FRANCHISE DISCLOSURE DOCUMENT

SUPERIOR PLAY FRANCHISING LLC
A Pennsylvania Limited Liability Company
2554 Industry Lane
Norristown, PA 19403
610-539-5555
franchising@superiorplay.com
www.superiorplay.com

As a Superior Play Systems franchisee, you will operate a location, providing the highest quality playground equipment including wooden swing sets, trampolines and basketball goals to ensure years of active and creative play for children. Our showrooms are interactive fun centers specially designed to encourage exercise, imaginative play and social development. Our centers offer open play sessions as well as parties.

The total investment necessary to begin operation of a Superior Play Systems franchise ranges from $266,170 to $318,345. This includes $80,000 to $100,000 that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different forms, contact Nolan Kraus at Superior Play Franchising LLC, 2554 Industry Lane, Norristown, PA 19403, franchising@superiorplay.com.

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, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 30, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information: **QUESTION**	**WHERE TO FIND INFORMATION**
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C 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 SUPERIOR PLAY SYSTEMS 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 SUPERIOR PLAY SYSTEMS franchisee?	Item 20 or Exhibit E 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 A.

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

Special Risks to Consider About *This* Franchise

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

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

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even 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. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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

DISCLOSURES REQUIRED BY MICHIGAN 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 franchisee 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 this time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchise and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (1) 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 the 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 of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside of Michigan.

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

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

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

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

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

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

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

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

SHOULD THE PROSPECTIVE FRANCHISEE HAVE ANY QUESTIONS REGARDING THE NOTICE OF THIS FILING WITH THE ATTORNEY GENERAL, SUCH QUESTIONS SHOULD BE ADDRESSED TO:

MICHIGAN DEPARTMENT OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
FRANCHISE SECTION
525 WEST OTTAWA STREET

G. MENNEN WILLIAMS BUILDING, 1st FLOOR
LANSING, MICHIGAN 48909
(517) 373-7117

SUPERIOR PLAY FRANCHISING LLC
Franchise Disclosure Document

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS FRANCHISE DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT F.

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

To simplify the language in this disclosure document, the terms "Franchisor", "we" or "us" means Superior Play Franchising LLC, the Franchisor. The terms "Franchisor", "we" and "us" do not include you, the "Franchisee." We refer to the purchaser(s) of a Superior Play Systems franchise ("Franchised Business") as "you" or "Franchisee", whether an individual, partnership, corporation or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement will also apply to your owners, officers and directors. If you are married and your spouse or domestic partner is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to your spouse or domestic partner.

The Franchisor was formed as a limited liability company in the Commonwealth of Pennsylvania on March 15, 2017. The Franchisor's principal business address is 2554 Industry Lane, Norristown, PA 19403 and our telephone number is 610-539-5555. We do business under our company name "Superior Play Systems" and associated logos and designs which are registered on the Principal Register of the United States Patent and Trademark Office (these names and logos will be referred to as the "Marks"). We do not own or operate any business of the type you will be operating. We have not offered franchises in any other line of business. We only offer franchises which operate under the Superior Play Marks.

We have been offering franchises since July 24, 2017.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates

We have no parent or predecessor company.

We have four affiliated companies: SPS IP LLC, Superior Play Systems Inc.; JNJ Partners Inc.; and PROformance Hoops LLC.

SPS IP LLC was formed on August 1, 2018. Its principal place of business is 2554 Industry Lane, Norristown, PA 19403. SPS IP LLC is the owner of certain of the Marks and has licensed us the right to use the Marks and to sublicense them to franchisees. SPS IP LLC does not offer franchises and has not offered franchises previously.

Superior Play Systems Inc. was formed on January 22, 1996 in the Commonwealth of Pennsylvania. Superior Play Systems Inc.'s principal place of business is 2554 Industry Lane, Norristown, PA 19403. Superior Play Systems Inc. currently owns and operates four (4) businesses similar to the Franchised Business being offered, in the states of New Jersey and Pennsylvania. Superior Play Systems Inc. is also a current supplier to our

franchisees. Superior Play Systems Inc. does not offer franchises and has not offered franchises previously.

