associated therewith or our rights therein;

8. You (or any of your owners) engage in any dishonest, unethical or illegal conduct which, in our opinion, adversely affects the Franchised Business' reputation, the reputation of other Sculpture Hospitality businesses or the goodwill associated with the Marks.

9. If you are convicted of a crime of moral turpitude or similar felony or are convicted of any crime or offense that we reasonably believe is likely to have an adverse effect on the Systems, the Marks, the goodwill associated therewith or our interest therein;

10. If a judgment or a consent decree against you, or any of your officers, directors, shareholders or partners is entered in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or any similar claim which is likely to have an adverse effect on the Sculpture Hospitality franchise system, the Marks, the goodwill associated therewith or our interest therein;

11. If you fail to obtain prior approval of us of any and all advertising, marketing or promotional plans and materials in whatever form used by you in connection with your promotion of the Franchised Business or otherwise fail to comply with our policies and procedures with respect to advertising, marketing or promotion;

12. If you purport to transfer any rights or obligations under the Franchise Agreement to any third party without our prior written consent, contrary to any of the terms of Section XI of this Agreement;

13. If you fail to comply with any of the covenants contained in Section XIV. of this Agreement, or if any of the representations of you contained in Section XIV. were, or become inaccurate;

14. If, contrary to Section VII. of this Agreement, you disclose or divulge the contents of the Manuals or any other trade secrets or Confidential Information provided to you by us;

15. If you knowingly maintain false books or records or submits any false statements, applications or reports to us or any assignee of us;

16. If you willfully and repeatedly engage in a course of conduct which constitutes a misrepresentation or a deceptive or unlawful act or practice in connection with your sale of the services and products offered in connection with the Franchised Business or, on multiple occasions during your operation of your Franchised Business, you act in an inappropriate manner which we reasonably believe is likely to have an adverse effect on your Franchised Business or our System or Marks or the goodwill associated therein;

17. If you fail to strictly comply with the product and quality control standards and specifications or otherwise fail to meet any other significant or material specification or guideline set forth in the Manuals;

18. If any other Sculpture Hospitality franchise agreement issued to you by us is terminated for any reason;

19. If you receive three (3) or more notices of default under Section XII.B. of this Agreement during the term hereof whether or not such defaults are cured after notice;

20. If you offer any product or service directly or indirectly in connection with the Franchised Business which has not been approved in advance in writing by us;

21. If you utilize the client list, client database, mailing list, prospective client list and/or former client list, in any manner not authorized in writing by us or for any purpose other than to operate the Franchised Business;

22. You violate any law, ordinance or regulation relating to the ownership or operation of the Franchised Business (including, without limitation, any law pertaining to health, safety, or sanitation or licensing), or operate the Franchised Business in an unsafe manner, and (if the violation can be corrected) you do not begin to correct the violation immediately, and correct the violation fully within seventy two (72) hours, after you receive notice violation from us or any other party;

23. You fail to pay when due any federal, state or local income, service, sales, or other taxes due on the Franchised Business' operation, or repeatedly fail to make or delay making payments to your suppliers or lenders, unless you are in good faith contesting your liability for these taxes or payments;

24. You fail to pay when due any amount owed to any creditor, supplier or lessor of the Franchised Business (excluding us, our affiliates and taxing authorities) and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

25. If you or any of your owners violates the Anti-Terrorism Laws, as described in Section XXVI. hereof; or

26. If you elect not to renew this Agreement at the end of the initial term or any renewal term or you have failed to meet the conditions to renew resulting in our providing you with notice of our intent not to renew this Agreement, you fail to promptly pay any monies owing to us, our subsidiaries or affiliates when due during the last one hundred twenty (120) days of the term of this Agreement.

B. Default With Thirty (30) Day Opportunity to Cure. Except as provided in Section XII.A. of this Agreement, you shall have thirty (30) days after receiving from us a written notice of default within which to remedy any default described in this Section XII.B. and provide evidence thereof to us. If any such default is not cured within that time, or such longer period as applicable law may require, this Agreement, at our option, shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. You shall be in default hereunder for any failure to comply substantially with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by updates to the Manuals, or for any failure to carry out the terms of this Agreement in good faith. Such defaults shall include, without limitation, the occurrence of any of the following events:

1. If you fail, refuse or neglect to pay promptly any monies owing to us, our subsidiaries or affiliates when due, or to submit the financial information or other reports required by us under this Agreement;

2. If you fail to maintain any of the standards or procedures prescribed by us in this Agreement, the Manuals, any other franchise agreement between us and you, any other written agreements between the parties, or otherwise;

3. If you fail to comply with the duties set forth in Section V. of this Agreement or fail to perform any obligation owing to us or to observe any covenant or agreement made by you, whether such obligation, covenant or agreement is set forth in this Agreement or in any other agreement with us including, but not limited to, any other franchise agreement by and between us and you or any entity related to us;

4. If you fail to adequately promote the Franchised Business using the Systems we designate as provided in the Manuals or otherwise in writing;

5. If you fail to maintain and submit to us all reports required pursuant to Section VIII. hereof, including, but not limited to, financial statements, and other reports of your activities and copies of tax returns;

6. If you, your owners, or your employees fail to attend and successfully complete any mandatory training program unless attendance is excused or waived, in writing, by us;

7. If you fail to meet the minimum requirements set forth in Section I.E. of this Agreement with respect to Client Evaluations and/or you fail to undertake the required marketing activities with respect to the minimum requirements associated with any other System in the future that you are required to offer as part of your Franchised Business, for two (2) months in any consecutive twelve (12) month period; or

8. If you understate by five percent (5%) or more your Client Evaluations and/or your installation and monitoring fees in connection with any report required to be submitted by you to us.

C. Our Option to Terminate Your Access to Our Business System. With respect to any default for failure to pay us when due any amount as set forth in Section XII.B.1., in lieu of termination after providing to you a notice of default and opportunity to cure, we may choose to terminate your access to our business system which will disable your ability to conduct the Franchised Business. If we choose this option, we are not waiving any right to terminate immediately this Agreement at any time based upon the notice of default that had already been issued.

D. Injunctive Relief. You acknowledge that you may be one of the many franchisees using the Marks and the Systems and that the failure on your part to comply with any of the terms of this Agreement could cause irreparable damage to some or all of the other franchisees and to us. You agree that, upon the happening of a material and substantial breach of this Agreement, which, in our opinion, is detrimental or harmful to the good name, goodwill, or reputation of us, or other franchisees, or is detrimental or harmful to our interests, other franchisees, or the public, we shall have the immediate right to secure an order enjoining any such default or threatened breach of this Agreement, and, if this Agreement has been terminated, you may be enjoined from any continued operation of the franchise, the Franchised Business, or any other operation in violation of this Agreement.

E. No Right or Remedy. No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or equity.

F. Default and Termination. The events of default and grounds for termination described in this Section XII. shall be in addition to any other grounds for termination contained elsewhere in this Agreement.

G. Right to Purchase. In the event of termination of this Agreement for any reason, including, but not limited to, a default under this Section XII., we shall have the right and option to purchase your interest in the tangible assets of the Franchised Business as set forth in Section XIII.J. below.

H. Special Rights in the Event Minimum Requirements are not Met. You acknowledge and agree that in the event you fail to meet the minimum requirements set forth in Sections I.E and I.F, in addition to our right to terminate this Agreement pursuant to Section XII.B.6, we have the right to (i) temporarily suspend your right to conduct Client Evaluations and for us or another Sculpture Hospitality franchisee to provide such Client Evaluations in your place and to retain all fees associated with such Client Evaluations, (ii) operate a company-owned franchise in your Territory and/or (iii) receive additional

Royalty Fees. The aforementioned right shall continue until the earlier to occur of (i) you fully meet such requirements; and (ii) we waive in writing our rights under this Section XII.H.

XIII. OBLIGATIONS UPON TERMINATION

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and you shall observe and perform the following:

A. Cessation of Operation. You shall immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as our franchisee.

B. Cessation of Use of Marks. You shall immediately and permanently cease to use, in any manner whatsoever, any of the Systems and any format, confidential methods, customer data base, programs, literature, procedures and techniques associated with the Systems, the name Sculpture Hospitality, InteliTap, Bevinco, and any Marks and distinctive trade dress, forms, slogans, uniforms, signs, symbols or devices associated with Franchised Businesses. In particular, you shall cease to use, without limitation, all advertising materials or promotional displays, uniforms, stationery, forms and any other articles which display the Marks associated with the Franchised Businesses.

C. Cancellation of Name. You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Marks or any other trademark, trade name or service mark of us, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within fifteen (15) days after termination or expiration of this Agreement. If you fail or refuse to do so, we may, in your name, on your behalf and at your expense, execute any and all documents necessary to cause discontinuance of the name Sculpture Hospitality and/or any related name used hereunder and we are hereby irrevocably appointed by you as your attorney-in-fact to do so.

D. Our Right to Continue Operations. In the event the Franchise Agreement is terminated, we may, at our option, continue to provide services to customers and apply receipts therefrom to debts owed to us by you. We will have no other obligations to you in connection with our operations of the Franchised Business following said termination.

E. Non-Usage of Marks. You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks or trade dress, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Marks or trade dress, and agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us.

F. Prompt Payment/ Payment Upon Termination. During the Term, you agree to promptly pay all sums owing to us and our subsidiaries, affiliates and suppliers. In the event we terminate this Agreement for cause or you cease to operate your Franchised Business without our consent, then in addition to promptly paying us all monies due and owing to us by you, you shall pay us in a lump sum payment a termination fee equal to either the product of the aggregate Minimum Monthly Royalty Fee for the number of months remaining on the Term of this Agreement at the time of such termination or for the next 12 months, whichever is less. The termination fee is intended to represent the best estimate of the damages to the Sculpture Hospitality brand as a result of the termination of this Agreement including, without limitation, lost Royalties, lost Fund contributions, lost goodwill, loss of representation in the Territory, and expenses we will incur in developing another Sculpture Hospitality franchisee. You and we agree that the termination fee is a reasonable estimate of the damages likely to be suffered by us as a result of the termination of your Franchised Business. If any valid law or regulation governing this Agreement limits

your obligation to pay, and our right to receive the termination fee for which you are obligated to pay, then you will be liable to us for any and all damages to our brand as described above we incur, now or in the future, as a result of your breach of this Agreement.

G. Payment of Costs. You shall pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section XIII. or any other obligation under this Agreement.

H. Return of Materials. You shall immediately turn over to us all property, Confidential Information and intellectual property owned by us, including all copies of all materials in your possession, all records, files, instructions, correspondence, customer databases, brochures, agreements, disclosure statements and any and all other materials relating to the operation of the Franchised Business in your possession, lists of all customers and potential customers and contact information, and all copies thereof, including National Accounts (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, excepting only your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law. In addition to the foregoing, you shall deliver to us a complete list of all persons employed by you during the three (3) years immediately preceding termination, together with all employment files of each employee on such list. All costs of delivering all materials required by this Section XIII.H. shall be borne by you. In addition to the foregoing, you shall immediately turn over to us any and all signage, software and/or other property under lease or license from us.

I. Assignment of Telephone Listings. You shall promptly notify the appropriate telephone company and all telephone directory listing agencies of the termination or expiration of your right to use any telephone number, and any regular, classified or other telephone directory listings associated with any Marks and authorize the transfer of same to or at the direction of us. You agree to execute updated letters of direction to any telephone companies and telephone directory listing agencies directing termination and/or transfer of your right to use any telephone number associated with the Marks, which we may hold until termination or expiration hereof. You acknowledge that as between you and us, we have the sole right to and interest in all telephone numbers and directory listings associated with any Marks. You authorize us and hereby appoint us and any officer of us as your attorney in fact, to direct the appropriate telephone company and all listing agencies to transfer all such listings to us upon termination of this Agreement.

J. Option to Purchase. We shall have the right (but not the duty) to be exercised by notice of intent to do so within thirty (30) days after the earlier of termination or expiration, to purchase any or all of the tangible assets of the Franchised Business, including, but not limited to the signs, advertising materials, promotional displays, supplies, forms, inventory, furniture or other items bearing our Marks, at your cost, or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by us and the independent appraiser's determination shall be binding. If we elect to exercise any option to purchase provided herein we shall have the right to set off all amounts due from you under this Agreement and the cost of the appraisal, if any, against any payment therefor.

K. Covenant of Further Assurances. You shall execute any legal document that may be necessary to effectuate the termination hereunder and shall furnish to us, within thirty (30) days after the effective date of termination, written evidence satisfactory to us of your compliance with the foregoing obligations.

L. Compliance with Covenants. You shall comply with all applicable covenants contained in Section XIV. of this Agreement.

M. **No Further Interest**. Other than as specifically set forth above, you shall have no interest in the Franchised Business upon termination or expiration of this Agreement.

XIV. COVENANTS

A. **Best Efforts**. You covenant that during the term of this Agreement, and subject to the post-termination provisions contained herein, and except as otherwise approved in writing by us, you shall devote your full time, energy and best efforts to the efficient and effective management and operation of the Franchised Business.

B. **Non-Solicitation and Non-Competition**. You have heretofore specifically acknowledged that pursuant to this Agreement, you shall receive an advantage through the valuable specialized training provided under this Agreement, the knowledge of the day-to-day operations of a Franchised Business and access to the Standards and Specifications, the Manuals, Inventory Control System, Systems, trade secrets and Confidential Information (including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of the Systems), and (b) the covenants and restrictions in this Section XIV. (i) are reasonable, appropriate and necessary to protect the Standards and Specifications, Inventory Control System, Systems, trade secrets, Confidential Information, other franchisees operating under the Systems, the goodwill of the Systems, relationships with our prospective and existing customers, and our legitimate interests. You covenant that during the term of this Agreement and subject to the post-termination provisions contained herein, and except as otherwise approved in writing by us, you shall not, either directly or indirectly, for yourself, or through or on behalf of or in conjunction with any person, persons, partners or corporation:

1. Divert or attempt to divert any business or client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the Systems; or

2. Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business which is the same as or substantially similar to the Franchised Business.

C. **Restrictive Covenants**. You covenant that, except as otherwise approved in writing by us, for a continuous uninterrupted period of two (2) years commencing upon the expiration or termination of this Agreement, regardless of the cause for termination or beginning on the date on which you begin to comply with this Section XIV.C., whichever comes later, you will not either directly or indirectly, for yourself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business which is the same as or substantially similar to the Franchised Business, offering evaluation and monitoring services to any Establishments or using any client list you may have for any other offer to anyone who is located or to be located within any Metropolitan Statistical Area in which any company-owned or operated Franchised Business under the Systems is in existence on the date of expiration or termination of this Agreement. You further covenant that for such two (2) year period, you shall not contact any of the Franchised Business' former clients for the purpose of selling them products or services which are substantially similar to, or competitive with, the Systems or the products and services you offered through your Franchised Business.

If the period of time or the area specified above should be finally adjudged as unreasonable or unenforceable in any proceeding, then the period of time shall be reduced by such number of months or the area shall be reduced by the elimination of such portion thereof or both, so that such restrictions may be enforced in such area and in such time as is adjudged to be reasonable.

D. **No Undue Hardship**. You acknowledge and agree that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on you, or your shareholders or partners, if you are a corporation or partnership, since you, your shareholders or partners have other considerable skills, experience and education which afford you, your shareholders or partners the opportunity to derive income from other endeavors.

E. **Inapplicability of Restrictions**. Sections XIV.B.2. and XIV.C. shall not apply to the ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

F. **Independence of Covenants**. The parties agree that each of the covenants in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section XIV is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

G. **Modification of Covenants**. You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant set forth in this Section XIV. or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall forthwith comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XIV hereof.

H. **Enforcement of Covenants**. You expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Agreement. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by us in connection with the enforcement of the covenants set forth in this Agreement.

I. **Injunctive Relief**. You acknowledge that your violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you hereby consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete set forth in this Franchise Agreement. You expressly agree that it may be presumed conclusively that any violation of the terms of said covenants not to compete was accomplished by and through your unlawful utilization of our confidential information, know-how, methods and procedures.

J. **Written Agreements**. At our request, you shall require and obtain execution of covenants similar to those set forth in this Section XIV. (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons: (1) all directors and managers of the Franchised Business and any other personnel employed by you who have received training from us; (2) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of you and of any corporation directly or indirectly controlling you if you are a corporation; and (3) the general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if you are a partnership. All covenants required by this Section XIV.J. shall be in forms satisfactory to us, including, without limitation, specific identification of us as a third-party beneficiary of such covenants with the independent right to enforce them. Failure by you to obtain execution of the agreement required by this Section XIV.J. shall constitute a default under Section XII.B. hereof.

K. **Financial Ability**. You represent and warrant that you have the financial ability to perform the transactions contemplated by this Agreement.

L. **No Conflicts**. Neither the execution of this Agreement nor the consummation of the transactions contemplated by this Agreement conflict with, result in a breach of, or constitute a default under any agreement to which you are a party or any ruling or obligation to which you are bound.

M. **Power and Authority**. You have the power and authority to enter into this Agreement and to execute such other documents and to take such actions as are necessary and proper to consummate the terms of this Agreement.

XV. CHANGES AND MODIFICATIONS

This Agreement may be modified only upon the execution of a written agreement by us and you. We reserve and shall have the sole right to make changes in the Manuals, the Systems and the Marks at any time and without prior notice to you. You shall promptly alter any business materials or related items at your sole cost and expense upon receipt of written notice of such change or modification in order to conform to our revised specifications. In the event that any improvement or addition to the Manuals, the Systems or the Marks is developed by you and approved by us, then you agree to grant to us an irrevocable, world-wide, exclusive, royalty-free license with the right to sublicense such improvement or addition.

You understand and agree that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers and/or presently unforeseen technological innovations, the Systems must not remain static, in order that it best serve our interests, our franchisees and the Systems. Accordingly, you expressly understand and agree that we may from time to time change the components of the Systems, including but not limited to, altering the programs, services, methods, standards, forms, policies and procedures of the Systems; adding to, deleting from or modifying those programs, products and services which the Franchised Business is authorized to offer; and changing, improving or modifying the Marks. Subject to the other provisions of this Agreement, you expressly agree to abide by any such modifications, changes, additions, deletions and alterations.

XVI. TAXES AND INDEBTEDNESS

A. **Payment**. You shall promptly pay, when due, all taxes levied or assessed by any federal, state or local taxing authority and any and all other indebtedness incurred by you in the operation of the Franchised Business. You shall pay to us an amount equal to any sales tax, gross receipts tax or similar tax imposed on us with respect to any payments to us required under this Agreement, unless the tax is credited against income tax otherwise payable by us.

B. **Dispute**. In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Franchised Business.

C. **Compliance with Federal, State and Local Laws**. You shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, licenses and bonds necessary for the full and proper operation and management of the Franchised Business, including, without limitation, a license to do business and provide services, fictitious name registration and sales tax permits. Copies of all subsequent inspection reports, warnings, certificates and ratings, issued by any governmental entity during the term of this Agreement in connection with the conduct of the Franchised

Business which indicate your failure to meet or maintain the highest governmental standards or less than full compliance by you with any applicable law, rule or regulation, shall be forwarded to us by you within three (3) days of your receipt thereof.

D. **Duty to Notify**. You shall notify us in writing within three (3) days of the 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 may adversely affect the operation or financial condition of the Franchised Business. Additionally, any and all consumer-related complaints shall be answered by you within fifteen (15) days after receipt thereof or such shorter period of time as may be provided in said complaint. A copy of said answer shall be forwarded to us within three (3) days of the date that said answer is forwarded to the complainant.

XVII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Independent Contractor.

1. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that you shall be an independent contractor, and that nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever.

2. During the term of this Agreement and any extensions hereof, you shall hold yourself out to the public as an independent contractor operating the Franchised Business pursuant to a license from us and as an authorized user of the Systems and the Marks which are owned by us. You agree to take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the premises where the Franchised Business operates. We reserve the right to specify the contents of such notice.

3. We shall not have the power to hire or fire your employees or any other power over your employees as you are an independently owned and operated business, and except as herein expressly provided, we may not control or have access to your funds or the expenditures thereof or in any other way exercise dominion or control over the Franchised Business.