JNJ Partners Inc. was formed on March 10, 2003 in the state of Georgia. JNJ Partners Inc.'s principal place of business 1355 Stonefield Court, Alpharetta, GA 30004. JNJ Partners Inc. currently owns and operates three (3) businesses similar to the Superior Play Systems franchise being offered, in the states of Georgia and North Carolina. JNJ Partners Inc. is currently a supplier to our franchisees. JNJ Partners Inc. does not offer franchises and has not offered franchises previously.

PROformance Hoops LLC was formed on April 29, 2013 in the State of Georgia. PROformance Hoops LLC's principal place of business is 11877 Douglas Road, Suite 102264 Johns Creek, GA 30005. PROformance Hoops LLC manufactures and distributes basketball hoops and nets. PROformance Hoops LLC is owned by the principals of Superior Play Franchising LLC and is a supplier to our franchisees. PROformance Hoops, LLC does not offer franchises and has not offered franchises previously.

The Franchise Offered

We provide the highest quality playground equipment, including wooden swing sets, trampolines and basketball goals, to ensure years of active and creative play for children. Our showrooms are interactive fun centers specially designed to encourage exercise, imaginative play and social development. Our centers offer open play sessions as well as parties. The Franchised Business will offer the sale of the playground equipment listed above, as well as operate interactive fun centers showcasing this equipment.

Market and Competition

The market for your Franchised Business consists of members of the general public who seek to engage in interactive fun centers through either play sessions or parties, as well as those who wish to purchase high quality playground equipment for use at their private residences. The locations operated by our affiliates are located primarily in major metropolitan markets near dense residential populations.

The marketplace for high quality playground equipment and play experiences is developing. You will compete with businesses, including national, regional and local businesses, offering services and products similar to those offered by your Franchised Business. The business is not seasonal but may be impacted by conditions that affect discretionary spending.

Industry Specific Regulations

You must comply with all local, state and federal laws and regulations that apply to the operation of your Franchised Business, including health, sanitation, insurance, discrimination, employment and sexual harassment laws. Health regulations, as well as other state and local specific safety and workplace regulations may impact the types of training, devices and equipment you must make available to or be required to offer to your

employees. The health and safety requirements can vary from jurisdiction to jurisdiction and specific inquiry should be made with your state and local authorities. The Franchised Business will also be subject to various federal, state and local laws, rules and regulations affecting the business, including, among others, federal, state and local laws, rules and regulations governing franchising, licensing, permits, zoning, EPA and federal and state environmental protection statutes, OSHA, and other federal, state and local laws regarding hazardous substances and waste, land use, construction regulations and various health, sanitation, safety and fire standards. You are also subject to employment laws such as the EEOC, Fair Labor Standards Act, Americans with Disabilities Act and various state laws governing such matters as minimum wages, overtime and working conditions. Your advertising of your Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your franchise in addition to those listed here.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

ITEM 2: BUSINESS EXPERIENCE

CEO: Nolan Kraus

Nolan Kraus has been our CEO since our formation in March 2017. Nolan has also served as CEO. of our affiliate, Superior Play Systems Inc. since January 1996. Superior Play Systems Inc. is located in Norristown, Pennsylvania. Nolan has also served as CEO. of our affiliate, JNJ Partners Inc., located in Alpharetta, Georgia and has been since March 2003. Nolan has also served as CEO. of our affiliate, PROformance Hoops, LLC, located in Johns Creek, Georgia, since April 2013. Nolan has also served as CEO of our affiliate, SPS IP LLC since August 2018. SPS IP LLC is located in Norristown, Pennsylvania.

President: Jeff Lieberman

Jeff Lieberman has been our President since our formation in March 2017. Jeff is President and has served as President of our affiliate, Superior Play Systems Inc. since January 1996. Superior Play Systems Inc. is located in Norristown, Pennsylvania. Jeff is also President and has served as President of our affiliate, PROformance Hoops, LLC, located in Johns Creek, Georgia, since April 2013. Jeff is Vice President of our affiliate, JNJ Partners Inc., located in Alpharetta, Georgia and has been since March 2003.

Vice President: Jason Smieja

Jason Smieja is our Vice President and has been since our formation in March, 2017. Jason is also President of our affiliate, JNJ Partners Inc., located in Alpharetta, Georgia and has been since March 2003.

Director of Franchising: Evan Lederman

Evan Lederman has been our Director of Franchising since our formation in March 2017. Evan also serves as Director of New Business Development for our affiliate PROformance Hoops LLC., located in Johns Creek, Georgia, a position which he has held since February, 2015.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

We will charge you an initial franchise fee ("Initial Franchise Fee") when you sign the Franchise Agreement. The Initial Franchise Fee is $40,000. We currently offer a 20% discount on the Initial Franchise Fee to veterans of the United States military who have been honorably discharged and who otherwise meet our requirements.

You may purchase construction and leasehold improvement service for the buildout of your Franchised Business from our affiliate or a third-party vendor. The estimated costs range between $40,000 to $60,000 as further detailed in item 7, note 2.

These payments are fully earned by us and our affiliate upon payment. You must pay the Initial Franchise Fee to us immediately upon signing the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

ITEM 6: OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty	5% of Gross Sales[1]	Weekly via ACH on Wednesday for the sales week ending the immediately preceding Sunday.	Payable to us.

Brand Development Fund Contribution	1% of Gross Sales, beginning in week one of your operations; we reserve the right to increase to a maximum of 2.5% of Gross Sales.	Weekly via ACH on Wednesday for the sales week ending the immediately preceding Sunday.	Payable to us. See Note 2.
Technology Fee	$2,200 annual software fee, beginning in year 2	As incurred	Payable to us or a third party.
Local Advertising Marketing and Promotional Expenditures	Month 1-12 of Operation: minimum 4% of monthly Gross Sales Month 13 and subsequent of Operation: minimum 3% of monthly Gross Sales	Monthly - as incurred by you	Payable to third party suppliers. See Note 3.
Interest	1.5% per month or highest rate allowed by law	As Incurred	Payable to us. If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Late Fee	$75 per day	As Incurred	Payable to us. We will charge a late fee of $75 per day for any fee you pay late, including, but not limited to, Royalty and Brand Development Fund, or each day the Gross Sales Report is not received.
Non-Sufficient Funds	$50	As Incurred	Payable to us for any payment returned for non-sufficient funds.

Transfer Fee	50% of the then current franchise fee, or $20,000, whichever is greater.	Contemporaneous with application to transfer	Payable to us. See Note 4.
Relocation Fee	Costs and expenses.	As Incurred	Payable to us for costs and expenses incurred by us to assist you in relocating Franchised Business
			including labor, salary and travel expenses, professional fees, demographic reports and other costs.
Testing or Supplier Approval Fee	$500, to be refunded to franchisee if approved for use by the entire System, plus costs and expenses of testing.	Upon request	Payable to us.
Audit Fee	Costs and expenses.	As Incurred	Payable to us. See Note 5.
Additional training	Currently $1,000 per person per week plus expenses incurred.	As incurred prior to beginning of additional training	Payable to us. See Note 6.
Legal fees and expenses	Costs and expenses, including but not limited to attorneys' fees for any failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As Incurred	Payable to us.
Renewal Fee	25% of the then current franchise fee; subject to a $10,000 minimum.	Upon signing a then current form franchise agreement	The Renewal Fee is payable to us, over and above any Royalties, Brand Development Fund Contribution or any other fees to which we are entitled. See Note 7.

Name of Fee	Amount	Due Date	Remarks
Management Fee	20% of Gross Sales in the event we must operate franchise due to death, disability, etc., in addition to our incurred expenses.	Weekly with Royalty payment	Payable to us.
Indemnification	The amount of any loss or damages plus costs and expenses of litigation.	As Incurred	Payable to us.
Reimbursement of Costs and Expenses	Costs and expenses.	As Incurred	Payable to us. See Note 8.
Confidential Operating Manual Replacement Fee	Our then-current fee which is currently $500.	As Incurred	Payable to us. See Note 9.
Post-Termination or Post-Expiration Expenses	Costs and expenses.	As Incurred	Payable to us. See Note 10.
Grand Opening Advertising	$30,000	Sixty days prior to opening through ninety days after opening	Payable to third parties.

This table provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend under the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart, we uniformly impose all fees and expenses listed and they are payable to us and are fully earned upon receipt by us. Maximum interest permitted in California is 10% annually.