B. **Indemnification**. It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf or to incur any debt or other obligation in our name. We shall in no event assume liability for or be deemed liable hereunder as a result of any such action or by reason of any act or omission of you in your conduct of the Franchised Business or of any claim or judgment arising therefrom. You agree at all times to defend at your own cost and to indemnify and hold harmless to the fullest extent permitted by law us, our parent, the corporate subsidiaries, affiliates, successors, assigns and designees of any such entity, and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each (the "**Indemnified Parties**") from all losses and expenses incurred in connection with any action, suit, liability, obligation, proceeding, claim, demand, investigation or formal or informal inquiry, regardless of whether any are reduced to judgment, or any settlement thereof which arises out of or is based upon any of the following: (i) Your alleged infringement or any other alleged violation of any patent, trademark, copyright or other proprietary right owned or controlled by third parties; (ii) your alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees; (iii) libel, slander or any other form of defamation by you; (iv) your alleged violation or breach of any warranty, representation, agreement, covenant or obligation in this Agreement; (v) any acts, errors or omissions by you or any of your agents, servants, employees, contractors, partners,

proprietors, affiliates, or representatives including, without limitation, those acts that cause injury to person or property;(vi) latent or other defects in the Franchised Business, whether or not discoverable by us or you; (vii) the inaccuracy, lack of authenticity or nondisclosure of any information by any customer of the Franchised Business; (viii) any services or products provided by you at, from or related to the operation of the Franchised Business; (ix) any services or products provided by any affiliated or nonaffiliated participating entity; (x) any action by any customer of the Franchised Business; and any damage to your or our property of the property of our agents or employees or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of us or any of our agents or employees, or resulted from any strict liability imposed on us or any of our agents or employees. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section XVII.B.

C. **Identification**. You shall conspicuously identify yourself and the Franchised Business in all dealings with your clients, contractors, suppliers, public officials and others, as an independent franchisee. You shall place a notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials and in such fashion as we may, in our sole and exclusive discretion, specify and require from time to time in our Manuals or otherwise.

D. **No False Representations**. Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees or representations, incur any debt in the name of or on behalf of the other party, or represent that the relationship between you and us is other than that of you and us. We do not assume any liability, and will not be deemed liable, for any agreements, representations or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business.

XVIII. APPROVALS AND WAIVERS

A. **Written Consent**. Whenever this Agreement requires the prior approval or consent of us, you shall make a timely written request for such approval to us, and the only valid approval or consent shall be in writing signed by or on behalf of us.

B. **No Waiver**. No failure by us to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Waiver by us of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature. No delay, forbearance or omission of us to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants hereof shall affect or impair our right to exercise the same, and no such delay, forbearance or omission shall constitute a waiver by us of any right hereunder or of the right to declare any subsequent breach or default and to terminate this Franchise Agreement prior to the expiration of its term. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

C. **Costs and Attorneys' Fees**. If we incur any costs or expenses, including, without limitation, attorneys' fees and any collection costs, as a result of your non-compliance with this Agreement,

you must promptly reimburse us for all such costs and expenses, even if we do not initiate a formal legal proceeding, and also must reimburse us for costs and expenses incurred in connection with any judicial or arbitration proceeding or action (whether incurred before or after the proceeding or action was commenced) if we prevail in such proceeding or action, or any portion thereof, as determined by the judge or arbitrator, as applicable.

D. **Waiver to Jury Trial**. YOU HEREBY WAIVE ANY RIGHT TO A JURY TRIAL WITH RESPECT TO THIS AGREEMENT AND/OR ANY MATTERS ARISING HEREUNDER.

E. **Waiver of Punitive Damages**. EXCEPT WITH RESPECT TO YOUR AND OUR OBLIGATION TO INDEMNIFY THE OTHER PURSUANT TO SECTION VI.E. FOR MARKS AND SECTION XVII.B. FOR CLAIMS OF OTHERS SEEKING TO RECOVER PUNITIVE OR EXEMPLARY DAMAGES, AND EXCEPT FOR CLAIMS FOR UNAUTHORIZED USE OF THE MARKS OR MISAPPROPRIATION OF ANY CONFIDENTIAL INFORMATION, OR FOR LOST PROFITS BY US ARISING OUT OF YOUR TERMINATION OF THIS AGREEMENT AS SET FORTH IN SECTION XII., WE AND YOU AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.

F. **Limitations of Claims**. EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OF AMOUNTS DUE UNDER THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS AN ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING SUCH CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH CLAIMS.

XIX. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified mail, return receipt requested, or dispatched by courier or overnight delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Us:	SHH Group, LLC 505 Consumers Road, Suite 307 Toronto, Ontario, Canada M2J 4V8 Attention: President and CEO
With Copies To:	Richard G. Greenstein, Esq. DLA Piper LLP (US) One Atlantic Center 1201 West Peachtree Street Suite 2900 Atlanta, Georgia 30309-3450

Notices to You: _____

_____

_____

_____

With Copies To: _____

_____

_____

_____

Any notice sent by certified mail shall be deemed to have been given at the date and time of mailing.

XX. RELEASE OF PRIOR CLAIMS

By executing this Agreement, you, individually and on behalf of your heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, hereby forever releases and discharges us and our officers, directors, employees, agents and servants, including any subsidiary and affiliated corporations of us, our respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States, Canada or of any state, province or territory thereof.

XXI. ENTIRE AGREEMENT

This Agreement, the documents referred to herein and the Attachments hereto, which are incorporated herein by reference, constitute the entire, full and complete Agreement between the parties hereto concerning the subject matter hereof, and they supersede all prior agreements. No other representations of us or any third party have induced you to execute this Agreement. No amendment, change or variance from this Agreement shall be binding on the parties hereto unless mutually agreed to by the parties and executed by themselves or their authorized officers or agents in writing, unless otherwise permitted by this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations made by us in the Franchise Disclosure Document that was furnished to you by us.

XXII. SEVERABILITY AND CONSTRUCTION

A. Severability. Except as expressly provided to the contrary herein, each section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and

effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if we determine that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, we, at our option, may terminate this Agreement.

B. **Covenants**. You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

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

D. **References**. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all of the parties executing this Agreement in his individual capacity on behalf of you. This Agreement may be executed in one or more originals, each of which shall be deemed an original.

E. **Definition of Franchisee**. As used in this Agreement, the term "**Franchisee**" shall include all persons who succeed to the interest of the original Franchisee by transfer or operation of law and shall be deemed to include not only the individual or entity defined as the "**Franchisee**" in the introductory paragraph of this Agreement, but shall also include all partners of the entity that executes this Agreement, in the event said entity is a partnership; all shareholders, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation; and all members of the entity that executes this Agreement, in the event said entity is a limited liability company. By their signatures hereto, all owners, officers and directors of the entity that signs this Agreement as you acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. The spouses of such partners, shareholders and members must also sign this Agreement. Additionally, all such partners, shareholders and members and their spouses are required to sign the Guaranty attached to this Agreement as Attachment B.

F. **No Off-Sets; Cumulative Rights**. You may not take any off-sets from any amounts due us or our affiliates under this Agreement or any other agreements. Our and your rights under this Agreement are cumulative, and no exercise or enforcement of any right or remedy shall preclude our or your exercise or enforcement of any other right or remedy under this Agreement which we or you are entitled by law to exercise or enforce.

G. **Exercise of Our Business Judgment**. We have the right, in our sole judgment, to operate, develop and change the Sculpture Hospitality network or system in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information readily available to us and our judgment of what is in our and/or the Sculpture Hospitality network's best interests at the time our decision is made, regardless of whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision or the action we take promotes our financial or other individual interest.

H. **Time**. Time is of the essence of this Agreement and each and every provision.

XXIII. APPLICABLE LAW

A. **Governing Law**. Except to the extent governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.), the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other United States federal law, all controversies, disputes or claims arising from or relating to this Agreement or any other agreement between you (or your owners) and us, our relationship with you, the validity of this Agreement or any other agreement between you (or your owners) and us, will be governed by the laws of the Province of Ontario, without regard to its conflict of laws rules, except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently without reference to this Section XXIII.A.

B. **Jurisdiction and Venue**. Subject to Sections XXIV.B., XVIII.D., XVIII.E., and XVIII.F., you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced only in a provincial courts in Ontario, and you (and each owner) irrevocably submit to the jurisdiction of those courts and waive any objection you (or the owner) might have to either the jurisdiction of or venue in those courts. Nonetheless, you and your owners agree that we may enforce this Agreement and any arbitration orders and awards in the courts of the jurisdiction in which you are domiciled or the Franchised Business is located.

C. **Remedy**. No right or remedy conferred upon or reserved by us or you by this Agreement is intended and it shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy.

D. **Injunctive Relief**. Nothing herein contained shall bar our right to obtain injunctive relief against threatened conduct that will cause us loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

XXIV. DISPUTE RESOLUTION/ARBITRATION

Any dispute arising out of or relating to this Agreement, any provision of this Agreement, or any aspect of our and your relationship shall be resolved in accordance with the procedures specified in this Section XXIV, which shall be the sole and exclusive procedures for the resolution of such disputes. Each party shall continue to abide by the terms of this Agreement pending final resolution of any dispute arising out of or relating to this Agreement, unless to do so would be impossible or impracticable under the circumstances.

A. **Informal Resolution**. Upon becoming aware of the existence of a dispute, a party to this Agreement shall inform the other party in writing of the nature of such dispute. The parties shall have thirty (30) days from receipt of the writing to attempt in good faith to resolve any such dispute promptly by negotiation between executives who have authority to settle the controversy. All negotiations pursuant to this Section XXIV.A. shall be confidential and shall be treated as compromise and settlement negotiations for purposes of the applicable rules of evidence. In the event the dispute cannot be resolved by the parties, it shall then be submitted to arbitration, pursuant to Section XXIV.B. below.

B. **Arbitration**. All disputes between us and our affiliates, and our and their respective owners, officers, directors, agents, and employees, and you (and/or your owners, guarantors, affiliates, officers, directors, agents, and employees, if applicable) arising out of or related to this Agreement or any provision of this Agreement (including the validity and scope of the arbitration obligation under this

Subsection, which we and you acknowledge is to be determined by an arbitrator, not a court), any other agreement between us or our affiliate and you, or any aspect of our and your relationship, shall be finally settled under the Rules of Arbitration of the International Center for Dispute Resolution in accordance with the said Rules. The place of the arbitration shall be Toronto, Canada. The number of arbitrators shall be one (1) regardless of the amount of the claim. The arbitrator shall have no authority to select a different locale for the arbitration. Judgment upon the award may be entered in any court of competent jurisdiction.

We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us and shall not have the right to declare any Mark generic or otherwise invalid. We and you and your owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any actual damages he, she, or it sustains. We reserve the right, but have no obligation, to advance your share of the costs (excluding attorneys' fees) of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section XVIII.C. above.

Arbitration must be conducted on an individual, not a class-wide, basis; only we (and/or our affiliates, and our and their respective owners, officers, directors, agents, and employees) and you (and/or your owners, guarantors, affiliates, officers, directors, agents, and employees, if applicable) may be the parties to any arbitration proceeding described in this Subsection; and no such arbitration proceeding may be consolidated with any other arbitration proceeding between us and any other person, corporation, limited liability company, or partnership. Notwithstanding the foregoing or anything to the contrary in this Section XXIV.B. or Section XXII.A., if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section XXIV.B., then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in a court permitted under Section XXIII. of this Agreement.

Notwithstanding anything to the contrary contained in Section XXIV.B., we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that we and you agree to contemporaneously submit our dispute for arbitration on the merits according to this Section XXIV.B. The provisions of this Section XXIV.B. will continue in full force and effect notwithstanding the termination or expiration of this Agreement.

XXV. SURVIVAL

It is agreed by the parties that whenever performance by a party is contemplated to extend beyond the termination of this Agreement, such performance obligation shall survive the termination of this Agreement.

XXVI. COMPLIANCE WITH ANTI-TERRORISM LAWS

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your

owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section XII.A.22. above.

XXVII. NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

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

XXVIII. REPRESENTATIONS AND WARRANTIES

The information (including without limitation all personal and financial information) furnished and to be furnished to us by or on behalf of you is as of the date hereof or such other date such information is furnished to us, as the case may be, true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

You are organized, validly existing and in good standing under the laws of its jurisdiction of organization, and has full power and authority to execute, deliver and perform this Agreement.

This Agreement has been duly authorized and executed by or on your behalf and constitutes your valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership and other similar laws affecting the rights of creditors generally.

You have made available to us true, correct and complete copies of all loan documents, promissory notes, security agreements and other instruments or documents relating to any direct or indirect indebtedness for any borrowed money.

In the event that you are intending to purchase an existing Franchised Business from an existing franchisee, you may have received information from the transferring franchisee, who is not an employee or representative of the Company. The questions or inquiries below do not apply to any communications that you had with the transferring franchisee.

NOTE: DO NOT CONFIRM, ACKNOWLEDGE, OR AGREE WITH THE STATEMENTS CONTAINED IN SECTION B OF THESE REPRESENTATIONS AND WARRANTEES IF THE OFFER OR SALE OF THE SCULPTURE HOSPITALITY FRANCHISE TO YOU IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON,

OR WISCONSIN. THESE ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTEES DO NOT APPLY TO YOU.

DO NOT CONFIRM, ACKNOWLEDGE, OR AGREE WITH THE STATEMENTS CONTAINED IN SECTION B OF THESE REPRESENTATIONS AND WARRANTEES IF THE FRANCHISE IS TO BE OPERATED IN, OR IF YOU ARE A RESIDENT OF, CALIFORNIA OR MARYLAND.

SECTION A

We acknowledge and confirm that:

1. We have not entered into any binding agreement with you concerning the purchase of a franchise prior to today.

2. We did sign a receipt for the Disclosure Document indicating the date we received it.

3. We have not paid any money to you concerning the purchase of this franchise prior to today.

4. We have spoken to other franchisees of this system before deciding to purchase a franchise.

SECTION B

We acknowledge:

1. That you have independently investigated the Franchised Business opportunity and recognize that, like any other business, the nature of a Franchised Business will evolve and change over time.

2. That an investment in a Franchised Business involves business risks that could result in the loss of a significant portion or all of your investment.

3. That the business abilities and efforts of your owners and other principals, management, and staff are vital to your success.

4. That attracting and retaining clients for your Franchised Business will require you to provide quality services, to sell quality products, to have a high level of customer service, and to adhere strictly to our Standards and Specifications. You are committed to maintaining such System Standards which include without limitation utilizing all mandatory Systems we provide.

5. That you have not received from us, and are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Franchised Business, that any information you have acquired from other Franchised Businesses regarding their sales, income, profits, or cash flows was not information obtained from us, and that we make no representation about that information's accuracy.

6. That we make no representation regarding any particular service or product being authorized or made available for Franchised Businesses during the entire franchise term and any renewal term.

7. That in all of our dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us.

8. That you have represented to us, to induce our entry into this Agreement, that all statements you have made and all information you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the Franchised Business.

9. That you have read this Agreement and our Franchise Disclosure Document and understand and accept that this Agreement's terms are reasonably necessary for us to maintain high standards of quality and service, as well as the uniformity of those standards at each Franchised Business, and to protect and preserve the goodwill of the Marks.

10. That we may restrict the brands and sources of various services, products, and other items and may require and specify the addition and changes in services and products whether or not it requires the expenditure of additional funds for equipment, employees, royalties, minimum required Client Evaluations, and installation and/or monitoring as provided in various sections of this Agreement.

11. That we have not made any representation, warranty, or other claim regarding the Franchised Business franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated the franchise opportunity, including by using your own business professionals and legal advisors, and have relied solely upon those evaluations in deciding to sign this Agreement.

12. That you have had the opportunity to ask any questions you have, and to review any appropriate materials of interest to you, concerning the Franchised Business franchise opportunity and that we have considered your comments and proposals, if any, on this Agreement.

13. That you have had the opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials that we have given or made available to you reviewed by an attorney and that you have either done so or chosen not to do so.

14. That you have a net worth that is sufficient to invest in the Franchised Business franchise opportunity represented by this Agreement, and you will have sufficient funds to meet all of your obligations under this Agreement.

15. That you and your owners understand that your Franchised Business could be affected by economic downturns as well as a general deterioration in financial conditions affecting businesses and consumers, that a decrease in the popularity of beer, liquor and wine could result in a decrease in the number of Establishments that could be prospective clients for your products and services, that because Franchised Businesses are highly concentrated on a, discretionary product category, beer, liquor and wine, your business may be vulnerable to changes in consumer preferences and disposable income which could affect the number of Establishments that offer such products and that are prospective clients for your products and services, and that unforeseen events and circumstances could affect your clients and your revenues, like fire, severe weather and other natural disasters that could adversely affect Establishments that are your clients and/or that may be your clients in the future.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in triplicate as of the Effective Date.

ATTEST:

SHH GROUP, LLC

By:_____

_____

Secretary

WITNESS:

FRANCHISEE:

_____

By:_____

WITNESS:

FRANCHISEE'S SPOUSE:

_____

By:_____

ATTACHMENT A

TERRITORY

Your Territory contains approximately:

☐ one hundred fifty (150) Establishments with liquor licenses

☐ two hundred fifty (250) Establishments with liquor licenses

☐ five hundred (500) Establishments with liquor licenses

in the below Jurisdictions and Zip Codes:

Jurisdictions:_____

_____

_____

Zip Codes:_____

_____

ATTACHMENT B

GUARANTY

For value received, in consideration for and as an inducement for Franchisor to enter into the Franchise Agreement with Franchisee to which this Guaranty is attached, the undersigned personally guarantees to Franchisor, its successors and assigns, the full performance and observance of all of the covenants, conditions and agreements, in the Franchise Agreement (including the non-competition, transfer and dispute resolution requirements) to be performed and observed by Franchisee and the undersigned further agrees to be bound by all such covenants, conditions and agreements contained in the Franchise Agreement. The undersigned further covenants and agrees that this personal guaranty shall remain and continue in full force and effect as to any renewal, modification or extension of the Franchise Agreement. The undersigned agree(s) that the undersigned's liability under this Guaranty shall be direct and immediate, joint and several, and shall not be contingent upon pursuit by Franchisor of any other remedies against Franchisee or any other person. All owners of Franchisee and their spouses are required to sign this Guaranty.

If more than one person has executed this Guaranty, the term "Guarantors," as used herein shall refer to each such person, and the liability of each of the Guarantors hereunder shall be joint and several and primary as sureties.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the _____ date of _____, 20___.

_____	_____
Signature	Signature
_____	_____
Printed Name	Printed Name
_____	_____
_____	_____
Home Address	Home Address

ATTACHMENT C

LOCAL ADDENDUM

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES.

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

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

ATTACHMENT C

SHH GROUP, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(California)

The following Addendum modifies and supersedes the SHH Group, LLC Franchise Agreement (the "Agreement") with respect to Franchised Businesses offered or sold to either a resident of the State of California or a non-resident who will be operating a Franchised Business in the State of California pursuant to the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, as follows:

1. If any of the provisions of the Agreement concerning termination and non-renewal of a franchise are inconsistent with either the California Franchise Relations Act or with the federal bankruptcy law (11 U.S.C. §101, et seq.) (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

2. The Agreement requires that it be governed by Delaware law. This requirement may be unenforceable under California law.

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

4. The Agreement requires a shortened statute of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

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

6. The Agreement requires binding arbitration. The arbitration will occur in Chicago, Illinois with the costs being borne equally by us and you. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

8. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

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

ATTEST

SHH GROUP, LLC

_____
Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

ATTACHMENT C

SHH GROUP, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(Hawaii)

The following Addendum modifies and supersedes the SHH Group, LLC Franchise Agreement (the "Agreement") with respect to Franchised Businesses offered or sold to either a resident of the State of Hawaii or a non-resident who will be operating a Franchised Business in the State of Hawaii pursuant to the Hawaii Franchise Investment Law, Hawaii Rev, Stat. §§ 482E, et seq., as follows:

1. Sections II.C., II.D., and XI.B. of the Agreement each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Hawaii Franchise Investment Law.

2. Sections II., XI., and XII. of the Agreement as they relate to non-renewal, termination, and transfer are only applicable if they are not inconsistent with the Hawaii Franchise Investment Law. Otherwise, the Hawaii Franchise Investment Law will control.

3. Section XII.A.1 of the Agreement permits us to terminate the Agreement on your bankruptcy. This Section may not be enforceable under federal bankruptcy law (11 U.S.C. §101, et seq.).

4. Section XXVIII (Representations and Warranties), Section B, of the Franchise Agreement is hereby deleted.

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

6. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

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

ATTEST

SHH GROUP, LLC

_____
Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

ATTACHMENT C

SHH GROUP, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(Illinois)

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

[Signatures Appear on Following Page]

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

ATTEST

SHH GROUP, LLC

_____
Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

ATTACHMENT C

SHH GROUP, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(Indiana)

The following Addendum modifies and supersedes the SHH Group, LLC Franchise Agreement (the "Agreement") with respect to Franchised Businesses offered or sold to either a resident of the State of Indiana or a non-resident who will be operating a Franchised Business in the State of Indiana pursuant to the Indiana Deceptive Franchise Practices Law, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, and the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2-2.5-1 through 23-2-2-2.5-51, as follows:

1. The Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under Indiana law.

2. Under Section XVII.B. of the Agreement, you will not be required to indemnify us for any liability imposed on us as a result of your reliance on or use of procedures and materials which we required, if such procedures were utilized by you in the manner required by us.

3. Sections II.C., II.D., and XI.B. of the Agreement each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Each provision is inapplicable under the Indiana Deceptive Franchise Practices Law, IC § 23-2-2.7-1(5).

4. Section XXIV.B. of the Agreement is amended to provide that arbitration between us and you will be conducted at a mutually agreed-on location.

5. Section XXIII. of the Agreement is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law will prevail.

6. Nothing in the Agreement will abrogate or reduce any rights you have under Indiana law.

7. We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

8. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act are met independently without reference to this Addendum.

9. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

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

ATTEST

SHH GROUP, LLC

_____
Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

ATTACHMENT C

SHH GROUP, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(Maryland)

The following Addendum modifies and supersedes SHH Group, LLC Franchise Agreement (the "Agreement") with respect to Franchised Businesses offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a Franchised Business in the State of Maryland pursuant to the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §14-201 et. seq. (2010 Repl. Vol. and Supp. 2012), as follows:

1. Section IV.A. of the Agreement is amended by the addition of the following paragraph at the end of the Section:

Based on our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you to us shall be deferred until we complete our pre-opening obligations under this Agreement.

2. The general release language required as a condition of renewal, sale and/or assignment or transfer shall apply except for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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

5. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of your franchise. Any limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the three-year statute of limitations afforded you for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

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

7. Section XXI. of this Agreement is revised to remove the following statement:

> No other representations of us or any third party have induced you to execute this Agreement.

8. Your acknowledgments or representations made in Section XXVIII. of this Agreement, which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law, are not intended to nor shall they act as release,

estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

9. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

10. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

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

ATTEST

SHH GROUP, LLC

_____
Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

ATTACHMENT C

SHH GROUP, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(Minnesota)

The following Addendum modifies and supersedes the SHH Group, LLC Franchise Agreement (the "Agreement") with respect to Franchised Businesses Franchised Business in the State of Minnesota pursuant to the Minnesota Franchise Law, Minn. Stat. §§ 80C.01 through 80C.22, as follows:

1. Section VI. of the Agreement, under the heading "MARKS", shall be supplemented by the addition of the following paragraph, which shall be considered an integral part of the Agreement:

> **F. Franchisor's Indemnity**. We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks in accordance with our instructions.

2. Subsections II.C., II.D., and XI.B. of the Agreement each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Each release will exclude claims arising under the Minnesota Franchise Law.

3. Sections II. and XII. of the Agreement are each amended to add the following:

> With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds, 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Agreement.

4. Subsections XXIII.B. and XXIV.B. of the Agreement are each amended to add the following:

> Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation or arbitration to be conducted outside Minnesota. In addition, nothing in the Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. Section XVIII. of the Agreement is amended to add the following:

> Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

6. We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

7. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules

and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Addendum to the Agreement.

8. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

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

ATTEST

SHH GROUP, LLC

_____
Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

ATTACHMENT C

SHH GROUP, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(New York)

The following Addendum modifies and supersedes the SHH Group, LLC Franchise Agreement (the "Agreement") with respect to Franchised Businesses offered or sold to either a resident of the State of New York or a non-resident who will be operating a Franchised Business in the State of New York pursuant to the General Business Law of the State of New York, Article 33, Sections 680 through 695, as follows:

1. Notwithstanding any provision of the Agreement to the contrary, we will not make any assignment of the Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Agreement.

2. Notwithstanding any provision of the Agreement to the contrary, all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

3. Section IV.A. of the Agreement is amended by adding the following to the end of such section:

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

4. Section XVII.B. of the Agreement is amended by adding the following to the end of such section:

> The indemnification contained in this Section XVII.B. shall not apply to any claim by any third party arising out of a breach of this Agreement by us or any other civil wrong of us.

5. No new or different requirements imposed on you as a result of any changes made by us to our Manuals or otherwise shall place an unreasonable economic burden on you.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

7. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

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

ATTEST

SHH GROUP, LLC

_____
Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

ATTACHMENT C

SHH GROUP, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(Rhode Island)

The following Addendum modifies and supersedes the SHH Group, LLC Franchise Agreement (the "Agreement") with respect to Franchised Businesses offered or sold to either a resident of the State of Rhode Island or a non-resident who will be operating a Franchised Business in the State of Rhode Island pursuant to the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, as follows:

1. Sections II.C., II.D., and XI.B. of the Agreement each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

2. This Agreement requires that it be governed by Delaware law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under § 19-28.1-14.

3. Section XXIII.B. of the Agreement will be amended by the addition of the following, which will be considered an integral part of this Agreement:

> § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

4. You and we agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

5. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

6. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

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

ATTEST

SHH GROUP, LLC

_____
Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

ATTACHMENT C

SHH GROUP, LLC
ADDENDUM TO FRANCHISE AGREEMENT
(Virginia)

THIS ADDENDUM IS TO BE SIGNED ONLY IF THE FRANCHISE AGREEMENT TO WHICH IT RELATES IS SIGNED ON OR AFTER JULY 1, 2026.

The following Addendum modifies and supersedes the SHH Group, LLC Franchise Agreement (the "Agreement") with respect to Franchised Businesses offered or sold to either a resident of the State of Virginia or a non-resident who will be operating a Franchised Business in the State of Virginia pursuant to the Virginia Retail Franchising Act, as follows:

1. Effective July 1, 2026, the Virginia Retail Franchising Act provides as follows:

   Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

2. Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement in duplicate on the date indicated below.

[Signatures Appear on Following Page]

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

ATTEST

SHH GROUP, LLC

_____
Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the

franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Initial Franchise Fee Deferral**. Section IV.A. of the Agreement is amended by the addition of the following paragraph at the end of the Section:

> In lieu of an impound of franchise fees, we will not require or accept the payment of any initial franchise fees until (a) you have received all initial training that you are entitled to under the Franchise Agreement and disclosure document, and (b) your Franchised Business is open for business.

20. **Representations and Warranties**. Section XXVIII, Section B. of the Franchise Agreement does not apply.

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

ATTEST

_____
Witness

SHH GROUP, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

_____

ATTACHMENT D

CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE

This Agreement is made and entered into this ____ day of _____, 20___ by and between_____("Franchisee") and the Representative identified below.

RECITALS

WHEREAS, Franchisor has developed a business that features products and services which assist restaurants, bars and nightclubs and other similar establishments to monitor the loss of liquor, wine and beer due to theft, spillage, shrinkage and other factors and to serve consistently high quality beer (the "Business" or "Franchised Business"); and

WHEREAS, the Business is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Sculpture Hospitality" and such other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under such marks (collectively, the "Marks") and representing the high standards of the products and services associated with the Franchised Business and includes, without limitation, certain confidential or proprietary information, trade secrets, knowledge, or know-how concerning the methods of operating a Franchised Business and other information contained in the Manuals or otherwise disclosed in writing by the Franchisor to the Franchisee (collectively, "Confidential Information"); and

WHEREAS, the Marks and Confidential Information provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Confidential Information; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Confidential Information; and

WHEREAS, Franchisor has granted Franchisee the limited right to operate a Franchised Business for the period defined in the franchise agreement made and entered into on _____ (the "Franchise Agreement"), by and between Franchisor and Franchisee; and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other franchisees of the Franchised Business of restricting the use, access and dissemination of the Confidential Information; and

WHEREAS, it will be necessary for executive personnel and interest holders of Franchisee, or any entity having an interest in Franchisee to have access to and to use some or all of the Confidential Information in the management and operation of Franchisee's Franchised Business; and

WHEREAS, Franchisee has agreed to obtain from those individuals written agreements protecting the Confidential Information and the Franchised Business against unfair competition; and

WHEREAS, Representative wishes to remain, or wishes to become associated with or employed by Franchisee; and

WHEREAS, Representative wishes and needs to receive and use the Confidential Information in the course of his/her employment or association in order to effectively perform his/her duties for Franchisee; and

WHEREAS, Representative acknowledges that (i) Representative has received an advantage through access to the Confidential Information, the knowledge of the day-to-day operations of a Franchised Business, and training as an employee; and (ii) receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Representative herein;

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

Confidentiality Agreement

1. Franchisee shall disclose to Representative Confidential Information relating to the Franchised Business. All information and materials, including, without limitation, any manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Franchisee and/or Representative shall be deemed Confidential Information for the purposes of this Agreement.

2. Representative shall receive the Confidential Information in confidence and shall, at all times during and after his/her employment or association with Franchisee, maintain them in confidence, and use them only in the course of his/her employment or association with Franchisee and then only in connection with the development and/or operation by Franchisee of the Franchised Business during the term of the Franchise Agreement.

3. Except as part of the Representative's employment or association with Franchisee, Representative shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisee's express written permission.

4. Representative shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the development or operation of the Franchised Business.

5. Representative shall surrender any material containing some or all of the Confidential Information to Franchisee, upon request, or upon the termination of the Representative's employment or association with Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Representative.

6. Representative 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 Confidential Information or the Franchised Business.

7. All Sculpture Hospitality Manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

Covenants Not to Compete

1. In order to protect the Franchised Business, the goodwill of the Franchised Business and the Marks, Franchisor's trade secrets, Franchisor's Manuals, and the confidentiality and value of the Confidential Information, and in consideration for the disclosure to Representative of the Confidential Information, Representative further agrees and covenants during the term of the Franchise Agreement as follows:

a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Franchised Business to any competitor of the Franchised Business; or

b. Except with respect to Franchised Businesses operated under valid Franchise Agreements with Franchisor, not to directly or indirectly, for himself/herself or through, on behalf of, or in conjunction with any person, partnership, corporation or other entity or association, without the prior written consent of Franchisor, own, maintain, operate, engage in, be employed by or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the Marks or the same or similar marks or operates or licenses others to operate a business under the Marks or the same or similar marks, which business is of a character and concept similar to the Franchised Business.

2. In further consideration for the disclosure to Representative of the Confidential Information and to protect the Franchised Business, Representative agrees and covenants that for one (1) year following the earlier of the expiration, termination or transfer of all of Franchisee's interest in the Franchise Agreement or the termination of his/her employment or association with Franchisee, Representative will not:

a. Divert, or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Franchised Business to any competitor.

b. Except with respect to Franchised Businesses operated under valid Franchise Agreements with Franchisor, directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership, corporation or other entity or association, own, maintain, operate, engage in, be employed by or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business that is of a character and concept similar to the Franchised Business, within the Territory.

Miscellaneous

1. Franchisee shall make all commercially reasonable efforts to ensure that Representative acts as required by this Agreement.

2. Representative 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, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreements, 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.

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

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

5. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE. REPRESENTATIVE HEREBY IRREVOCABLY SUBMITS HIMSELF/HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN THE STATE OF DELAWARE. REPRESENTATIVE HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. REPRESENTATIVE HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM/HER IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY STATE OR FEDERAL LAW. REPRESENTATIVE FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN THE STATE OF DELAWARE; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.**

6. The parties acknowledge and agree that each of the covenants contained herein contain 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. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Representative expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

7. 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.

8. All notices and demands required to be given hereunder shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or by prepaid facsimile or electronic mail (provided that the sender confirms the facsimile or electronic mail by sending an original confirmation copy by expedited delivery service or certified or registered mail within three (3)

business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

_____
_____
_____
_____

If directed to Franchisee, the notice shall be addressed to:

_____
_____
_____
_____

If directed to Representative, the notice shall be addressed to:

_____
_____
_____
_____

The parties to this Agreement acknowledge and agree that the covenants contained herein are intended to benefit Franchisor and that Franchisor is a third party beneficiary of such covenants with the independent right to enforce them.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE:

_____

By: _____

Date: _____

REPRESENTATIVE

_____

By: _____

Date: _____

ATTACHMENT E

CONFIDENTIALITY AGREEMENT

This Agreement is made and entered into this ____ day of _____, 20___ by and between_____("Franchisee") and the Employee identified below.

.

RECITALS

WHEREAS, Franchisor has developed a business that features products and services which assist restaurants, bars and nightclubs and other similar establishments to monitor the loss of liquor, wine and beer due to theft, spillage, shrinkage and other factors and to serve consistently high quality beer (the "Business" or "Franchised Business"); and

WHEREAS, the Business is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Sculpture Hospitality" and such other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under such marks (collectively, the "Marks") and representing the high standards of the products and services associated with the Franchised Business and includes, without limitation, certain confidential or proprietary information, trade secrets, knowledge, or know-how concerning the methods of operating a Franchised Business and other information contained in the Manuals or otherwise disclosed in writing by the Franchisor to the Franchisee (collectively, "Confidential Information"); and

WHEREAS, the Marks and Confidential Information provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Confidential Information; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Confidential Information; and

WHEREAS, Franchisor has granted Franchisee the limited right to operate a Franchised Business for the period defined in the franchise agreement made and entered into on _____ (the "Franchise Agreement"), by and between Franchisor and Franchisee; and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other franchisees of the Franchised Business of restricting the use, access and dissemination of the Confidential Information; and

WHEREAS, it will be necessary for certain employees and independent contractors of Franchisee, or any entity having an interest in Franchisee to have access to and to use some or all of the Confidential Information in the management and operation of Franchisee's Franchised Business; and

WHEREAS, Franchisee has agreed to obtain from those individuals written agreements protecting the Confidential Information and the Franchised Business against unfair competition; and

WHEREAS, Employee wishes to remain, or wishes to become associated with or employed by Franchisee; and

WHEREAS, Employee wishes and needs to receive and use the Confidential Information in the course of his/her employment or association in order to effectively perform his/her duties for Franchisee; and

WHEREAS, Employee acknowledges that (i) Employee has received an advantage through access to the Confidential Information, the knowledge of the day-to-day operations of a Franchised Business, and training as an employee; and (ii) receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Employee herein;

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

1. Franchisor and/or Franchisee shall disclose to Employee Confidential Information relating to the Franchised Business. All information and materials, including, without limitation, any manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Franchisee and/or 0 shall be deemed Confidential Information for the purposes of this Agreement.

2. Employee shall receive the Confidential Information in confidence and shall, at all times during and after his/her employment or association with Franchisee, maintain them in confidence, and use them only in the course of his/her employment or association with Franchisee and then only in connection with the development and/or operation by Franchisee of the Franchised Business during the term of the Franchise Agreement.

3. Except as part of the Employee's employment or association with Franchisee, Employee shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

4. Employee shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the development or operation of the Franchised Business.

5. Employee shall surrender any material containing some or all of the Confidential Information to Franchisee, upon request, or upon the termination of the Employee's employment or association with Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Employee.

6. Employee 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 Confidential Information or the Franchised Business.

7. All Sculpture Hospitality Manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

For purposes of this Agreement, the Confidential Information does not include data, material or information: a) which is known to you at the time of disclosure as demonstrated by your files and records; b) becomes known to you from another source without confidentiality restrictions; or c) is or becomes part of the public domain through no act or omission by you. Use, exploitation, disclosure or dissemination of the Confidential Information in breach of this Agreement will cause us irreparable harm for which monetary damages are not an adequate remedy. As such, we will have the right to seek injunctive relief or other equitable relief in addition to any other remedy we may have at law or in equity for a breach of this Agreement.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE:

_____

By: _____

Date:_____

EMPLOYEE:

_____

By: _____

Date:_____

ATTACHMENT F

ACH DEBIT FORM

(See Attached)

ACH Debit Form

Business Banking Information:

Legal Business Name: _____

Business Name (DBA): _____

Financial Institution: _____

(Name of Bank)

Bank Code: _____

Account Number: _____

Bank Address: _____

(Street No.) *(Street Name)*

_____

(City) *(State*)

I hereby authorize Sculpture Hospitality (SHH Group, LLC) to debit the bank account above for obligations pursuant to my franchise agreement(s).

Authorized Signature: _____ Date: _____

(YYYY – MM – DD)

EXHIBIT B

FINANCIAL STATEMENTS

SHH Group, LLC and Subsidiaries

Consolidated Financial Statements

As of and for the years ended December 31, 2025 and 2024

(Expressed in U.S. dollars)

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Tel: 905-946-1066
Fax: 905-946-9524
www.bdo.ca

BDO Canada LLP
60 Columbia Way, Suite 300
Markham ON L3R 0C9 Canada

Independent Auditor's Report

To the Members of the Board of Directors of SHH Group, LLC

Opinion

We have audited the consolidated financial statements of SHH Group, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

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error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Markham, Ontario
April 13, 2026

SHH Group, LLC and Subsidiaries
Consolidated Balance Sheets
(Expressed in U.S. dollars)

December 31	2025	2024
Assets		
Current		
Cash	**$ 944,822**	$ 1,162,606
Accounts receivable, net	**787,487**	805,849
Current portion of notes receivable (Note 4)	**234,885**	138,345
Current portion of deferred commissions	**14,000**	14,999
Prepaid expenses	**61,155**	59,351
Total current assets	**2,042,349**	2,181,150
Other assets		
Notes receivable (Note 4)	**286,382**	440,737
Property and equipment, net (Note 5)	**8,355**	10,988
Deferred commissions	**10,917**	24,917
Intangible assets, net (Note 6)	**1,566,871**	1,411,105
Goodwill (Note 6)	**1,893,383**	1,893,383
Total other assets	**3,765,908**	3,781,130
Total assets	**$ 5,808,257**	$ 5,962,280
Liabilities and Equity		
Current		
Accounts payable and accrued liabilities (Note 7)	**$ 733,437**	$ 715,786
Current portion of lease liability (Note 9)	**2,081**	7,697
Current portion of deferred revenue	**299,449**	285,699
Total current liabilities	**1,034,967**	1,009,182
Non-current liabilities		
Deferred revenue	**284,005**	376,313
Due to parent entity (Note 7)	**1,667,894**	1,584,540
Lease liability (Note 9)	**-**	1,985
Total non-current liabilities	**1,951,899**	1,962,838
Total liabilities	**2,986,866**	2,972,020
Total equity	**2,821,391**	2,990,260
Total liabilities and equity	**$ 5,808,257**	$ 5,962,280

The accompanying notes are an integral part of these consolidated financial statements.

SHH Group, LLC and Subsidiaries
Consolidated Statements of Operations
(Expressed in U.S. dollars)

For the years ended December 31	2025	2024
Revenue (Note 3)	**$ 4,356,172**	$ 4,308,934
Expenses		
Advertising and promotion expenses	**$ 456,239**	$ 521,963
Amortization and depreciation	**482,196**	422,192
Bad debt expenses	**48,990**	53,967
Bank and service charges	**65,858**	46,088
Commision	**14,999**	46,496
Convention	**156,544**	-
Foreign exchange realized loss	**39,313**	3,881
Insurance	**76,379**	72,802
Legal and professional fees	**257,053**	236,487
Occupancy costs	**9,321**	26,694
Office and general expenses	**341,352**	355,042
Partnership fees	**28,510**	49,904
Royalties	**225,692**	230,917
Travel expenses	**63,923**	106,182
Wages and employee benefits expenses	**2,172,763**	2,065,059
Others	**6,344**	19,399
	$ 4,445,476	$ 4,257,073
(Loss) income from operations	**(89,304)**	51,861
Other income (expenses)		
Transaction costs	**(8,799)**	(7,257)
Interest expense	**(83,355)**	(83,583)
Interest income	**11,642**	13,848
	(80,512)	(76,992)
Net loss	**$ (169,816)**	$ (25,131)

The accompanying notes are an integral part of these consolidated financial statements.

SHH Group, LLC and Subsidiaries
Consolidated Statements of Changes in Equity
(Expressed in U.S. dollars)

	Members' Capital	Accumulated Retained Earnings	Attributable to Members Total	Non-Controlling Interests	Total Equity
Balance at December 31, 2023	$ 4,370,000	$ (1,357,874)	$ 3,012,126	$ (2,921)	$ 3,009,205
Net loss	-	(25,131)	(25,131)	-	(25,131)
Other distributions	-	-	-	230	230
Tax distributions	-	5,956	5,956	-	5,956
Balance at December 31, 2024	$ 4,370,000	$ (1,377,049)	$ 2,992,951	$ (2,691)	$ 2,990,260
Net loss	-	(169,816)	(169,816)	-	(169,816)
Other distributions	-	-	-	(129)	(129)
Tax distributions	-	1,076	1,076	-	1,076
Balance at December 31, 2025	**$ 4,370,000**	**$ (1,545,789)**	**$ 2,824,211**	**$ (2,820)**	**$ 2,821,391**

The accompanying notes are an integral part of these consolidated financial statements.