Notes:

[1] "Gross Sales" is defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of your Franchised Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Sales does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

[2] We require you to contribute one percent (1%) of your Gross Sales to the Brand Development Fund ("Brand Development Fund Contribution") beginning with week one (1) of your operation. Brand Development Fund Contributions will be paid directly to the Brand Development Fund and not to us. Brand Development Fund Contributions are not income to us. We will have the right to expend Brand Development Fund Contributions in our sole discretion. We may increase required Brand Fund Development Contributions to two and one-half percent (2.5%) of weekly Gross Sales at any time, but in any event not prior to the first week of your operation. Payments will be made in the same manner and time as Royalty Fees.

[3] We require that you spend a minimum of four percent (4%) of your monthly Gross Sales local advertising, marketing and promotional programs ("Local Advertising") during months 1 through 12 inclusive, of your operation. In month 13 and all subsequent months, we require that you spend a minimum of three percent (3%) of your monthly Gross Sales on Local Advertising. Local Advertising expenditures are paid to third parties. There are currently no advertising cooperatives in our System. We reserve the right to create a regional advertising cooperative and to require you to contribute to this advertising cooperative in our sole discretion. Any financial contributions made by you to the advertising cooperative may be credited against your required expenditures for Local Advertising. Company-owned units may be active members of any cooperative and may possess voting power in accordance with the rules of the cooperative as we may determine in our sole discretion.

In addition to your Local Advertising expenditures, you may wish to use Social Media Platforms (defined as web based platforms such as Facebook, Myspace, Twitter, LinkedIn, blogs and other networking and sharing sites) or use Social Media Materials (defined as any material on any Social Media Platform that makes use of our Principal Trademarks, name, brand, products or your Franchised Business whether created by us, you or a third-party). You may not use a Social Media Platform or Social Media Materials without our prior written approval. Your expenditures toward Social Media Platforms and Social Media Materials will not count towards your required Local Advertising expenditures.

[4] If you wish to transfer your Franchised Business, you will be required to pay us a transfer fee. The fee to transfer a Franchised Business is 50% of the then current Initial Franchise Fee, or $20,000, whichever is greater, to be paid upon application for transfer. If Transferee is an entity controlled and owned by current Franchisee or upon Franchisee's death or permanent disability your Franchised Business is transferred to a spouse or domestic partner, parent or child, we will waive the standard transfer fee.

[5] We have the right to conduct an audit of the books and records of your Franchised Business. If we do so, with an independent auditor or otherwise and it is determined that you underestimated your Gross Sales in any report by two percent (2%) or less, then you must pay within fifteen (15) days of written notice, the underreported amount plus interest. If it is determined that you underestimated your Gross Sales in any report by more than

two percent (2%), then you must pay within fifteen (15) days of written notice, the underreported amount along with the cost of conducting the audit, including without limitation travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest. If you fail to provide any reports, supporting reports or other information as required and we conduct an audit of the books and records of your Franchised Business, you must pay within fifteen (15) days of written notice, the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest.

[6] Training for you and up to two other people is included in the Initial Franchise Fee. In our discretion, additional training may be provided to up to 3 additional person(s) if all are trained at the same time, or in conjunction with already scheduled training classes. We may require that you complete additional training as well. If we provide you with additional training, we reserve the right to charge you for such training at our then-current rate for additional training, which is currently $1,000 per person per week. You are also responsible, at your own expense, to pay for all travel, room and board and wages for you and your employees during this training. If this additional training takes place at your location, you are responsible for costs and expenses of Franchisor employees arising out of the additional training.

[7] One ten (10) year successor franchise agreement is available to qualified franchisees under certain circumstances and in accordance with the conditions contained in the Franchise Agreement.

[8] If after notice, you fail to cure any deficiency in your Franchised Business and/or your operation of the Franchised Business, we may in our sole discretion, correct the deficiency. If we elect to correct the deficiency, you must reimburse us for our costs and expenses incurred in correcting the deficiency.

[9] If your copy of the Confidential Operating Manual is lost, destroyed or significantly damaged, you will be required to obtain a replacement copy and pay us our then-current fee for a replacement copy. Our fee for a replacement copy is currently $500.