SHH Group, LLC and Subsidiaries
Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)

For the years ended December 31	2025	2024
Cash flows from operating activities		
Net loss	**$ (169,816)**	$ (25,131)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	**482,196**	420,226
Changes in:		
Accounts receivable	**18,362**	87,491
Notes receivable	**57,815**	86,352
Deferred commissions	**14,999**	1,496
Prepaid expenses	**(1,804)**	15,265
Accounts payable and accrued liabilities	**17,651**	(77,927)
Deferred revenue	**(78,558)**	(309,464)
Net cash provided by operating activities	**340,845**	198,308
Cash flows from investing activities		
Purchase of property and equipment	**(7,880)**	(1,016)
Purchase of intangible assets	**(635,050)**	(480,468)
Net cash used in operating activities	**(642,930)**	(481,484)
Cash flows from financing activities		
Increase in due to parent entity	**83,354**	83,583
Other distributions	**(129)**	230
Tax distributions	**1,076**	5,956
Net cash used in financing activities	**84,301**	89,769
Net change in cash	**(217,784)**	(193,407)
Cash, beginning of year	**1,162,606**	1,356,013
Cash, end of year	**$ 944,822**	$ 1,162,606

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Business

The consolidated financial statements include SHH Group, LLC, a Delaware limited liability company formed October 3, 2017; its wholly owned subsidiaries, BevTex, LLC, a Delaware limited liability company, Sculpture Mid Atlantic, LLC, a Delaware limited liability company, and SHH Group Services Corp., a Canadian corporation; and its majority owned subsidiary, a Canadian corporation (collectively known as "SHH Group" or the "Company"). SHH Group is a wholly owned subsidiary of FH Equity Holdings, LLC (the "Parent Entity" or the "Members"), a Delaware limited liability company.

The Company sells franchises to members of the public wishing to conduct beverage audits on bars and restaurants using the Sculpture Hospitality logo and patented beverage audit software in the United States, Canada and internationally. SHH Group earns an audit royalty fee for each beverage audit completed by its franchisees.

The Company operates in the United States of America and Canada. During the year ended December 31, 2025, approximately 6% (2024 - 5%) of the Company's revenue were related to Canadian operations and $127,376 (2024 - $315,702) of net assets resided in the Canadian operation. The Company's operations are subject to various political, economic, and other risks and uncertainties inherent in the countries in which the Company operates.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Principles of Consolidation

The consolidated financial statements include the accounts of SHH Group, LLC and its wholly owned subsidiaries, SHH Group Services Corp., BevTex, LLC, and Sculpture Mid Atlantic, LLC. All material intercompany accounts and transactions are eliminated upon consolidation.

Cash

The Company considers all unrestricted cash accounts that are not subject to withdrawal restrictions or penalties and all highly liquid debt instruments purchased with a maturity of three months or less to be cash or cash equivalents.

Cash is maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances. All non-interest bearing cash balances are insured up to $250,000 per depositor at each financial institution, and non-interest bearing cash balances may again exceed federally insured limits.

2. Summary of Significant Accounting Policies - (Continued)

Revenue Recognition

The Company has seven main income streams: royalty fees, franchise fees, audit fees, convention fees, training courses, equipment revenue and application subscription fees.

Step 1 – Identify the contract
Before recognizing revenue, the Company reviews franchise agreements to ensure each party's rights and payment terms are identified, there is commercial substance, and it is probable that the Company will collect the consideration in exchange for the goods or services stated in the agreements.

Step 2 – Identifying performance obligations
The Company has determined that its significant performance obligations include providing the franchisees with continued use of franchise rights, delivering training courses, hosting conventions, delivering equipment, brand development and performing bar audits. A franchise agreement, typically lists items separately with distinct item descriptions and prices. If an agreement contains a bundle of items priced together as a single price, the Company analyzes the agreement to identify distinct performance obligations within the bundle.

Step 3 – Determining the transaction price
Transaction prices are typically stated in the franchise agreements net of discounts. The Company reviews the franchise agreements for any variable considerations, existence of significant financing components and payables to customers and adjusts transaction prices accordingly.

Step 4 – Allocating the transaction price to performance obligations
A franchise agreement typically includes multiple performance obligations such as providing the franchisees with continued use of franchise rights, delivering training courses, hosting conventions, delivering equipment and brand development to which the transaction price is allocated based on each of their relative stand-alone selling prices. If a stand-alone selling price is not directly observable, the Company estimates the stand-alone selling price of individual elements, based on prices at which the deliverable is regularly sold on a stand-alone basis after considering specific discounts if and where appropriate.

Step 5 – Recognizing revenue upon satisfaction of performance obligations
The timing of revenue recognition is based on when a customer obtains control of an asset, which could be in the form of goods and/or services. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from an asset. The Company reviews the franchise agreements and the nature of performance obligations to determine if a performance obligation is satisfied over time or at a point in time, and recognizes revenue accordingly.

2. Summary of Significant Accounting Policies - (Continued)

Bar audit services are provided to the customers on a stand-alone basis and are the only performance obligation on the contract. Audit fees are fixed in nature and are recognized after audit services are performed.

The initial franchise fees including the regional director fees for each relevant agreement are recognized over the term of the respective franchise agreement from the date of signing the franchise agreement.

Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of the transfer.

Royalty income is based on the sales made by the franchisee and are recognized over the time as the audits are completed by the franchise.

Marketing development fees are recognized over the term of the respective franchise agreement based on the royalties earned in each period as the underlying services are provided by the franchisee.

Revenue from the sale of equipment, training courses and conventions are recognized at a point in time when control over these goods and services is transferred to the franchisees.

Revenue from application subscription are recognized over the time as the underlying services are performed by the Company.

Contract Costs
The Company pays commissions as per the terms of its Regional Director Agreements which require such commissions to be paid when a new franchise agreement is obtained by the Regional Directors. Such commissions are Incremental costs of obtaining a contract and are deferred and amortized over the terms of the relevant franchise agreements.

Accounts Receivable and Allowance for Doubtful Debts

Accounts receivable are customer obligations due under normal trade terms.The Company's estimate of the allowance for doubtful accounts for accounts receivable is primarily determined based upon the length of time that the receivables are past due. In addition, management estimates are used to determine probable losses based upon an analysis of prior collection experience, specific account risks and economic conditions. Accounts are deemed noncollectable based on the past account experience and current account financial condition.

Notes Receivable
Notes receivable are related to financing provided to franchisees upon signing of the Franchise Agreement under the normal course of business. Notes receivable were $521,267 at December 31, 2025 (2024 - $579,082). The Company evaluates each of its notes receivable individually for the purpose of allowance for doubtful accounts. In addition, it estimates probable losses based upon an analysis of prior collection experience, specific account risks and economic conditions. Accounts are deemed uncollectable based on past account experience and current account financial condition.

2. Summary of Significant Accounting Policies - (Continued)

Contract Liabilities

The Company records amounts related to franchise contract fees which includes initial franchise fees, franchise transfer fees and renewal franchise fees in either deferred revenue or revenue depending on whether the revenue recognition criteria described above have been met.

Property and Equipment

Property and equipment are recorded at cost. Computers, furniture and fixtures, and onsite equipment are depreciated over their estimated useful lives, using the straight-line method for financial reporting and accelerated methods for income tax purposes. Assets that are subject to capitalized lease obligations are depreciated over the lesser of the term of the lease or the estimated useful life of the asset.

The estimated useful life for each asset group is as follows:

	Years
Equipment	3
Furniture	5

At the time depreciable property is retired or otherwise disposed of the related costs and accumulated depreciation are removed from the accounts and any resulting gain or loss reflected in income.

Expenditures for maintenance and repairs which do not materially extend the useful lives of the assets are charged to expense as incurred. The costs of major improvements are capitalized.

Goodwill and Other Intangible Assets

Consideration of impairment of intangible assets, consisting of franchise relationships, franchise rights, externally acquired technology, and goodwill, are accounted for in accordance with ASC Topic 350, "Intangibles - Goodwill and Others" and ASC Topic 360, Property, Plant, and Equipment - Overall - Subsequent Measurement Impairment or Disposal of Long Lived Assets ("ASC 360"). ASC 360 does not permit the amortization of goodwill and indefinite lived intangible assets. Rather, these items must be tested for impairment annually and more frequently when events occur or circumstances change that would indicate the carrying amount may be impaired. Software enhancements are modifications that add new functionality are capitalized. Intangible assets that have finite lives are amortized using the straight-line method over their estimated useful lives, which range from five to ten years. The Company has elected to perform its annual impairment analysis of indefinite lived intangible assets at the end of each year.

2. Summary of Significant Accounting Policies - (Continued)

Leases

The Company accounts for leases in accordance with FASB ASC Topic 842, Leases. The Company determines if an arrangement is a lease at inception. The Company elected the practical expedient available to not separate or allocate consideration to lease and non-lease components separately. Operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement, net of any future tenant incentives. Periods beyond the noncancellable term of the lease are included in the measurement of the lease liability only when it is reasonably certain that the Company will exercise the associated extension option or waive the termination option. The Company does not recognize lease asset and lease liabilities for any lease with an original term of less than one year.

The Company adopted ASU No. 2021-09, Discount for Leases That Are Not Public Business Entities, which allows non-public entities to elect to use a risk-free rate as the discount rate for all leases. As the Company's leases do not provide an implicit rate, the net present value of future minimum payments is determined using the Company's weighted average risk free rate.

The lease right of use (ROU) assets related to the Company's operating leases are recognized based on the lease liability, adjusted for any rent payments or initial direct costs incurred or tenant incentives received prior to commencement. Lease expenses for minimum lease payments for operating leases are recognized on a straight-line basis over the lease term.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Such a review will involve comparing the carrying value of the assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date for the amount by which the carrying amount of the asset exceeds its fair value.

2. Summary of Significant Accounting Policies - (Continued)

Income Taxes

The Company records income taxes under ASC Topic 740, *Income Taxes*, which utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates to future years' differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Under ASC Topic 740, the effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Tax credits are recognized in the year they become available for tax purposes as a reduction in income taxes.
SHH Group, LLC is treated as a limited liability company for U.S. federal income tax purposes. Accordingly, the Company's taxable income or loss is reported by its members, and no provision for U.S. income taxes has been recorded in the accompanying consolidated financial statements.
SHH Group Services Corp. is a taxable entity in Canada and is subject to Canadian income taxes. Deferred income tax assets, if any, are recognized only to the extent that, in management's judgment, it is more likely than not that such assets will be realized.

Foreign Currency Translation

The functional currency for SHH Group is United States ("US") dollars. Each foreign currency asset, liability, revenue or expense are, at the transaction date, translated into US dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into US dollars by using the exchange rate in effect at the date and the resulting foreign exchange gains and losses are included in operations in the current year.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, the determination of the fair value of intangible assets and goodwill, and disclosure of contingent assets and liabilities for the reported periods. On an ongoing basis, the Company evaluates its estimates, including impairment assessments, useful lives of long-lived assets, and income taxes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances at the time they are made and on an ongoing basis

Actual results could differ materially from those estimates and assumptions. The most significant estimates made by the Company are those relating to depreciable and amortizable life, impairment of long-lived assets, and uncollectible receivables.

2. Summary of Significant Accounting Policies - (Continued)

Fair Value of Financial Instruments

The Company values its financial instruments as required by ASC 825 "Disclosures about Fair Value of Financial Instruments" by using available market information and appropriate valuation methodologies.

The Company's financial instruments primarily include cash, accounts receivable, notes receivable and accounts payable. These instruments are carried at cost, which is considered to be representative of their respective fair values because of the short-term maturity of these instruments. Long-term debt and amounts due to parent entity are carried at cost using the effective interest rate method, with any resulting discount from the face value being amortized to the Consolidated Statements of Operations.

Contingencies

Certain conditions may exist which could result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Subsequent Events

In accordance with ASC Topic 855, Subsequent Events, the Company evaluated subsequent events after the balance sheet date of December 31, 2025, through March 31, 2026, the date that the financial statements were available to be issued.

Reclassifications

The Company has made a change in presentation of its Consolidated Statement of Operations for the current period. The Company now presents its expenditures by nature as operating or non-operating rather than by function. Management believes that the change in presentation provides greater transparency and provides more useful information to users. The change in presentation had no effect on the Company's previously reported results or members' equity.

2. Summary of Significant Accounting Policies - (Continued)

Recent Accounting Pronouncements

For the year ended December 31, 2025, certain updates are made to the following accounting standards:

1. Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (ASC 323, Investments)
2. Accounting for and Disclosure of Crypto Assets (ASC350-60, Intangibles)
3. Joint Venture Formations - Recognition and Initial Measurement (ASC 805-60, Business Combinations)
4. Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (ASC 820, Fair Value Measurement)
5. Targeted Improvements to the Accounting for Long-Duration Contracts (Insurance) (ACS, 944 Financial Services)

The updates of these standards had no significant impact on the consolidated financial statements of the Group.

3. Revenue

	2025	2024
Franchise fees	**$ 381,913**	$ 473,095
Royalty fees	**1,904,962**	1,836,947
Bar audit services	**895,383**	782,933
Marketing development fees	**877,802**	787,083
Training fees	**13,599**	139,065
Application subscription fees	**136,803**	141,732
Other	**145,710**	148,079
Total	**$ 4,356,172**	$ 4,308,934

4. Notes Receivable

The notes receivable are from franchisees, bear interest at varying rates from 0% to 8% per annum, repayable in monthly payments of principal and interest with varying expiry dates to January 2029, and are secured by the associated franchise rights for which they have been issued.

5. Property and Equipment

	2025		2024	
	Cost	**Accumulated Depreciation**	Cost	Accumulated Depreciation
Equipment	**$ 25,156**	**$ 18,881**	$ 16,364	$ 15,058
Furniture	**3,066**	**3,066**	3,066	$ 3,066
Right-of-use assets	**10,147**	**8,067**	15,677	5,995
	$ 38,369	**$ 30,014**	$ 35,107	$ 24,119
		$ 8,355		$ 10,988

Depreciation expense for the year amounted to $2,911 (2024 - $2,331).

6. Goodwill and Other Intangible Assets

The following is a summary of goodwill and other intangible assets associated with the Company:

		2025		2024	
	Life in Years	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Subject to amortization:					
Franchise relationships	10	$ 2,339,507	$ 1,039,754	$ 1,769,684	$ 836,124
Bevinco 20/20 web platform	5	419,375	418,940	419,375	418,465
Bevinco mobile iOS application	5	257,000	257,000	257,000	257,000
ERP software	5	54,870	54,870	54,870	54,870
ERP software enhancement	5	420,743	325,000	355,515	251,845
Scorpio application	5	1,010,123	839,183	1,010,123	637,158
		$ 4,501,618	$ 2,934,747	$ 3,866,567	$ 2,455,462
Intangible Assets			$ 1,566,871		$ 1,411,105
Not subject to amortization:					
Goodwill			$ 1,893,383		$ 1,893,383

Amortization expense for the year amounted to $479,285 (2024 - $419,744).

7. Related Party Balances and Transactions

The amount due to parent entity is a promissory note payable which was non-interest bearing until June 30, 2018, after which interest began accruing at 8% per annum. The amount has no specified terms of repayment and is secured by substantially all of the Company's assets. The parent entity has waived the right to demand repayment prior to December 31, 2025. The balance is comprised of the following:

	2025	2024
Principal balance	$ 1,041,934	$ 1,041,935
Accrued interest	542,605	459,022
Interest expense	83,355	83,583
Total	$ 1,667,894	$ 1,584,540

Amounts owing to the parent entity relating to trade which total $130,627 (2024 - $130,627) are included in accounts payable and accrued liabilities. The amounts are unsecured, non-interest bearing and due on demand.

8. Income Taxes

SHH Group Services Corp. is a Canadian taxable entity. Accordingly, the following table reconciles income taxes based on Canadian statutory tax rates to the Company's income tax recovery.

	2025	2024
Canadian income (loss) before income taxes	**$ 16,846**	$ (36,769)
Canadian statutory tax rates	**26.50%**	26.50%
Expected income taxes	**4,464**	(9,744)
Increase (decrease) in income tax expense resulting from:		
Non-taxable income or non-deductible expenses	**(4,479)**	2,017
Other items	**15**	7,727
Current income tax recovery	**$ -**	$ -

The Company accounts for taxation under ASC Subtopic 740-10, which clarifies the accounting for uncertain tax positions. ASC Subtopic 740-10 requires that the Company recognize the impact of a tax position in its consolidated financial statements if the position is more likely than not of being sustained upon examination and on the technical merits of the position. The impact of ASC Subtopic 740-10 was immaterial to the Company's consolidated financial statements.

ASC 740-10 requires the Company to accrue interest and penalties where there is an underpayment of taxes based on the Company's best estimate of the amount to ultimately be paid. The Company identified no unrecorded material uncertain tax positions as of December 31, 2025, consequently no interest or penalties have been accrued by the Company. The Company does not anticipate a significant change to unrecognized tax benefits within the next fiscal year.

9. Lease Liability

The Company has an operating lease for office space that expires March 31, 2026.:

		2025
Balance, December 31, 2024	$	9,682
Payments		(7,601)
Balance, December 31, 2025		2,081
Current portion		2,081
Long-term portion	$	-

When measuring the lease liability for the property lease that was classified as an operating lease, the Company discounted the lease payments using the risk-free rate of 2.95%. Subsequent to the year end, the Company entered into an amendment which extends the original lease term, which was set to expire on March 31, 2026, by an additional 5 years, and modifies the rental payments.

10. Commitments and Contingencies

Lease Commitments

Lease commitments under the Company's amended office lease expiring March 31 2031 in addition to the services agreements with Accurate Franchising Inc. and Restaurant Rockstars are approximately as follows:

2026	**$ 10,445**
2027	**8,364**
2028	**8,574**
2029	**8,643**
2030	**8,856**
Thereafter	**2,232**
	$ 47,114

Legal Contingencies

From time to time, the Company becomes involved in various investigations, claims and legal proceedings that arise in the ordinary course of business. These matters may relate to product liability, employment, intellectual property tax, regulation, contract or other matters. The resolution of these matters as they arise will be subject to various uncertainties outside of managements control and, even when such claims are without merit, could result in the expenditure of financial and managerial resources. While unfavourable outcomes are possible the Company generally does not believe the resolution of such matters result in a material adverse effect on the business, consolidated financial condition, or results of operations.

11. Fair Value Measurements

The Company applies ASC Topic 820 ("ASC 820"), Fair Value Measurements and Disclosures for financial assets and liabilities that are recognized or disclosed at fair value in the consolidated balance sheet on a recurring basis. ASC 820 defines fair value, establishes a framework for measuring fair value as required by other accounting pronouncements, and expands fair value measurement disclosures. Under the standard, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts its business. ASC 820 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. The statement utilizes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

12. Fair Value Measurements - (Continued)

• Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

• Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

As at December 31, 2025 and 2024, there were no assets or liabilities recorded at fair value.

SHH Group, LLC and Subsidiaries

Consolidated Financial Statements

As of and for the years ended December 31, 2024 and 2023

(Expressed in U.S. dollars)

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Tel: 905-946-1066
Fax: 905-946-9524
www.bdo.ca

BDO Canada LLP
60 Columbia Way, Suite 300
Markham ON L3R 0C9 Canada

Independent Auditor's Report

To the Members of the Board of Directors of SHH Group, LLC

Opinion

We have audited the consolidated financial statements of SHH Group, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

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error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 31, 2025

SHH Group, LLC and Subsidiaries
Consolidated Balance Sheets
(Expressed in U.S. dollars)

December 31	2024	2023
Assets		
Current		
Cash	**$ 1,162,606**	$ 1,356,013
Accounts receivable, net	**805,849**	893,340
Current portion of notes receivable (Note 5)	**138,345**	147,353
Current portion of deferred commissions	**14,999**	41,412
Prepaid expenses	**59,351**	74,616
Total current assets	**2,181,150**	2,512,734
Other assets		
Notes receivable (Note 5)	**440,737**	518,081
Property and equipment, net (Note 6)	**10,988**	9,461
Deferred commissions	**24,917**	-
Intangible assets, net (Note 7)	**1,411,105**	1,348,532
Goodwill (Note 7)	**1,893,383**	1,893,383
Total other assets	**3,781,130**	3,769,457
Total assets	**$ 5,962,280**	$ 6,282,191
Liabilities and Equity		
Current		
Accounts payable and accrued liabilities (Note 8)	**$ 715,786**	$ 793,712
Current portion of lease liability (Note 10)	**7,697**	6,843
Current portion of deferred revenue	**285,699**	459,254
Total current liabilities	**1,009,182**	1,259,809
Non-current liabilities		
Deferred revenue	**376,313**	512,221
Due to parent entity (Note 8)	**1,584,540**	1,500,956
Lease liability (Note 10)	**1,985**	-
Total non-current liabilities	**1,962,838**	2,013,177
Total liabilities	**2,972,020**	3,272,986
Total equity	**2,990,260**	3,009,205
Total liabilities and equity	**$ 5,962,280**	$ 6,282,191

The accompanying notes are an integral part of these consolidated financial statements.

SHH Group, LLC and Subsidiaries
Consolidated Statements of Operations
(Expressed in U.S. dollars)

For the years ended December 31	2024	2023
Sales (Note 3)	**$ 4,308,934**	$ 4,018,704
Cost of goods sold	**329,015**	492,240
Gross profit	**3,979,919**	3,526,464
Operating expenses		
Selling, general, administrative (Note 4)	**3,928,058**	3,766,745
Profit/(loss) from operations	**51,861**	(240,281)
Other income (expenses)		
Transaction costs	**(7,257)**	(3,404)
Interest expense	**(83,583)**	(83,355)
Interest income	**13,848**	11,256
Total other expenses	**(76,992)**	(75,503)
Loss before income taxes	**(25,131)**	(315,784)
Income taxes		
Current income tax recovery (Note 9)	**-**	(1,649)
Net loss	**$ (25,131)**	$ (314,135)

The accompanying notes are an integral part of these consolidated financial statements.

SHH Group, LLC and Subsidiaries
Consolidated Statements of Changes in Equity
(Expressed in U.S. dollars)

	Members' Capital	Accumulated Retained Earnings	Attributable to Members Total	Non-Controlling Interests	Total Equity
Balance at December 31, 2022	$ 4,370,000	$ (1,034,874)	$ 3,335,126	$ (2,910)	$ 3,332,216
Net loss	-	(314,135)	(314,135)	-	(314,135)
Other distributions	-	-	-	(11)	(11)
Tax distributions	-	(8,865)	(8,865)	-	(8,865)
Balance at December 31, 2023	$ 4,370,000	$ (1,357,874)	$ 3,012,126	$ (2,921)	$ 3,009,205
Net loss	-	(25,131)	(25,131)	-	(25,131)
Other distributions	-	-	-	230	230
Tax distributions	-	5,956	5,956	-	5,956
Balance at December 31, 2024	**$ 4,370,000**	**$ (1,377,049)**	**$ 2,992,951**	**$ (2,691)**	**$ 2,990,260**

The accompanying notes are an integral part of these consolidated financial statements.

SHH Group, LLC and Subsidiaries
Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)

For the years ended December 31	2024	2023
Cash flows from operating activities		
Net loss	**$ (25,131)**	$ (314,135)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	**420,226**	395,533
Income tax expenses	**-**	(1,649)
Changes in:		
Accounts receivable	**87,491**	133,457
Notes receivable	**86,352**	(12,153)
Deferred commissions	**1,496**	74,451
Income taxes payable	**-**	1,118
Prepaid expenses	**15,265**	(140)
Accounts payable and accrued liabilities	**(77,926)**	29,987
Lease liability	**2,839**	(26,696)
Deferred revenue	**(309,464)**	(298,318)
Net cash (used in) provided by operating activities	**201,148**	(18,545)
Cash flows from investing activities		
Right-of-use asset (Note 6)	**(2,840)**	26,696
Purchase of property and equipment	**(1,016)**	(832)
Purchase of intangible assets	**(480,468)**	(256,485)
Net cash provided by (used in) operating activities	**(484,324)**	(230,621)
Cash flows from financing activities		
Increase in due to parent entity	**83,583**	83,355
Payments on long-term debt	**-**	(4,049)
Other distributions	**230**	(11)
Tax distributions	**5,956**	(8,865)
Net cash used in financing activities	**89,769**	70,430
Net change in cash	**(193,407)**	(178,736)
Cash, beginning of year	**1,356,013**	1,534,749
Cash, end of year	**$ 1,162,606**	$ 1,356,013

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Business

The consolidated financial statements include SHH Group, LLC, a Delaware limited liability company formed October 3, 2017; its wholly owned subsidiaries, BevTex, LLC, a Delaware limited liability company, Sculpture Mid Atlantic, LLC, a Delaware limited liability company, and SHH Group Services Corp., a Canadian corporation; and its majority owned subsidiary, a Canadian corporation (collectively known as "SHH Group" or the "Company"). SHH Group is a wholly owned subsidiary of FH Equity Holdings, LLC (the "Parent Entity" or the "Members"), a Delaware limited liability company.

The Company sells franchises to members of the public wishing to conduct beverage audits on bars and restaurants using the Sculpture Hospitality logo and patented beverage audit software in the United States, Canada and internationally. SHH Group earns an audit royalty fee for each beverage audit completed by its franchisees.

The Company operates in the United States of America and Canada. During the year ended December 31, 2024, approximately 5% (2023 - 5%) of the Company's revenue were related to Canadian operations and $315,702 (2023 - $73,658) of net assets resided in the Canadian operation. The Company's operations are subject to various political, economic, and other risks and uncertainties inherent in the countries in which the Company operates.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Principles of Consolidation

The consolidated financial statements include the accounts of SHH Group, LLC and its wholly owned subsidiaries, SHH Group Services Corp., BevTex, LLC, and Sculpture Mid Atlantic, LLC. All material intercompany accounts and transactions are eliminated upon consolidation.

Cash

The Company considers all unrestricted cash accounts that are not subject to withdrawal restrictions or penalties and all highly liquid debt instruments purchased with a maturity of three months or less to be cash or cash equivalents.

Cash is maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances. All non-interest bearing cash balances are insured up to $250,000 per depositor at each financial institution, and non-interest bearing cash balances may again exceed federally insured limits.

2. Summary of Significant Accounting Policies - (Continued)

Revenue Recognition

The Company has seven main income streams: royalty fees, franchise fees, audit fees, convention fees, training courses, equipment revenue and application subscription fees.

Step 1 – Identify the contract
Before recognizing revenue, the Company reviews franchise agreements to ensure each party's rights and payment terms are identified, there is commercial substance, and it is probable that the Company will collect the consideration in exchange for the goods or services stated in the agreements.

Step 2 – Identifying performance obligations
The Company has determined that its significant performance obligations include providing the franchisees with continued use of franchise rights, delivering training courses, hosting conventions, delivering equipment, brand development and performing bar audits. A franchise agreement, which typically lists items separately with distinct item descriptions and prices. If an agreement contains a bundle of items priced together as a single price, the Company analyzes the agreement to identify distinct performance obligations within the bundle.

Step 3 – Determining the transaction price
Transaction prices are typically stated in the franchise agreements net of discounts. The Company reviews the franchise agreements for any variable considerations, existence of significant financing components and payables to customers and adjusts transaction prices accordingly.

Step 4 – Allocating the transaction price to performance obligations
A franchise agreement typically includes multiple performance obligations such as providing the franchisees with continued use of franchise rights, delivering training courses, hosting conventions, delivering equipment and brand development to which the transaction price is allocated based on each of their relative stand-alone selling prices. If a stand-alone selling price is not directly observable, the Company estimates the stand-alone selling price of individual elements, based on prices at which the deliverable is regularly sold on a stand-alone basis after considering specific discounts if and where appropriate.

Step 5 – Recognizing revenue upon satisfaction of performance obligations
The timing of revenue recognition is based on when a customer obtains control of an asset, which could be in the form of goods and/or services. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from an asset. The Company reviews the franchise agreements and the nature of performance obligations to determine if a performance obligation is satisfied over time or at a point in time, and recognizes revenue accordingly.

2. Summary of Significant Accounting Policies - (Continued)

Bar audit services are provided to the customers on a stand-alone basis and is the only performance obligation on the contract.

The initial franchise fees including the regional director fees for each relevant agreement are recognized over the term of the respective franchise agreement from the date of signing the franchise agreement.

Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of the transfer.

Royalty income, audit fees and marketing development fees are recognized over the term of the respective franchise agreement based on the royalties earned in each period as the underlying services are provided by the franchisee.

Revenue from the sale of equipment, training courses and conventions are recognized at a point in time when control over these goods and services is transferred to the franchisees.

Revenue from application subscription are recognized at a point in time as the underlying services are performed by the Company.

Contract Costs
The Company pays commissions as per the terms of its Regional Director Agreements which require such commissions to be paid when a new franchise agreement is obtained by the Regional Directors. Such commissions are Incremental costs of obtaining a contract and are deferred and amortized over the terms of the relevant franchise agreements.

Accounts Receivable and Allowance for Doubtful Debts

Accounts receivable are customer obligations due under normal trade terms.The Company's estimate of the allowance for doubtful accounts for accounts receivable is primarily determined based upon the length of time that the receivables are past due. In addition, management estimates are used to determine probable losses based upon an analysis of prior collection experience, specific account risks and economic conditions. Accounts are deemed noncollectable based on the past account experience and current account financial condition.

Notes Receivable

Notes receivable are related to financing provided to franchisees upon signing of the Franchise Agreement under the normal course of business. Notes receivable were $579,082 at December 31, 2024 (2023 - $665,434). The Company evaluates each of its notes receivable individually for the purpose of allowance for doubtful accounts. In addition, it estimates probable losses based upon an analysis of prior collection experience, specific account risks and economic conditions. Accounts are deemed uncollectable based on past account experience and current account financial condition.

2. Summary of Significant Accounting Policies - (Continued)

Contract Liabilities

The Company records amounts related to franchise contract fees which includes initial franchise fees, franchise transfer fees and renewal franchise fees in either deferred revenue or revenue depending on whether the revenue recognition criteria described above have been met.

Property and Equipment

Property and equipment are recorded at cost. Computers, furniture and fixtures, and onsite equipment are depreciated over their estimated useful lives, using the straight-line method for financial reporting and accelerated methods for income tax purposes. Assets that are subject to capitalized lease obligations are depreciated over the lesser of the term of the lease or the estimated useful life of the asset.

The estimated useful life for each asset group is as follows:

	Years
Equipment	3
Furniture	5

At the time depreciable property is retired or otherwise disposed of the related costs and accumulated depreciation are removed from the accounts and any resulting gain or loss reflected in income.

Expenditures for maintenance and repairs which do not materially extend the useful lives of the assets are charged to expense as incurred. The costs of major improvements are capitalized.

Goodwill and Other Intangible Assets

Consideration of impairment of intangible assets, consisting of franchise relationships, externally acquired technology, and goodwill, are accounted for in accordance with ASC Topic 350, "Intangibles - Goodwill and Others" and ASC Topic 360, Property, Plant, and Equipment - Overall - Subsequent Measurement Impairment or Disposal of Long Lived Assets ("ASC 360"). ASC 360 does not permit the amortization of goodwill and indefinite lived intangible assets. Rather, these items must be tested for impairment annually and more frequently when events occur or circumstances change that would indicate the carrying amount may be impaired. Intangible assets that have finite lives are amortized using the straight-line method over their estimated useful lives, which range from five to ten years. The Company has elected to perform its annual impairment analysis of indefinite lived intangible assets at the end of each year.

2. Summary of Significant Accounting Policies - (Continued)

Leases

The Company accounts for leases in accordance with FASB ASC Topic 842, Leases. The Company determines if an arrangement is a lease at inception. The Company elected the practical expedient available to not separate or allocate consideration to lease and non-lease components separately. Operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement, net of any future tenant incentives. Periods beyond the noncancellable term of the lease are included in the measurement of the lease liability only when it is reasonably certain that the Company will exercise the associated extension option or waive the termination option. The Company does not recognize lease asset and lease liabilities for any lease with an original term of less than one year.

The Company adopted ASU No. 2021-09, Discount for Leases That Are Not Public Business Entities, which allows non-public entities to elect to use a risk-free rate as the discount rate for all leases. As the Company's leases do not provide an implicit rate, the net present value of future minimum payments is determined using the Company's weighted average risk free rate.

The lease right of use (ROU) assets related to the Company's operating leases are recognized based on the lease liability, adjusted for any rent payments or initial direct costs incurred or tenant incentives received prior to commencement. Lease expenses for minimum lease payments for operating leases are recognized on a straight-line basis over the lease term.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Such a review will involve comparing the carrying value of the assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date for the amount by which the carrying amount of the asset exceeds its fair value.

2. Summary of Significant Accounting Policies - (Continued)

Income Taxes

The Company records income taxes under ASC Topic 740, *Income Taxes*, which utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates to future years' differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Under ASC Topic 740, the effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Tax credits are recognized in the year they become available for tax purposes as a reduction in income taxes.

As SHH Group, LLC is a limited liability company for federal income tax purposes, accordingly, the Company's profits and losses will be reportable by the Members, and as a result, no provision for U.S. income taxes is reflected in the accompanying consolidated financial statements. SHH Group Services Corp. is a Canadian taxable entity. Deferred income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the assets will be realized.

Foreign Currency Translation

The functional currency for SHH Group is United States ("US") dollars. Each foreign currency asset, liability, revenue or expense are, at the transaction date, translated into US dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into US dollars by using the exchange rate in effect at the date and the resulting foreign exchange gains and losses are included in operations in the current year.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, the determination of the fair value of intangible assets and goodwill, and disclosure of contingent assets and liabilities for the reported periods. On an ongoing basis, the Company evaluates its estimates, including impairment assessments, useful lives of long-lived assets, and income taxes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances at the time they are made and on an ongoing basis

Actual results could differ materially from those estimates and assumptions. The most significant estimates made by the Company are those relating to depreciable and amortizable life, impairment of long-lived assets, and uncollectible receivables.

2. Summary of Significant Accounting Policies - (Continued)

Fair Value of Financial Instruments

The Company values its financial instruments as required by ASC 825 "Disclosures about Fair Value of Financial Instruments" by using available market information and appropriate valuation methodologies.

The Company's financial instruments primarily include cash, accounts receivable, notes receivable and accounts payable. These instruments are carried at cost, which is considered to be representative of their respective fair values because of the short-term maturity of these instruments. Long-term debt and amounts due to parent entity are carried at cost using the effective interest rate method, with any resulting discount from the face value being amortized to the Consolidated Statements of Operations.

Contingencies

Certain conditions may exist which could result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Subsequent Events

In accordance with ASC Topic 855, Subsequent Events, the Company evaluated subsequent events after the balance sheet date of December 31, 2024, through March 31, 2025, the date that the financial statements were available to be issued.

2. Summary of Significant Accounting Policies - (Continued)

Recent Accounting Pronouncements

For the year ended December 31, 2024, certain updates are made to the following accounting standards:

1. Common control arrangements (ASC 842, Leases)
2. Disclosure of supplier finance program Obligations (Liabilities Supplier Finance Program, ASC 405-50)
3. Fair value hedging - Portfolio layer method (Derivatives and Hedging, ASC 815)
4. Accounting for contract assets and contract liabilities, (Business combinations, ASC 805)
5. Accounting for convertible instruments and contracts in Entity's own equity (ASC 470-20 and ASC 815-40)
6. Financial services - insurance, ASC 944

The updates of these standards had no significant impact on the consolidated financial statements of the Group.

3. Sales

	2024	2023
Franchise fees	**$ 473,095**	$ 575,821
Royalty fees	**1,836,947**	1,593,106
Bar audit services	**782,933**	794,527
Marketing development fees	**787,083**	811,622
Equipment sales	**842**	1,830
Training fees	**139,065**	-
Application subscription fees	**141,732**	127,882
Other	**147,237**	115,796
Total	**$ 4,308,934**	$ 4,020,584

4. Operating Expenses

	2024	2023
Wages and employee benefits expenses	**$ 2,065,059**	$ 2,117,113
Advertising and promotion expenses	**521,963**	437,331
Amortization expenses	**422,192**	395,532
Insurance	**72,802**	73,418
Legal and professional fees	**236,487**	207,820
Bank and service charges	**46,088**	56,298
Office and general expenses	**355,042**	284,435
Travel expenses	**106,182**	56,745
Bad debt expenses	**53,967**	63,749
Foreign exchange realized loss	**3,881**	4,899
Others	**44,395**	69,405
Total	**$ 3,928,058**	$ 3,766,745

5. Notes Receivable

The notes receivable are from franchisees, bear interest at varying rates from 0% to 8% per annum, repayable in monthly payments of principal and interest with varying expiry dates to December 2027, and are secured by the associated franchise rights for which they have been issued.

6. Property and Equipment

	2024		2023	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Equipment	**$ 16,364**	**$ 15,058**	$ 16,955	$ 14,337
Furniture	**3,066**	**3,066**	3,066	3,066
Right-of-use assets	**15,677**	**5,995**	33,539	26,696
	$ 35,107	**$ 24,119**	$ 53,560	$ 44,099
		$ 10,988		$ 9,461

Depreciation expense for the year amounted to $2,331 (2023 - $2,503).

7. Goodwill and Other Intangible Assets

The following is a summary of goodwill and other intangible assets associated with the Company:

		2024		2023	
	Life in Years	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Subject to amortization:					
Franchise relationships	10	$ 1,769,684	$ 836,124	$ 1,352,328	$ 679,508
Bevinco 20/20 web platform	5	419,375	418,465	419,375	417,990
Bevinco mobile iOS application	5	257,000	257,000	257,000	257,000
ERP software	5	54,870	54,870	54,870	53,956
ERP software enhancement	5	355,515	251,845	292,403	193,979
Scorpio application	5	1,010,123	637,158	1,010,123	435,134
		$ 3,866,567	$ 2,455,462	$ 3,386,099	$ 2,037,567
Intangible Assets			$ 1,411,105		$ 1,348,532
Not subject to amortization:					
Goodwill			$ 1,893,383		$ 1,893,383

Amortization expense for the year amounted to $419,744 (2023 - $393,030).

8. Related Party Balances and Transactions

The amount due to parent entity is a promissory note payable which was non-interest bearing until June 30, 2018, after which interest began accruing at 8% per annum. The amount has no specified terms of repayment and is secured by substantially all of the Company's assets. The parent entity has waived the right to demand repayment prior to December 31, 2025. The balance is comprised of the following:

	2024	2023
Principal balance	$ 1,041,935	$ 958,580
Accrued interest	459,022	375,667
Interest expense	83,583	83,355
Total	$ 1,584,540	$ 1,417,602

Amounts owing to the parent entity relating to trade which total $130,627 (2023 - $130,627) are included in accounts payable and accrued liabilities. The amounts are unsecured, non-interest bearing and due on demand.

9. Income Taxes

The significant components of loss before income taxes and income tax expense attributable thereto are as follows.

	2024	2023
Income (loss) before income taxes		
United States	**$ 11,638**	$ (296,660)
Canada	**(36,769)**	(19,124)
Total	**$ (25,131)**	$ (315,784)
Current income tax recovery		
Canada	**$ -**	$ (1,649)

As SHH Group, LLC is a limited liability company for federal income tax purposes. Accordingly, the Company's profits and losses will be reportable by its Members, and as a result, no provision for U.S. income taxes is reflected in the consolidated financial statements.

SHH Group Services Corp. is a Canadian taxable entity. Accordingly, the following table reconciles income taxes based on the Canadian statutory tax rates to the Company's income tax recovery.

	2024	2023
Canadian income (loss) before income taxes	**$ (36,769)**	$ 4,549
Canadian statutory tax rates	**26.50%**	26.50%
Expected income taxes	**(9,744)**	1,205
Increase (decrease) in income tax expense resulting from:		
Non-taxable income or non-deductible expenses	**2,017**	(1,027)
Other items	**7,727**	(1,827)
Current income tax recovery	**$ -**	$ (1,649)

The Company accounts for taxation under ASC Subtopic 740-10, which clarifies the accounting for uncertain tax positions. ASC Subtopic 740-10 requires that the Company recognize the impact of a tax position in its consolidated financial statements if the position is more likely than not of being sustained upon examination and on the technical merits of the position. The impact of ASC Subtopic 740-10 was immaterial to the Company’s consolidated financial statements.

9. Income Taxes - (Continued)

ASC 740-10 requires the Company to accrue interest and penalties where there is an underpayment of taxes based on the Company's best estimate of the amount to ultimately be paid. The Company identified no unrecorded material uncertain tax positions as of December 31, 2024, consequently no interest or penalties have been accrued by the Company. The Company does not anticipate a significant change to unrecognized tax benefits within the next fiscal year.

10. Lease Liability

The Company adopted ASC 842 Leases in the year. Lease commitment under the operating lease for the remaining lease term are as follows:

		2024
Balance, December 31, 2023	$	7,609
Amortization of expired lease		(7,609)
Commencement of amended lease		15,677
Amortization		(5,995)
Balance, December 31, 2024		9,682
Current portion		7,697
Long-term portion	$	1,985

When measuring the lease liability for the property lease that was classified as an operating lease, the Company discounted the lease payments using the risk-free rate. The prior property lease expired March 31, 2024, and the lease payments were discounted with a 4.03% interest rate. The Company amended their property lease agreement in the current year which expires March 31, 2026, and the lease payments were discounted with a 2.95% interest rate.

11. Commitments and Contingencies

Lease Commitments

The Company leases office space that expires March 31, 2026. Lease commitment under the operating lease for the remaining lease term in addition to the services agreements with Accurate Franchising Inc. and Restaurant Rockstars are approximately as follows.

2025	$ 7,697
2026	1,985
	$ 9,682

Legal Contingencies

From time to time, the Company becomes involved in various investigations, claims and legal proceedings that arise in the ordinary course of business. These matters may relate to product liability, employment, intellectual property tax, regulation, contract or other matters. The resolution of these matters as they arise will be subject to various uncertainties outside of managements control and, even when such claims are without merit, could result in the expenditure of financial and managerial resources. While unfavourable outcomes are possible the Company generally does not believe the resolution of such matters result in a material adverse effect on the business, consolidated financial condition, or results of operations.

12. Fair Value Measurements

The Company applies ASC Topic 820 ("ASC 820"), Fair Value Measurements and Disclosures for financial assets and liabilities that are recognized or disclosed at fair value in the consolidated balance sheet on a recurring basis. ASC 820 defines fair value, establishes a framework for measuring fair value as required by other accounting pronouncements, and expands fair value measurement disclosures. Under the standard, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts its business. ASC 820 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. The statement utilizes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

• Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

• Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

As at December 31, 2024 and 2023, there were no assets or liabilities recorded at fair value.