[10] Upon expiration or termination of your Franchise Agreement, we may elect in our sole discretion to take steps to modify, alter or de-identify the Franchised Business. If we do so, you must reimburse us for our costs and expenses.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount Low – High	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[1]	$ 40,000	Lump sum	At signing of Franchise Agreement	Franchisor
Construction, Leasehold Improvements[2]	$ 40,000 to $ 60,000	As incurred	Before opening	Our Affiliates/ or Third-party providers
Furniture and Fixtures	$ 8,000 to $ 10,000	As incurred	Before opening	Third-party providers
Equipment[3]	$ 6,900 to $ 9,375	Lump sum	Before opening	Third-party providers
Signage (interior and exterior)[4]	$ 10,000 to $ 12,000	As incurred	Before opening	Third-party providers
Computer, Software and Point of Sales System[5]	$ 20,200 to $ 22,900	Lump Sum	Before opening	Third-party providers
Opening Inventory[6]	$ 35,000	As incurred	Before opening	Third-party providers or us
Rent Deposits[7]	$ 14,200 to $ 17,200	As incurred	Before opening	Landlord
Utility Deposits[8]	$ 1,500 to $ 2,500	As incurred	Before opening	Utility providers
Insurance Deposits and Premiums[9]	$ 10,000 to $ 10,000	As arranged	Before opening	Insurance company
Pre-opening Travel Expense[10]	$ 3,570 to $ 5,070	As incurred	Before opening	Airline, hotel, restaurants
Grand Opening Advertising	$ 30,000 to $ 30,000	As incurred	Prior to opening	Third parties
Professional Fees[11]	$ 1,500 to $ 3,500	As arranged	Before opening	Attorneys, accountants
Business Permits and Licenses[12]	$ 500 to $ 1,000	As incurred	Before opening	Licensing Authorities
Printing, Stationery and Office Supplies[13]	$ 500 to $ 1,000	As incurred	Before opening	Third-party providers
Additional funds – 3 Months[14]	$ 44,300 to $ 58,800	As incurred	After opening	Various
Total [15]	$266,170 to $318,345			

Notes:

[1] We offer a twenty percent (20%) discount on the Initial Franchise Fee to veterans of the U.S. military who have been honorably discharged and who otherwise meet our requirements. The initial franchise fee is otherwise the same for all similarly situated franchisees.

[2] This estimate is for the costs for the development of a Franchised Business with between 10,000 and 12,000 square feet of space. We have based our estimates on the historical experience of our affiliates. The difference in the low and the high improvement cost estimates is due to the difference in size of the location and do not include any financial contributions by a landlord. This estimate includes the costs for the flooring and its installation necessary for use around equipment placed in your showroom. As in development of any business locations, there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs; however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.

[3] These figures represent the purchase of the necessary equipment from suppliers to provide the franchised services. The lower cost is indicative of costs that you will incur if you possess a vehicle such as a pickup truck or van which is suitable. The higher cost reflects the need to lease a pickup truck or van. The costs listed here do not include any transportation or set up costs.

[4] This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all interior signage such as logo graphics for the windows and wall. Additionally, these figures include various other elements of brand identification within the location such as wall graphics. An insert on any pylon sign will additionally raise the cost.

[5] The Point of Sales ("POS") system is the equipment that tracks the sales of your Franchised Business. The difference between the low and the high estimate is determined by the number of screens and stations that a franchisee may install for its location, depending upon the square footage allocated to the front counter.

[6] This estimate is for the cost of the initial inventory of play systems, trampolines and basketball hoops. All playground equipment floor models must be sold at a discounted price once every twelve (12) months and replaced with new models.

[7] This estimate represents a two (2) month deposit of rent. The low estimate indicates a 10,000 square foot facility in a suburban location while the high estimate indicates a location with 12,000 square feet in a suburban location. Pre-paid rent is generally non-refundable

while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract. You must also allow for payment of rent during your initial months of operation. The category “Additional Funds” in the chart includes an estimate of rent for the initial three (3) months of operations.

[8] A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality from which they are being contracted.

[9] This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you maywant to carry.