THE FOLLOWING FINANCIAL INFORMATION HAS BEEN PREPARED WITHOUT AN AUDIT/REVIEW. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED/REVIEWED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Unaudited & Unreviewed Balance Sheet

Period: 01/01/26..03/31/26

SHH Group, LLC and Subsidiaries

Fiscal Start Date: 01/01/26
All amounts are in USD.

Description	YTD	Prior YTD
ASSETS		
Current Assets		
Chequing/Savings		
Cash	931,134.69	1,078,187.08
Total Chequing/Savings	**931,134.69**	**1,078,187.08**
Accounts Receivable		
Accounts Receivable	27,433,718.18	23,966,026.50
Total Accounts Receivable	**27,433,718.18**	**23,966,026.50**
Other Current Assets		
Prepaids & Other Sundry Assets	38,866.41	31,321.46
Deferred Charges & Accruals	-25,833.04	-28,519.43
Inventory	790.43	790.43
Total Other Current Assets	**13,823.80**	**3,592.46**
Total Current Assets	**28,378,676.67**	**25,047,806.04**
Other Assets		
Receivable Notes	438,040.04	505,997.10
Rent Deposit	7,440.03	7,440.03

Unaudited & Unreviewed Balance Sheet

Period: 01/01/26..03/31/26

SHH Group, LLC and Subsidiaries

Fiscal Start Date: 01/01/26
All amounts are in USD.

PP&E	11,963.52	9,187.69
Deferred Commission LT	10,917.36	24,917.36
Long-term Investments	461.28	8,654.78
Intangibles	1,556,833.45	1,302,261.79
Goodwill	2,275,000.00	2,275,000.00
Total Other Assets	**4,300,655.68**	**4,133,458.75**
TOTAL ASSETS	**32,679,332.35**	**29,181,264.79**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	27,173,374.89	23,584,545.54
Total Accounts Payable	**27,173,374.89**	**23,584,545.54**
Other Current Liabilities		
Additional Payables and Accruals	366,210.85	372,699.69
Total Other Current Liabilities	**366,210.85**	**372,699.69**
Total Current Liabilities	**27,539,585.74**	**23,957,245.23**
Long Term Liabilities		

Unaudited & Unreviewed Balance Sheet

Period: 01/01/26..03/31/26

SHH Group, LLC and Subsidiaries

Fiscal Start Date: 01/01/26
All amounts are in USD.

Deferred License Fees LT	290,396.85	419,428.28
Long Term Debt/Note Payable	1,688,908.71	1,613,747.47
Total Long Term Liabilities	**1,979,305.56**	**2,033,175.75**
Total Liabilities	**29,518,891.30**	**25,990,420.98**
Equity		
Retained Earnings	-796,673.90	-605,374.44
Accumulated Other Comprehensive	58,449.09	58,449.09
Noncontrolling Interest	-3,097.29	-3,097.29
Shareholder's Equity	3,876,699.65	3,876,699.65
Current Earnings	25,063.50	-135,833.20
Total Equity	**3,160,441.05**	**3,190,843.81**
TOTAL LIABILITIES & EQUITY	**32,679,332.35**	**29,181,264.79**

Unaudited & Unreviewed Profit & Loss Statement

Period: 01/01/26..03/31/26

SHH Group, LLC and Subsidiaries

Fiscal Start Date: 01/01/26
All amounts are in USD.

Description	YTD	Prior YTD
Gross Profit		
Revenue	1,151,880.20	961,938.94
Cost of Goods Sold	76,397.95	66,503.68
Total Gross Profit	**1,075,482.25**	**895,435.26**
Operating Expenses		
Payroll & Benefits	579,626.09	518,207.64
Commission		
Administrative & Selling Expenses	153,143.30	168,888.61
Delivery Charges	290.38	278.95
Occupancy	4,862.82	4,094.97
Office Equipement	1,698.27	1,948.21
Repairs & Maintenance		
Office Supplies	25,465.60	27,201.12
Telephone/Internet Expenses	8,157.21	8,661.46
Travel Costs	11,990.82	21,224.09
Professional Fees	70,517.26	63,263.80

Unaudited & Unreviewed Profit & Loss Statement

Period: 01/01/26..03/31/26

SHH Group, LLC and Subsidiaries

Fiscal Start Date: 01/01/26
All amounts are in USD.

Training Expenses		
Bank Charges	19,305.38	15,472.12
Insurance Expense	18,444.94	17,918.32
Total Operating Expenses	**893,502.07**	**847,159.29**
Operating Profit	**181,980.18**	**48,275.97**
Other Income & Expenses		
Other Income & Expenses	152,973.14	180,089.32
Taxes	3,943.55	4,019.86
Bad Debt Expense		
Total Other Income & Expenses	**156,916.69**	**184,109.18**
Net Income	**25,063.49**	**-135,833.21**

EXHIBIT C-1

LIST OF FRANCHISEES

(as of December 31, 2025)

Alabama	
William (Bill) Chapin Sculpture of Shoals, Decatur, Cullman PO Box 1338 Cullman, AL 35056 Bus: 256-620-2575 Email: b.chapin@sculpturehospitality.com Regional: Global Office Locations: 1	Elizabeth McKee Sculpture of Alabama Gulf Coast PO Box 615 Loxley, AL 36551 Cell: 256-706-6740 E-mail: e.mckee@sculpturehospitality.com Regional: Global Office Locations: 1
Arizona	
Jon Sullivan Sculpture of Scottsdale, Tempe, Phoenix & Maricopa 46 E Lexington Avenue Gilbert, Arizona 85234Cell: 207-632-8953 Email: j.sullivan@sculpturehospitality.com Regional: Global Office Locations: 2	Eric Fried Sculpture Hospitality of North Phoenix 1702 E Bell Rd, Unit 109 Phoenix, AZ 85022 Cell: 602-349-3559 Email: e.fried@sculpturehospitality.com Regional: Global Office Locations: 1
Eric Corrales Sculpture Hospitality of Tucson 3849 E Broadway Blvd Ste 274 Tucson, AZ 85716 Cell: 520-465-4547 Email: e.corrales@sculpturehospitality.com Regional: Global Office Locations: 2	
Arkansas	
Brooks Howard Sculpture Hospitality of Arkansas 1408 Fianna Way, Fort Smith, AR 72908 Bus: 479-650-7078 Email: b.howard@sculpturehospitality.com Regional: Brooks Howard Locations: 1	Jonathan Urcuyo & Shannon Cromwell Sculpture Hospitality of Little Rock 1500 Wewoka Drive North Little Rock, AR 72116 Bus: 703-598-6508 Email: j.urcuyo@sculpturehospitality.com Regional: Brooks Howard Locations: 1

Russ McFarland Sculpture Hospitality of ArkLaTex 8220 Ava Lane Texarkana, TX 75503 Bus: 903-293-3107 Email: r.mcfarland@sculpturehospitality.com Regional: Brooks Howard Locations: 1	
California	
Marc Leader Sculpture Hospitality Hollywood, LA, Santa Monica, Newport Beach 8828 Cedar Street #1 Bellflower, CA 90706 Cell: 323-899-4948 Email: mleader@sculpturehospitality.com Regional: Global Office Locations: 4	Bill Robinson Sculpture Hospitality of San Diego 12785 Via Felino Del Mar, CA 92014 Bus: 619-342-4643 Email: wjr@sculpturehospitality.com Regional: Global Office Locations: 3
Peter and Deanette Norem Sculpture Hospitality Midtown 5600 Stanmore Way Elk Grove, CA 95758 Bus: 916-205-9381 Email: norem@sculpturehospitality.com Regional: Global Office Locations: 2	Kathleen Wakula Sculpture Hospitality of Anaheim & OC 11741 Ardis Dr. Garden Grove, CA 92841 Bus: 714-719-7946 Email: k.wakula@sculpturehospitality.com Regional: Global Office Locations: 2
Jennee Gregg & Taylor Fontana Sculpture Hospitality of Santa Cruz & Monterey 11 Meyer Drive Santa Cruz, CA 95060 Cell: 808-798-0931 Email: j.gregg@sculpturehospitality.com; t.fontana@sculpturehospitality.com Regional: Global Office Locations: 1	
Colorado	
Kosta Callas Sculpture Hospitality Denver Downtown 7793 West 95th Drive Westminster, CO 80021 Cell: 303-618-7404 Email: kostacallas@sculpturehospitality.com Regional: Global Office Locations: 1	Bryan Gieg Sculpture Hospitality Denver North 8492 W. 94th Pl Westminster, CO 80021 Bus: 303-355-4419 Cell: 720-253-3380 Email: bryang@sculpturehospitality.com Regional: Global Office Locations: 1

Florida	
Sean Morton Sculpture Hospitality West Florida 14512 21st Ave E Bradenton, FL 34212 Bus: 630-465-3366 Email: s.morton@sculpturehospitality.com Regional: Patrick Cottrell Locations: 3	Patrick Cottrell Sculpture Hospitality Tampa 11702 Osprey Pointe Blvd Clermont, FL 34711 Cell: 561-385-3372 Email: p.cottrell@sculpturehospitality.com Regional: Patrick Cottrell Locations: 9
Frank Castle Sculpture Hospitality of South Beach, Hollywood, Fort Lauderdale, and Pompano 5595 Orange Drive Suite 209 Davie, FL 33314 Bus: 954-822-3046 Email: fcastle@sculpturehospitality.com Regional: Patrick Cottrell Locations: 3	Jonathan Evans Sculpture of Gainesville & Ocala 8305 SW 62 Ln Gainesville, FL 32608 Cell: 352-745-0955 Email: j.evans@sculpturehospitality.com Regional: Patrick Cottrell Locations: 2
Andrew Syler Sculpture Hospitality of The Treasure Coast 7815 SE Windjammer Way Hobe Sound, FL 33455 Cell: 561-354-8399 Email: a.syler@sculpturehospitality.com Regional: Patrick Cottrell Locations: 1	Matt Winegeart Sculpture Hospitality of Greater Jacksonville 525 Margaret Street Neptune Beach, FL 32266 Bus: 904-673-7467 Email: m.winegeart@sculpturehospitality.com Regional: Patrick Cottrell Locations: 3
James Szaltis Sculpture Hospitality of Fort Walton & Destin 544 S. Mills Avenue Orlando, FL 32801 Cell: 407-810-2188 Email: j.szaltis@sculpturehospitality.com Regional: Patrick Cottrell Locations: 2	James Szaltis/Blake Lee Sculpture Hospitality of NE Orlando 544 S. Mills Avenue Orlando, FL 32801 Cell: 407-810-2188 / 904-469-9733 Email: j.szaltis@sculpturehospitality.com r.lee@sculpturehospitality.com Regional: Patrick Cottrell Locations: 2
Christine Edwards & Jordan Bryan Sculpture Hospitality of Volusia County 107 Black Bear Lane Palm Coast, FL 32137 Cell: 386-232-8469 Email: c.edwards@sculpturehospitality.com; j.bryan@sculpturehospitality.com Regional: Patrick Cottrell Locations: 1	

Charles Gerber Sculpture Hospitality of Naples 10014 Ancona St. Port Charlotte, FL 33981 Cell: 386-983-2549 Email: c.gerber@sculpturehospitality.com Regional: Patrick Cottrell Locations: 1	Tim Beard Sculpture Hospitality of North Florida 1232 Greensward Dr. Tallahassee, FL 32312 Bus: 850-228-7004 Email: t.beard@sculpturehospitality.com Regional: Patrick Cottrell Locations: 1
Raj Patel Sculpture Hospitality of Pasco 13109 Royal George Ave. Tampa, FL 33556 Cell: 407-496-1205 Email: r.patel@sculpturehospitality.com Regional: Patrick Cottrell Locations: 1	
Georgia	
Colin Ebdon Sculpture Hospitality West Georgia 3659 Springwell Ct Douglasville, GA 30135 Bus: 770-823-8574 Email: cebdon@sculpturehospitality.com Regional: Global Office Locations: 1	Thomas Allen Sculpture Hospitality of Alpharetta 2085 Azalea Drive Roswell, GA 30075 Cell: 248-763-3791 Email: t.allen@sculpturehospitality.com Regional: Global Office Locations: 1
Kevin Guess Sculpture Hospitality of South Metro Georgia 74 Common Oak Senoia, GA 30276 Bus: 678-490-1669 Email: kguess@sculpturehospitality.com Regional: Global Office Locations: 1	John Gable Sculpture Hospitality East Georgia 1060 Dogwood Hill Watkinsville, GA 30677 Cell: 478-387-8343 Email: j.gable@sculpturehospitality.com Regional: Global Office Locations: 1
Hawaii	
Reuben & Karen Balmores Sculpture Hospitality of Hawaii 3686 Ulu Alii Place Kalaheo, HI 96741 Cell: 808-635-8678 Email: kauai@sculpturehospitality.com Regional: Reuben & Karen Balmores Locations: 1	

Idaho	
Julie Suitter Sculpture Hospitality of Idaho 311 Village Dr PMB 3162 Donnelly, ID 83615 Bus: 208-867-9518 Email: j.suitter@sculpturehospitality.com Regional: Global Office Locations: 1	
Illinois	
Ken Gillie Sculpture Hospitality of Illinois 621 Timber Ridge Dr Bartlett, IL 60103 Cell: 773-454-1300 Email: kgillie@sculpturehospitality.com Regional: Ken Gillie Locations: 3	Timothy Giglio Sculpture Hospitality Orland Park 1000 Village Center Dr #215 Burr Ridge, IL 60527 Bus: 708-508-1950 Email: tgiglio@sculpturehospitality.com Regional: Ken Gillie Locations: 1
Timothy Giglio/Jon Kerfman Sculpture Hospitality Naperville 1000 Village Center Dr #215 Burr Ridge, IL 60527 Bus: 708-508-1950 Email: tgiglio@sculpturehospitality.com jkerfman@sculpturehospitality.com Regional: Ken Gillie Locations: 1	Matt Piemontese Sculpture Hospitality of Chicago North 2923 W. Jerome St. Chicago, IL 60645 Cell: 773-416-3393 Email: m.piemontese@sculpturehospitality.com Regional: Ken Gillie Locations: 2
Anthony Miller Sculpture Hospitality of SW Chicago 4944 South Michigan Ave, #2 Chicago, IL 60615 Cell: 773-548-8766 Email: a.miller@sculpturehospitality.com Regional: Ken Gillie Locations: 2	Ashley Bennett Sculpture Hospitality Lake County 34920 N Oakside Ave Ingleside, IL 60041 Cell: 847-951-9495 Email: a.bennett@sculpturehospitality.com Regional: Ken Gillie Locations: 1
Pete Johnson Sculpture Hospitality of Chicago South 5364 W 90th St. Oak Lawn, IL, 60453 Cell: 708-821-3866 E-mail: p.johnson@sculpturehospitality.com Regional: Ken Gillie Locations: 1	Emily Kahan Sculpture Hospitality of Illinois 90 Picardy Lane Wheeling, IL 60090 Bus: 847-373-6459 Email: e.kahan@sculpturehospitality.com Regional: Ken Gillie Locations: 1

Indiana	
Scott Lands/The Lands Group LLC Sculpture Hospitality of Indianapolis 2425 E County Road 800 S Clayton, IN 46118 Cell: 317-828-0170 Email: s.lands@sculpturehospitality.com Regional: Charles Deibel Locations: 1	
Kansas	
Brian Carr Sculpture Hospitality of Wichita P.O. Box 173 Colwich, KS 67030 Bus: 260-740-1717 Email:b.carr@sculpturehospitality.com Regional: Joe English Locations: 1	Michael Tolba & Angelique Hilsinger Sculpture Hospitality of Kansas City, North & South 10339 E 61st Apt 1 Raytown, MO 64133 Bus: 913-633-2787 Email: KansasCity.KS@sculpturehospitality.com Regional: Joe English Locations: 1
Kentucky	
Andrew Knoble Sculpture Hospitality of Northern Kentucky & Northern Cincinnati P.O. Box 188014, Erlanger, KY 41018 Cell: 859-393-1965 Email: aknoble@sculpturehospitality.com Regional: Charles Deibel Locations: 1 (also 1 in OH)	Steve Humkey Sculpture Hospitality of Lexington 61 Summertree Court Nicholasville, KY 40356 Cell: 859-539-1994 Email: s.humkey@sculpturehospitality.com Regional: Charles Deibel Locations: 1
Louisiana	
Joe English Sculpture Hospitality of Louisiana 17612 Taylor Street Omaha, NE 68116 Cell: 402-880-7337 Email: j.english@sculpturehospitality.com Regional: Global Office Locations: 2 (also 2 in NE and 2 in NV)	

Maine	
Phillip Badger Sculpture Hospitality of Maine 122 Crestview Drive Portland, ME 04103 Bus: 607-760-7526 Email: p.badger@sculpturehospitality.com Regional: Joe English Locations: 1	
Massachusetts	
Joseph Salerno Sculpture Hospitality of Essex County 16 Dunham Road Beverly, MA 01915 Bus: 781-608-1000 Email: jsalerno@sculpturehospitality.com Regional: Chris Evans Locations: 1	Chris Evans Sculpture Hospitality of MA, CT, RI 35 Marlborough Street Unit 7 Boston, MA 02116 Bus: 617-460-3333 Email: chrisevans@sculpturehospitality.com Regional: Chris Evans Locations: 1
Joe Dwyer Sculpture Hospitality of Plymouth PO Box 1042 Marshfield, MA 02050 Bus: 781-812-8565 Email: j.dwyer@sculpturehospitality.com Regional: Chris Evans Locations: 1	Timm Ciampolillo Sculpture Hospitality of Northern Middlesex County 29 Grove St. Millis, MA 02054 Bus: 617-733-0759 Email: t.ciampolillo@sculpturehospitality.com Regional: Chris Evans Locations: 1
Riley Sanders Sculpture Hospitality Bristol County 2874 Riverside Avenue Somerset, MA 02726 Cell: 401-497-3519 Email: rileysanders@sculpturehospitality.com Regional: Chris Evans Locations: 1	Kurt Friel Sculpture Hospitality of Southern Worcester 35 Dudley Rd. Sutton, MA 01590 Cell: 774-287-3236 Email: k.friel@sculpturehospitality.com Regional: Chris Evans Locations: 1
Michigan	
Bryan Boyadjian Sculpture Hospitality of Michigan 33764 York Ridge Farmington Hills, MI 48331 Cell: 248-320-9980 Email: bryanb@sculpturehospitality.com Regional: Global Office Locations: 1	Harry Torigian Sculpture Hospitality of Southern Michigan 39581 Hees Street Livonia, MI 48150 Bus: 734-754-4243 Email: h.torigian@sculpturehospitality.com Regional: Global Office Locations: 1

Missouri	
Mitchal Majors Sculpture Hospitality of Missouri 1440 Hwy 248 S Ste. Q #168 Branson, MO 65616 Bus: 479-305-4568 Email: m.majors@sculpturehospitality.com Regional: Mitchal Majors Locations: 3	Zane Campbell Sculpture Hospitality of St. Louis 1146 North Geyer Rd Kirkwood, MO 63122 Cell: 314-288-5983 Email: zanecampbell@sculpturehospitality.com Regional: Mitchal Majors Locations: 1
Nebraska	
Joe English Sculpture Hospitality of Omaha 17612 Taylor Street Omaha, NE 68116 Cell: 402-880-7337 Email: j.english@sculpturehospitality.com Regional: Lee Morris Locations: 2 in NE (also 2 in NV, and 2 in LA)	
Nevada	
Joe English Sculpture Hospitality of Las Vegas 17612 Taylor Street Omaha, NE 68116 Cell: 402-880-7337 Email: j.english@sculpturehospitality.com Regional: Global Office Locations: 2 in NV (also 2 in NE, and 2 in LA)	Duane Upton Sculpture Hospitality of Reno 1120 W Peckham Ln Reno, NV 89509 Bus: 775-746-2806 Cell: 775-232-6488 Email: dupton@sculpturehospitality.com Regional: Global Office Locations: 1
New Jersey	
Thomas Quinn Sculpture Hospitality Hawthorne 130 Glen Avenue Glen Rock, NJ 07452 Bus: 973-809-9289 Email: TomQuinn@sculpturehospitality.com Regional: Kyle Davis and Mark Rubenstein Locations: 1	Kevin Durkin Sculpture Hospitality of Haddonfield 128 Ardmore Ave. Haddonfield, NJ 08033 Cell: 609-238-4984 Email: kdurkin@sculpturehospitality.com Regional: Kyle Davis and Mark Rubenstein Locations: 1 in NJ (also 1 in PA)
Marc Zanetti Sculpture Hospitality of Jersey City 5 Richmond Road Stanhope, NJ 07874 Business: 973-876-2223 Email m.zanetti@sculpturehospitality.com Regional: Kyle Davis and Mark Rubenstein Locations: 1	Doug Weinberg Sculpture Hospitality of North Jersey 27 Lake Drive Stanhope, NJ 7874 Bus: 917-842-2674 Email:dougweinberg@sculpturehospitality.com Regional: Kyle Davis and Mark Rubenstein Locations: 2

Kyle Davis & Mark Rubenstein Sculpture Hospitality of Ocean County 104 Christie Lane Kennett Sq., PA 19348 Cell: 610-505-4002 Email: kyledavis@sculpturehospitality.com; markr@sculpturehospitality.com Regional: Kyle Davis and Mark Rubenstein Locations: 1 (also 1 in PA)	
New Mexico	
Alicia Reynolds Sculpture Hospitality of Albuquerque 1531 Eagle Ridge Dr NE Albuquerque, NM 87122 Cell: 505-235-4864 Email: areynolds@sculpturehospitality.com Regional: Global Office Locations: 1	
New York	
Gary Janish Sculpture Hospitality of Western NY 774 N. French Rd. Buffalo, NY 14228 Bus: 716-480-4484 Email: g.janish@sculpturehospitality.com Regional: George Jinargyros Locations: 2	
North Carolina	
Mark/Katherine Davis & Steve Tripp Sculpture Hospitality of Triad 2207 Helens Way Brentwood, TN 37027 Bus: 336-312-1734 Email: stripp@sculpturehospitality.com; mdavis@sculpturehospitality.com Regional: Mark/Katherine Davis Locations: 1	Bill Hayes Sculpture Hospitality of Metrolina 8707 Great Bear Court Charlotte, NC 28269 Bus: 919-360-1967 Email: b.hayes@sculpturehospitality.com Regional: Mark/Katherine Davis Locations: 1
Jason Cottrell Sculpture Hospitality of Carolina Central 16117 Kelly Park Circle Huntersville, NC 28078 Cell: 704-550-6757 Email: j.cottrell@sculpturehospitality.com Regional: Mark/Katherine Davis Locations: 1	Frank Sulloway Sculpture Hospitality of the Cape Fear 6015 Northbend Road Wilmington, NC 28411 Bus: 910-297-1030 Email: f.sulloway@sculpturehospitality.com Regional: Mark/Katherine Davis Locations: 1

Jason & Patrick Cottrell Sculpture Hospitality of Charlotte 16117 Kelly Park Circle Huntersville, NC 28078 Cell: 704-550-6757 Email: j.cottrell@sculpturehospitality.com; p.cottrell@sculpturehospitality.com Regional: Mark/Katherine Davis Locations: 1	Mark/Katherine Davis Sculpture Hospitality of Triangle 2207 Helens Way Brentwood, TN 37027 Bus: 336-312-1734 Email: mdavis@sculpturehospitality.com Regional: Mark/Katherine Davis Locations: 1
North Dakota	
Chad Griffin Sculpture Hospitality of North Dakota 30969 Twin Lakes Rd Battle Lake, MN 56515 Cell: 763-229-7969 Email:c.griffin@sculpturehospitality.com Regional: Lee Morris Locations: 1	
Ohio	
Mike Kelly Sculpture Hospitality of Western Cleveland 4403 Wolff Drive Brunswick, OH 44212 Bus: 216-702-2820 Email: mikekelly@sculpturehospitality.com Regional: Charles Deibel Locations: 1	Andrew Phillips and Jay McNally Sculpture Hospitality of Lake County 7594 Apple Blossom Lane Chesterland, OH 44026 Bus: 440-342-8455 Email: a.phillips@sculpturehospitality.com Regional: Charles Deibel Locations: 1
Tim Morse Sculpture Hospitality Cincinnati 6824 Hurd Ave. Cincinnati, OH 45208 Cell: 513-236-7904 Email: t.morse@sculpturehospitality.com Regional: Charles Deibel Locations: 1	Christa & Rick Metzger Sculpture Hospitality Columbus East 51 N High St Suite 804 Columbus Ohio, 43215 Bus: 614-738-5408 Email: c.metzger@sculpturehospitality.com Regional: Charles Deibel Locations: 1
Charles Deibel Sculpture Hospitality of Ohio 1463 West 1st Ave. Columbus, OH 43212 Bus: 614-488-8218 Cell: 614-306-5654 Email: deibel@sculpturehospitality.com Regional: Charles Deibel Locations: 1	Brian Meisterics Sculpture Hospitality Cleveland 1446 Cohassett Ave. Lakewood, OH 44107 Bus: 216-870-0350 Email: bameisterics@sculpturehospitality.com Regional: Charles Deibel Locations: 1

Steve Pataky Sculpture Hospitality of Lorain County 38836 Watson Ave. North Ridgeville, OH 44039 Cell: 239-633-1482 Email: s.pataky@sculpturehospitality.com Regional: Charles Deibel Locations: 1	Todd Puckett 155 N Church St Oak Harbor, OH 43449 Cell: 419-544-2277 Email: tpuckett@sculpturehospitality.com Regional: Charles Deibel Locations: 1
Jason Farell Sculpture Hospitality Westlake 38225 Springdale Drive North Ridgeville, OH 44039 Bus: 440-915-7721 Email: j.farrell@sculpturehospitality.com Regional: Charles Deibel Locations: 1	Brian Pohl Sculpture Hospitality of Dayton & The Miami Valley 976 Antioch School Road Vandalia, OH 45377 Bus: 937-545-7231 Email: brian.pohl@sculpturehospitality.com Regional: Charles Deibel Locations: 1
Brian Pohl / Andrew Knoble Sculpture Hospitality of Northern Cincinnati 976 Antioch School Road Vandalia, OH 45377 Bus: 937-545-7231 / 859-393-1965 Email: brian.pohl@sculpturehospitality.com; aknoble@sculpturehospitality.com Regional: Charles Deibel Locations: 1	Michael Caggiati Sculpture Hospitality Akron-Canton 196 Ry Rd Wadsworth, OH 44281 Cell: 330-671-8005 Email: m.caggiati@sculpturehospitality.com Regional: Charles Deibel Locations: 1
Jim Watson & Eric Lind Sculpture Hospitality of Zanesville/Granville 1947 Linden Ave., Zanesville, OH 43701 Bus: 614-454-1513 Email: Zanesville@sculpturehospitality.com Regional: Charles Deibel Locations: 1	
Oklahoma	
Lee Morris Sculpture Hospitality of Oklahoma, North & South Dakota & Nebraska 1001 Montreal Drive Yukon, OK 73099 Bus: 405-740-6759 Email: leemorris@sculpturehospitality.com Regional: Lee Morris Locations: 2	Lee Morris & Jeremy Garner Sculpture Hospitality of Tulsa 1001 Montreal Drive Yukon, OK 73099 Bus: 405-740-6759 Email: leemorris@sculpturehospitality.com; j.garner@sculpturehospitality.com Regional: Lee Morris Locations: 1

Oregon	
Nathan Bahr Sculpture Hospitality Eugene 12439 Quarry Town Road Ste. Genevieve, MO 63670 Cell: 541-914-0189 Email: n.bahr@sculpturehospitality.com Regional: Global Office Locations: 1	
Pennsylvania	
Kyle Davis 104 Christie Lane Kennett Sq., PA 19348 Cell: 610-505-4002 Email: kyledavis@sculpturehospitality.com Regional: Kyle Davis & Mark Rubenstein Locations: 1 (also 1 in NJ)	Kevin Durkin Sculpture Hospitality of Haddonfield 128 Ardmore Ave. Haddonfield, NJ 08033 Cell: 609-238-4984 Email: kdurkin@sculpturehospitality.com Regional: Kyle Davis and Mark Rubenstein Locations: 1 (also 1 in NJ)
Rhode Island	
Brandy Power Sculpture Hospitality of Rhode Island 413 Central Avenue, #12-102 Pawtucket, RI 02861 Bus: 401-490-1490 Email: b.power@sculpturehospitality.com Regional: Chris Evans Locations: 4	
South Carolina	
Robert Hiller & Mark Miller Sculpture Hospitality Charleston & Upstate PO Box 4677 Greenville, SC 29608 Cell: 828-551-9945 Email: r.hiller@sculpturehospitality.com; m.miller@sculpturehospitality.com Regional: Mark & Katherine Davis Locations: 4	Derek Wilson Sculpture Hospitality of Myrtle Beach 1229 38th Avenue North, #208 Myrtle Beach, SC 29577 Cell: 252-347-3613 Email: d.wilson@sculpturehospitality.com Regional: Mark & Katherine Davis Locations: 1
Keely Dial Sculpture Hospitality of Columbia 66 Hamms Landing Road Newberry, SC 29127 Cell: 803-629-7558 Email: k.dial@sculpturehospitality.com Regional: Mark & Katherine Davis Locations: 1	

South Dakota	
Wade Miller Sculpture Hospitality of South Dakota 1920 S. Fox Trail Sioux Falls, SD 57103 Cell: 605-728-2506 Email: w.miller@sculpturehospitality.com Regional: Lee Morris Locations: 1	
Tennessee	
Michael Mosteller Sculpture Hospitality of West Tennessee 2823 Elmore Park Road Bartlett, TN 38134 Cell: 901-301-2908 Email: michaelm@sculpturehospitality.com Regional: Mark Davis & Mark Rubenstein Locations: 1	Mark Rubenstein & Mark Davis Sculpture Hospitality of Tennessee 9412 Lake Shore Drive Brentwood, TN 37027 Cell: 615-394-7138 markr@sculpturehospitality.com; mdavis@sculpturehospitality.com Regional: Mark Davis & Mark Rubenstein Locations: 2
Matt Vance Sculpture Hospitality of Eastern Tennessee 4301 Candora Ave Apt. 1 Knoxville, TN 37920 Bus: 865-406-1593 Email: m.vance@sculpturehospitality.com Regional: Mark Davis & Mark Rubenstein Locations: 1	Paula Moore Sculpture Hospitality of Chattanooga 732 Woodcraft Drive Nashville, TN 37214 Cell: 615-631-0443 Email: paulamoore@sculpturehospitality.com Regional: Mark Davis & Mark Rubenstein Locations: 1
Texas	
Tristen Jones Sculpture Hospitality of North Austin, San Marcos & Braunfels 104 Clara Rose Ct Austin, TX 78717 Bus: 208-794-8451 Email: t.jones@sculpturehospitality.com Regional: Joe English Locations: 4	Anh Tran Sculpture Hospitality of Tarrant County and Arlington 801 W 5th St, 2711 Austin, TX 78703 Bus: 512-767-4070 Email: a.tran@sculpturehospitality.com Regional: Joe English Locations: 4
Matthew Herrera Sculpture Hospitality of Houston Heights/West Central Houston 1770 S Post Oak Lane, Apt. 2404 Houston, TX 77056 Cell: 832-398-1541 Email: m.herrera@sculpturehospitality.com Regional: Joe English Locations: 2	Luis Zavala Sculpture Hospitality Deep South Texas 1006 Rio Grande Dr. Mission, TX 78572 Cell: 956-445-2182 Email: lzavala@sculpturehospitality.com Regional: Joe English Locations: 3

Heather Fahle Sculpture Hospitality North Texas 580 Pearl Cove Oak Point, TX 75068 Cell: 214-529-3116 Email: heatherf@sculpturehospitality.com Regional: Joe English Locations: 1	Betty Murphy Sculpture Hospitality Tri County 12425 32nd St Santa Fe, TX 77510 Cell: 281-460-3504 E-mail: b.murphy@sculpturehospitality.com Regional: Joe English Locations: 1
Virginia	
Gene Arrington Sculpture Hospitality of Northern Virginia 5100 High Roack Rd. Apt 123 Fredericksburg, VA 22407 Cell: 757-777-8705 Email: g.arrington@sculpturehospitality.com Regional: Global Office Locations: 3	Mark Manson Sculpture Hospitality of S.W. Virginia 434 King George Avenue Roanoke, VA 24016 Cell: 540-397-0332 Email: mmanson@sculpturehospitality.com Regional: Global Office Locations: 1
Adam Pearson Sculpture Hospitality of Eastern Virginia 576 N. Birdneck Rd #603 Virginia Beach, VA 23451 Cell: 757-332-4471 Email: tidewater@sculpturehospitality.com Regional: Global Office Locations: 1	
Washington	
Don Merriman Sculpture Hospitality of Spokane 2624 East Rowan Ave. Spokane, WA 99217 Bus: 509-990-2201 Email: spokane@sculpturehospitality.com Regional: Global Office Locations: 1	
Wisconsin	
Greg Clark Sculpture Hospitality Brew City 1980 Jan Ave. Waukesha, WI 53188 Cell: 262-894-8932 Email: gregclark@sculpturehospitality.com Regional: Global Office Locations: 2	

EXHIBIT C-2

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

(as of December 31, 2025)

Franchisee	City	State	Telephone Number	Units	Category
Doug Demmons	South Birmingham	Alabama	205-969-3271	1	Non-Renewal by Franchisee
Mitchal Majors*	North Kansas City	Missouri	479-305-4568	1	Non-Renewal by Franchisee
Piyush Adhiya	West Fort Lauderdale	Florida	305-988-7214	1	Non-Renewal by Franchisee
John Carter	St. Tammany County & New Orleans	Louisiana	504-915-4408	2	Transfer
Ian Foster	Silicon Valley	California	619-620-8231	1	Reacquired by Franchisor
Amber Lamote	Auburn & North Birmingham	Alabama	256-735-1912	2	Reacquired by Franchisor
Amber Lamote	Dekalb, Cherokee & St. Simon Islands	Georgia	256-735-1912	3	Reacquired by Franchisor

*Continues to operate Sculpture Hospitality Businesses

EXHIBIT D

INFORMATION ABOUT OUR REGIONAL DIRECTORS

(as of December 31, 2025)

ITEM 2
BUSINESS EXPERIENCE

The business experience of our Regional Directors is included below in the list of current Regional Directors.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item for Regional Directors.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item for Regional Directors.

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

The experience of our Regional Directors who may provide training on our behalf is included below in the list of current Regional Directors.

ARKANSAS
Brooks Howard Sculpture Hospitality of Arkansas 1408 Fianna Way Fort Smith, AR 72908 Bus: (479) 650-7078 Email b.howard@sculpturehospitality.com Territory: Arkansas Mr. Howard has been a Sculpture Hospitality Regional Director in Fayetteville, Arkansas since July 2010.
FLORIDA
Patrick Cottrell Sculpture Hospitality Tampa 11702 Osprey Pointe Blvd Clermont FL 34711 Cell: (561) 385-3372 Email: p.cotrell@sculpturehospitality.com Territory: Florida Mr. Cottrell has been a Sculpture Hospitality Regional Director and President of B. Profit Solutions LLC in Clermont, Florida since 2010.
HAWAII
Reuben & Karen Balmores Sculpture Hospitality of Hawaii 3686 Ulu Alii Place, Kalaheo, HI 96741 Bus: (808) 332-7181 Cell: (808) 635-8678 Email: kauai@sculpturehospitality.com Territory: Hawaii Mr. and Mrs. Balmores have been Sculpture Hospitality Regional Directors in Kalaheo, Hawaii since May 2001.
ILLINOIS
Ken Gillie Sculpture Hospitality of Illinois 621 Timber Ridge Dr Bartlett, IL 60103 Bus: (773) 454-1300 Cell: (773) 454-1300 Email: kengillie@sculpturehospitality.com Territory: Illinois Mr. Gillie has been a Sculpture Hospitality Regional Director and President of Gillie Enterprises Inc. in Bartlett, Illinois since June 2006.

IOWA / KANSAS / / MAINE / NEW HAMPSHIRE / TEXAS / VERMONT
Joe English 17612 Taylor Street Omaha, NE 68116 Bus: (402) 880-7337 Email: j.english@sculpturehospitality.com Territory: Iowa, Kansas, Maine, New Hampshire, Texas & Vermont Mr. English has been a Sculpture Hospitality Regional Director and President of Maximum Bev, Inc. in Omaha, Nebraska since 2013.
MASSACHUSETTS / CONNECTICUT / RHODE ISLAND
Chris Evans Sculpture Hospitality of MA, CT, RI 20 Ship Ave., Suite 34 Medford, MA 02155 Bus: (781) 396-1177 Cell: (617) 771-1717 Email: chrisevans@sculpturehospitality.com Territory: Massachusetts, Connecticut & Rhode Island Mr. Evans has been a Sculpture Hospitality Regional Director and President of Liquor Control Corporation in Medford, Massachusetts since November 1992.
MISSOURI
Mitchal Majors Sculpture Hospitality of Missouri 418 W Meadow Fayetteville, AR 72701 Bus: (417) 499-9391- Michael Email: m.majors@sculpturehospitality.com Territory: Missouri Mr. Majors has been a Sculpture Hospitality Regional Director and Owner of Hospitality Protection, LLC in Branson, Missouri since January 2018.
NEW JERSEY / PENNSYLVANIA
Kyle Davis and Mark Rubenstein Sculpture Hospitality 3058 Booth Drive Garnett Valley, PA 19060 Bus: (610) 505-4002 and (615) 394-7138 Email: kyledavis@sculpturehospitality.com and markr@sculpturehospitality.com Territory: New Jersey & Pennsylvania Mr. Davis has been a Sculpture Hospitality Regional Director and Director of Operations for Tri-State Hospitality Services, LLC in Garnett Valley, Pennsylvania since April 2016.

NEW YORK
George Jinargyros Sculpture Hospitality of New York State 149 Washburn Island Road Little Britain, ON K0M 2C0 Cell: (416) 801-3446 Email: george@sculpturehospitality.com Territory: New York Mr. Jinargyros has been a Sculpture Hospitality Regional Director and Owner of Liquor Control Services, Inc. in New York since 1999.
OHIO/INDIANA/KENTUCKY
Charles J. Deibel Sculpture Hospitality of Indiana, Kentucky & Ohio 1463 W. 1st Ave Columbus, OH 43212 Bus: (614) 488-8218 Cell: (614) 306-5654 Email: deibel@sculpturehospitality.com Territory: Ohio, Indiana & Kentucky Mr. Diebel has been a Sculpture Hospitality Regional Director and Owner of Charles J. Deibel Company in Columbus, Ohio since 1994.
OKLAHOMA/NEBRASKA/NORTH DAKOTA/SOUTH DAKOTA
Lee Morris Sculpture Hospitality of Oklahoma City 1001 Montreal Drive Yukon, OK 73099 Bus: (405) 354-9398 Cell: (405) 740-6759 Email: leemorris@sculpturehospitality.com Regional: Lee Morris Territory: Oklahoma, Nebraska, North Dakota & South Dakota Mr. Morris has been a Sculpture Hospitality Regional Director and President of Raise The Bar Profits Inc. in Yukon, Oklahoma since December 2006.
NORTH CAROLINA / SOUTH CAROLINA
Mark & Katherine Davis Sculpture Hospitality of North & South Carolina 240 Great Circle Road, Suite 344 Nashville, TN 37228 Cell: (336) 312-1734 Email: mdavis@sculpturehospitality.com; kdavis@sculpturehospitality.com Territory: North Carolina & South Carolina Mr. Davis has been a Sculpture Hospitality Regional Director in Nashville, Tennessee and a Member of Pouring Profits LLC in Greensboro, North Carolina since May 1997.

TENNESSEE
Mark Rubenstein and Mark Davis Sculpture Hospitality of Tennessee 240 Great Circle Road, Suite 344 Nashville, TN 37228 Cell: (615) 394-7138 Email: markr@sculpturehospitality.com; mdavis@sculpturehospitality.com Territory: Tennessee Mr. Rubenstein has been a Sculpture Hospitality Regional Director and a Member of Marktini LLP in Nashville, Tennessee since 1994.

EXHIBIT E

STATE SPECIFIC ADDENDUM

ADDENDUM TO
SHH GROUP, LLC
DISCLOSURE DOCUMENT FOR THE
STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, AND WISCONSIN

The following provision applies only to franchisees and Sculpture Hospitality Franchised Businesses that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and/or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (1) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (2) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the Franchised Business.

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000 31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for SHH Group, LLC in connection with the offer and sale of licenses for use in the State of California shall be amended to include the following:

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. Item 3, "Litigation," shall be supplemented by the addition of the following paragraph after the first paragraph of the Item:

> Neither we, nor any person identified in Item 2, is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as the result of a concluded or pending action or proceeding brought by a public agency, or to any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by the addition of the following paragraphs at the end of the Item:

> California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
>
> The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.).
>
> The Franchise Agreement requires application of the laws of the State of Delaware. This provision may not be enforceable under California law.
>
> The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
>
> The Franchise Agreement requires binding arbitration. The arbitration will occur in Chicago, Illinois with the costs being borne equally by us and you. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

4. Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the Corporations Code requires the franchisor to file a material modification application

with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

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

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

7. We may be required to comply with the requirements set forth in the Alcoholic Beverage Control Act.

8. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 428E-, et seq., the Franchise Disclosure Document for SHH Group, LLC for use in the State of Hawaii shall be amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. Item 17 shall be supplemented by the addition of the following language at the end of the Item:

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

2. Exhibit J (Franchisee Disclosure and Compliance Questionnaire) to the Franchise Disclosure Document is hereby deleted in its entirety.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2 2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, the Franchise Disclosure Document for SHH Group, LLC for use in the State of Indiana shall be amended as follows:

1. Item 8, "Restrictions on Sources of Products and Services," shall be amended by the addition of the following language:

Any benefits derived as a result of a transaction with suppliers for Indiana franchisees will be kept by us as compensation for locating suppliers and negotiating prices for you.

2. Item 12, "Territory," shall be amended by the addition of the following paragraph:

We will not compete unfairly with you within a reasonable area.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs at the end of the Item:

The Indiana Deceptive Franchise Practices Act requires that any release executed by a Franchisee or transferor must not include any claims arising under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act.

The Indiana Deceptive Franchise Practices Act requires that Indiana law govern any cause of action which arises under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act.

The Indiana Code 23-2-2.7-1 (9) requires that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

4. No release language set forth in the Disclosure Document or the Franchise Agreement shall relieve us or any other person directly or indirectly from liability imposed by the laws concerning franchising of the State of Indiana.

5. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum to the Disclosure Document.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §14-201 et. seq. (2010 Repl. Vol. and Supp. 2012), Item 17 of the Franchise Disclosure Document for SHH Group, LLC for use in the State of Maryland shall be amended as follows:

1. Item 5 is amended as follows:

Based on our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you to us shall be deferred until we complete our pre-opening obligations under the Franchise Agreement.

2. The general release language required as a condition of renewal, sale and/or assignment or transfer shall apply except for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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

5. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of your franchise. Any limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the three-year statute of limitations afforded you for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

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

7. Your acknowledgments or representations made in Section XXVIII of the Franchise Agreement, which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law, are not intended to nor shall they act as release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

8. Each provision of this Addendum 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. BUS. REG. CODE ANN. §14-201 et. seq. (2010 Repl. Vol. and Supp. 2012), are met independently without reference to this Addendum to the Disclosure Document.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document for SHH Group, LLC for use in the State of Minnesota shall be amended to include the following:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. Item 13 of the Disclosure Document and Section VI of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

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

2. Item 17 of the Disclosure Document and Section XII of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Stat. Sec. 80c.14, Subd.3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Disclosure Document."

3. Item 17 of the Disclosure Document and Section XXIII.B. of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> Minn. Stat. Sec. 80C.21 and Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of jurisdiction.

4. Item 17 of the Disclosure Document and Sections II.C. and XI.B. of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

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

5. Section XVIII.D of the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

6. Subsection XVIII.F of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this Addendum to the Disclosure Document.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT G OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following language is added to the end of Item 3 of the Franchise Disclosure Document:

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is

subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 5 of the Franchise Disclosure Document:

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

5. The following language replaces the "Summary" section of Item 17(d) of the Franchise Disclosure Document, titled Termination by franchisee:

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

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

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

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

8. Receipts. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the Franchise Disclosure Document for SHH Group, LLC for use in the State of Rhode Island shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraph at the end of the Item:

> § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this Addendum to the Disclosure Document.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Virginia Retail Franchising Act, Va. Code Ann. § 13.1-564, the Franchise Disclosure Document for SHH Group, LLC for use in the State of Virginia shall be amended as follows:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act (the "**Act**"), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the 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.

2. Item 17.r. of the Franchise Disclosure Document shall be amended to add the following:

Effective as of July 1, 2026, under subdivision A 4 of § 13.1-563 of the Act, it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

3. Item 17.w. of the Franchise Disclosure Document shall be amended to add the following:

Effective as of July 1, 2026, under subsection D of § 13.1-559 of the Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

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

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Initial Franchise Fee Deferral**.

Item 5 is amended as follows:

Based on our financial condition, the Washington Securities Division has required a financial assurance. In lieu of an impound of franchise fees, we will not require or accept the payment of any initial franchise fees until (a) you have received all initial training that you are entitled to under the Franchise Agreement or disclosure document, and (b) your Franchised Business is open for business.

EXHIBIT F

GENERAL RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20___ by and between SHH Group, LLC, a Delaware limited liability company having its principal place of business located at 505 Consumers Road, Suite 307, Toronto, Ontario, Canada M2J 4V8 (the "Franchisor"), and _____, an individual residing at _____ _____ OR _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**: Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent entity, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. The law of the state and county in which our headquarters are then located shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. This Release shall not apply to any claims arising under the Washington Franchise Protection Act, RCW 19.100, and the rules adopted thereunder.

6. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed the county and state in which our headquarters are then located.

7. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:

RELEASOR:

_____

_____
(Name)

Witness

SHH GROUP, LLC

_____

By:_____
Name:_____
Title:_____

EXHIBIT G

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

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

CALIFORNIA:

Department of Financial Protection and Innovation:
320 West 4th Street, Suite 750
Los Angeles, CA 90013
(213) 576-7500; Toll Free (866) 275-2677

651 Bannon Street, Suite 300
Sacramento, CA 95811
(916) 445-7205

1455 Frazee Road, Suite 315
San Diego, CA 92108
(619) 525-4233

One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559

(agent for service of process)

Commissioner of Financial Protection and Innovation

CONNECTICUT

State of Connecticut
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230

Agent: Banking Commissioner

HAWAII
(state administrator)

Business Registration Division
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(agent for service of process)

Commissioner of Securities
State of Hawaii
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

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

INDIANA

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

MARYLAND
(state administrator)

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

(for service of process)
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN
(state administrator)

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

(for service of process)
Corporations Division
Bureau of Commercial Services
Department of Labor and Economic Growth
P.O. Box 30054
Lansing, Michigan 48909

MINNESOTA
(state administrator)

Minnesota Department of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1500

(for service of process)
Minnesota Commissioner of Commerce

NEW YORK
(state administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

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

NORTH DAKOTA
(for service of process)

Insurance Commissioner
North Dakota Insurance & Securities Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505-0510
(701) 328-2910

(state agency)

North Dakota Insurance & Securities Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505-0510
(701) 328-2910

OREGON

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Division of Securities
Rhode Island Dept. of Business Regulation
John O. Pastore Complex – Bldg. 69 1
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9500

SOUTH DAKOTA

South Dakota Department of Labor & Regulation
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

(for service of process)
Director of the Division of Insurance

VIRGINIA

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

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

WASHINGTON
(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

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

WISCONSIN
(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT H

PROMISSORY NOTE

$_____ _____ /_____

Date _____

FOR VALUE RECEIVED, the undersigned, _____ ("Maker"), a _____maintaining an office at _____ hereby promises to pay to the order of SHH Group, LLC ("Payee"), a limited liability company maintaining an office at 505 Consumers Road, Suite 307, Toronto, Ontario, Canada M2J 4V8, the principal sum of _____, and __/100 ($) Dollars and the interest sum of_____ and __/100 ($) dollars. Said principal shall be payable with interest thereon at the rate of eight percent (8%) per annum per month for thirty-six (36) months. The principal and interest shall be payable in thirty-six (36) monthly installments of _____ and ___/100 ($) dollars effective _____.

Maker shall have the right to prepay this Note in whole at any time or in part from time to time, provided that on each prepayment that does not render the principal paid in full, Maker shall pay accrued interest on the principal amount to the date of such prepayment. Each partial prepayment shall be applied to the installments of this Note in order of their stated maturities. If Maker elects to prepay this Note in whole or full, the total payment will include both the unpaid principal sum and all accrued and unpaid interest through the payment date.

All payments by Maker on account of principal or interest hereunder shall be made in lawful money of the United States of America, in immediately available funds.

This Note represents the balance owed to Payee under that certain Franchise Agreement dated _____ between Maker and Payee (the "Franchise Agreement"). Unless otherwise defined herein, all capitalized terms used in this Note shall have the meanings assigned to them in the Franchise Agreement.

Each of the following shall be an "Event of Default" under this Note:

1 Maker shall fail to make any payment of principal of or interest on this Note on the due date therefor;

2 Any judgment against Maker or any attachment, levy or execution against any of its properties for any amount shall remain unpaid, or shall not be released, discharged, dismissed, or fully bonded for a period of thirty (30) days or more after its entry, issue or levy, as the case may be;

3 Maker shall become insolvent (however evidenced) or be unable, or admit in writing its inability, to pay its debts as they mature;

4 Maker shall make an assignment for the benefit of creditors, or a trustee, receiver or liquidator shall be appointed for Maker or for any of its property, or the commencement of any proceedings by Maker under any bankruptcy, reorganization, arrangement of debt, insolvency, receivership, liquidation or dissolution law or statute, or the commencement of any such proceedings without the consent of Maker, and such proceedings shall continue undischarged for a period of thirty (30) days; or

5 The breach by Maker of any representation, warranty or covenant contained in or made pursuant to the Franchise Agreement.

Upon the occurrence of an Event of Default, Payee may declare the entire unpaid principal amount of this Note and all interest accrued and unpaid hereon to be forthwith due and payable, whereupon the same shall become and be immediately due and payable (time being of the essence of this Note), and recapture the Franchise Agreement and territory associated therewith.

After an Event of Default, interest on the unpaid balance of this Note shall accrue and be payable at the maximum contract rate permitted by law. If an Event of Default should occur, Maker will pay all costs and expenses of enforcement and collection of this Note, including attorneys' fees.

No failure on the part of Payee to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by Payee of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

This Note shall be construed in accordance with the laws of the State of Delaware.

This Note shall be binding upon Maker and its successors and assigns, and the terms hereof shall inure to the benefit of Payee and its successors and assigns, including subsequent holders hereof.

Maker hereby waives presentment, demand, protest, dishonor and all other notices and demands in connection with the delivery, acceptance, performance default or endorsement of this Note, and consents to any and all extensions of time, or terms of payment of this Note.

Maker hereby irrevocably consents to the jurisdiction of any United States of America, State or federal court in which our headquarters are located over any action or proceeding arising out of any dispute between Maker and Payee, and Maker further irrevocably consents to the service of process in any such action or proceeding by the mailing of a copy of such process to Maker at the address set forth above.

Maker expressly waives any and every right to a trial by jury in any action on or related to this Note or the enforcement thereof.

_____
Maker

By:_____
Title:_____

EXHIBIT I

OPERATIONS MANUAL

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Appendix A- Client Service Agreement

Appendix B- Confidentiality and Non-compete Agreement

EXHIBIT J

SHH GROUP, LLC
Franchisee Disclosure and Compliance Questionnaire

As you know, SHH Group, LLC (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Sculpture Hospitality franchise (the "Franchised Business"). The purpose of this Questionnaire is to ascertain certain information from you in connection with your purchase of the Franchise.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions or inquiries below do not apply to any communications that you had with the transferring Franchisee.

NOTE: DO NOT COMPLETE, ANSWER OR RESPOND TO THE QUESTIONS OR INQUIRIES CONTAINED IN SECTION B OF THIS FRANCHISEE DISCLOSURE AND COMPLIANCE QUESTIONNAIRE IF THE OFFER OR SALE OF THE SCULPTURE HOSPITALITY FRANCHISE TO YOU IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN. THESE QUESTIONS OR INQUIRIES DO NOT APPLY TO YOU.

DO NOT COMPLETE, ANSWER, OR RESPOND TO THE QUSTIONS OR INQUIRIES CONTAINED IN SECTION B OF THIS FRANCHISEE DISCLOSURE AND COMPLIACNE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR IF YOU ARE A RESIDENT OF, CALIFORNIA OR MARYLAND.

SECTION A

Please review each of the following questions or inquiries carefully and provide honest and complete answers to each.

1. .Full Name of Franchisee: (please print)

   _____

2. Current Address:

   _____
   (Street)

   _____
   (City/State/Zip Code)

3. Franchisee is: (check applicable status)

   _____ An Individual
   _____ A Partnership
   _____ A Corporation
   _____ A Limited Liability Company

* If Franchisee is other than an individual, indicate the capacity in which you are authorized to act on behalf of the entity. (check applicable status)

   _____ Officer
   _____ General Partner
   _____ Manager
   _____ Other (please explain)

_____

_____

4. What date was the SHH Group, LLC Franchise Disclosure Document received and by whom?

   Date Received: _____

   Recipient: _____

SECTION B

Please review each of the following questions and inquiries carefully and provide honest and complete answers to each.

1. Were you able to download, print, store and retrieve the Franchise Disclosure Document that we provided to you, if it was in electronic form?

   _____ Yes
   _____ No

2. Have you received, and personally carefully reviewed, the SHH Group, LLC Franchise Disclosure Document and its exhibits, including the Franchise Agreement (as applicable) and its attachments?

_____ Yes _____ No

3. Do you understand all information contained in the Franchise Disclosure Document and its exhibits, including the Franchise Agreement (as applicable) and its attachments?

_____ Yes _____ No

* If you answered "No" to the question above, what parts of the SHH Group, LLC Franchise Disclosure Document and its exhibits do you not understand? (attach additional pages, if necessary)

_____

_____

_____

4. Have you independently investigated the Sculpture Hospitality franchise opportunity (as applicable), and do you understand that, like any other business, the nature of that opportunity will evolve and change over time?

_____ Yes _____ No

5. Do you understand that an investment in a Franchised Business (as applicable) involves business risks that could result in the loss of a significant portion or all of your investment?

_____ Yes _____ No

6. Have you discussed the benefits and risks of operating a Franchised Business (as applicable) with an attorney, accountant or any other professional advisor?

_____ Yes _____ No

7. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, availability and terms of financing (including interest rates), inflation, labor and supply costs, lease terms, as well as other economic and business factors?

_____ Yes _____ No

8. Do you understand the benefits and risks referred to above?

_____ Yes _____ No

9. Are you aware that should you become a Sculpture Hospitality franchisee, under the terms of our Franchise Agreement you are required, at your own expense, to obtain financing for the development and operation of your Franchised Business although we do offer some financing?

_____ Yes _____ No

10. Do you understand that the Franchise Agreement requires both us and you to mediate and arbitrate any disputes that might arise relating to the Franchise Agreement or our and your relationship, and that the arbitration proceedings will be held in Ontario, Canada?

_____ Yes _____ No

11. Do you understand that the Franchise Agreement require both us and you to waive rights to a jury trial?

_____ Yes _____ No

12. Have you asked any of our employees or other persons speaking on our behalf any questions concerning the Franchise Disclosure Document that were not satisfactorily answered?

* If you answered "Yes", please explain. (add additional pages, if necessary)

_____

_____

_____

13. Do you understand that we are relying on all statements you have made and all materials you have given us (such as the franchise application) in deciding to enter into the Franchise Agreement with you, and that you are representing to us that those statements and materials are accurate and complete?

_____ Yes _____ No

14. Do you understand that any information concerning the revenue, profits, or income of a Franchised Business (as applicable) that was given to you by one of our franchisees is not information obtained from us, and we make no representation about the information's accuracy?

_____ Yes _____ No

15. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenue, profits, or income or the likelihood of success of one or more Franchised Businesses?

_____ Yes _____ No

16. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you might incur in operating your Franchised Business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

_____ Yes _____ No

17. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support, service or assistance that we will furnish you under the Franchise Agreement, or that we will provide to you, or that we expect you to provide to Franchised Businesses, which is contrary to, or different from, the information in the SHH Group, LLC Franchise Disclosure Document?

_____ Yes _____ No

18. If you have answered "Yes" to any of questions 19 through 21, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

_____

_____

_____

19. Do you understand that the territorial rights you are being granted under the Franchise Agreement are subject to the limitations and exceptions reflected in those documents?

_____ Yes _____ No

20. Have you entered into any binding agreement with us concerning the purchase of this franchise before today?

_____ Yes _____ No

21. Have you paid any money to us concerning the purchase of this franchise before today?

_____ Yes _____ No

By signing this Franchisee Disclosure and Compliance Questionnaire, I represent that I have answered truthfully to the above questions. I understand that SHH Group, LLC is acting in reliance upon the truthfulness and thoroughness of my responses to the questions above.

I acknowledge and agree that in the event that any legal dispute arises, this Questionnaire will be admissible evidence in any such dispute, including mediation or arbitration proceedings. Accordingly, I waive, to the fullest extent permissible under the law, any objections to this Questionnaire and my answers thereto. I

acknowledge that one or more other copies of this Questionnaire was signed by my spouse, as applicable, and by the other owners of my proposed business entity.

Date: _____

Prospective Franchisee: _____

_____
Spouse

SHH Group, LLC Representative:

_____
Name: _____
Title: _____

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISED BUSINESSES LOCATED IN MARYLAND: Nothing in this Franchisee Disclosure and Compliance Questionnaire will act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXHIBIT K

Confidentiality Agreement

[Prospective Franchisee]

You, the undersigned, have expressed an interest in obtaining information about the Sculpture Hospitality franchise program as part of your decision making process as to whether to purchase a franchise. SHH Group, LLC is comfortable providing you with such information which could involve its business plans, pricing information, supplier information, processes and methods associated with the Sculpture Hospitality proprietary systems, financial information, market analyses and other confidential and proprietary information, whether communicated orally or in writing (collectively, "Confidential Information"). Because of the sensitive nature of the Confidential Information, it is necessary for us to ensure that the data, material and information constituting the Confidential Information is maintained in confidence by you and not disclosed in an unauthorized manner. Therefore, in consideration for our agreement to provide you access to the Confidential Information, you agree to the following requirements and restrictions:

1) You agree to use the Confidential Information to which you are exposed only in connection with your investigation of a Sculpture Hospitality franchise and for no other purpose.

2) You agree to maintain as confidential the Confidential Information and not to copy, reproduce or otherwise transmit the Confidential Information without our prior written consent, which can be denied in our sole discretion.

3) You may not disclose or disseminate the Confidential Information to any third party without our prior written consent, except you may share the Confidential Information with your financial and legal advisors on a need to know basis only and only if such advisors agree to be bound by the terms and conditions of this Agreement.

4) At our request, upon the conclusion of investigation of a Sculpture Hospitality franchise, you agree to return to us all Confidential Information received by you;

For purposes of this Agreement, the Confidential Information does not include data, material or information: a) which is known to you at the time of disclosure as demonstrated by your files and records; b) becomes known to you from another source without confidentiality restrictions; or c) is or becomes part of the public domain through no act or omission by you. Use, exploitation, disclosure or dissemination of the Confidential Information in breach of this Agreement will cause us irreparable harm for which monetary damages are not an adequate remedy. As such, we will have the right to seek injunctive relief or other equitable relief in addition to any other remedy we may have at law or in equity for a breach of this Agreement.

Reviewed, accepted and agreed to:

By: _____

Name (Print): _____

Date: _____

By: _____

Name (Print): _____

Date: _____

STATE EFFECTIVE DATES

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

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

STATE	EFFECTIVE DATE
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	May 19, 2026
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

RECEIPT[COPY FOR FRANCHISOR]

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

If SHH Group, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that SHH Group, LLC provide you with this disclosure document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, SHH Group, LLC or one of its affiliates in connection with the proposed sale. Michigan requires that SHH Group, LLC provide you with this disclosure document ten business days before you sign a binding agreement with, or make payment to, SHH Group, LLC or one of its affiliates in connection with the proposed sale.

If SHH Group, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit G.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: Vanessa De Caria, 505 Consumers Road, Suite 307, Toronto, Ontario, Canada M2J 4V8; (416) 490-6266 and ___

_____.

The issuance date of this Disclosure Document is May 19, 2026.

We authorize the respective agents identified on Exhibit G to receive service of process for us in the particular states.

I have received a Disclosure Document dated May 19, 2026, that included the following Exhibits:

A	Franchise Agreement	G	List of State Administrators/Agents for Service of Process
B	Financial Statements	H	Promissory Note
C	List of Franchisees	I	Operations Manual Table of Contents
D	Information About Regional Directors	J	Franchisee Disclosure and Compliance Questionnaire
E	State Specific Addendum	K	Confidentiality Agreement for Prospective Franchisees
F	General Release Agreement		

_____ _____

Print Name State Location

_____ _____

Signature Date

If signing on behalf of a corporation, please complete the following:

_____

Title

_____

Name of Corporation

[PLEASE RETURN SIGNED COPY TO FRANCHISOR]

RECEIPT[COPY FOR FRANCHISEE]

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

If SHH Group, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. New York requires that SHH Group, LLC provide you with this disclosure document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, SHH Group, LLC or one of its affiliates in connection with the proposed sale. Michigan requires that SHH Group, LLC provide you with this disclosure document ten business days before you sign a binding agreement with, or make payment to, SHH Group, LLC or one of its affiliates in connection with the proposed sale.

If SHH Group, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit G.

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E	State Specific Addendum	K	Confidentiality Agreement for Prospective Franchisees
F	General Release Agreement		

_____ _____

Print Name State Location

_____ _____

Signature Date

If signing on behalf of a corporation, please complete the following:

_____

Title

_____

Name of Corporation