[10] This estimate is for the cost for you or your Operating Principal (defined as the managing shareholder, member or partner of Franchisee if Franchisee is an entity), plus two people to attend the initial training program held in Norristown, Pennsylvania. We do not charge tuition for training up to three people, but you will be responsible for all costs associated with attending the initial training program for you and your staff. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). The duration of the training program is one (1) week. This estimate does not include cost of labor.

[11] These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Business.

[12] You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business.

[13] This figure is primarily for printing a start-up order of stationery and business cards and marketing materials bearing the Principal Trademarks and a supply of office materials.

[14] This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as rent, initial payroll and payroll taxes, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees,

deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Franchised Business. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as whether your Franchised Business is located in a new or mature market and your business experience. This amount is based on the historical experience of our affiliates in developing, opening and owning businesses similar to the Franchised Business.

[15] This total amount is based upon the historical experience of our affiliate and information we have obtained relating to the construction of similar locations between 10,000 and 12,000 square feet. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

All payments to us are non-refundable. Any refund of payments made to various vendors will depend on the terms you arrange with those vendors.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that you maintain the highest degree of consistency, quality and service, you must obtain certain equipment, goods, services, supplies, materials, fixtures, furnishings, branded materials, computer hardware and software and other products only from our designated or approved suppliers, vendors, manufacturers, printers, contractors and distributors ("Suppliers") as we require, which may include or be limited to us or an affiliate. You must purchase playground sets, trampolines, basketball hoops and nets, component and replacement parts, anything bearing the Marks, proprietary software, marketing materials, play area flooring, rubber mulch, rubber timbers, wear mats, sports flooring, site amenities private label sealants and payroll services from Suppliers. We maintain written lists of approved items of equipment, fixtures, inventory and supplies (by brand name and/or by standards and specifications) and a list of Suppliers for those items. We update these lists periodically and issue the updated lists to all franchisees.

We approve suppliers after careful review of the quality of the products they provide to us and our franchisees. If you would like us to consider another supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the supplier meets our specifications, as we determine in our sole discretion, we will approve it as an additional supplier. We will notify you whether we approve or disapprove of the proposed supplier within thirty (30) calendar days after we receive all required information to evaluate the product or service. If such request is not specifically approved within thirty (30) days, it shall be deemed to be disapproved. We reserve the right to revoke approval of any supplier that does not continue to meet our then-current standards. If you request that we approve a proposed supplier, we will charge you a fee of Five Hundred Dollars ($500) (the "Testing Fee"), in addition to actual expenses incurred by us for product testing. If

we deem the source to be an approved supplier/product for the entire System, the Testing Fee will be refunded to you.

We reserve the right to have items sources exclusively from Suppliers including a single Supplier (which may be us or one of our affiliates) or a limited number of Suppliers.

Our affiliates, Superior Play Systems Inc. and JNJ Partners Inc. are currently the sole Suppliers for all playsets, playset accessories, basketball accessories, flooring, timbers, slides, water seal and certain marketing materials. Our affiliates, Superior Play Systems Inc., JNJ Partners Inc. and PROformance Hoops LLC, are currently the sole Suppliers of basketball hoops and nets.

Our principals, Nolan Kraus, Jeff Lieberman and Jason Smieja own an interest in us and in our affiliates.

The cost of equipment and supplies purchased in accordance with our specifications will represent 19-23% of your total purchases in establishing the business and 60% of your total purchases during operation of the business.

Other than as set forth above, neither we nor any of the individuals listed in Item 2 are suppliers for any products or services.

As of December 31, 2022, neither we nor any of our affiliates derived revenue or other material consideration from the required purchases or leases made by franchisees; however we reserve the right to do so. We currently do not receive rebates, overrides or other consideration form Suppliers as a result of purchases by our franchisees; however we reserve the right to do so.

We may negotiate purchasing terms for franchisees from certain Suppliers. We cannot guarantee that any Supplier will offer or continue any particular pricing warranty or other terms of sale. We are not under any obligation to you with respect to the terms negotiated or the terms of any Supplier. We cannot guarantee that any Suppliers will offer or continue to offer you any trade credit terms as that is solely up to the Supplier and their credit terms.

In addition to approved products, the Franchise Agreement requires you to purchase and maintain insurance in the kind and amounts as described in the Operations Manual. You also must purchase and maintain any other insurance required by any agreement related to the franchise business or by law. You must furnish us with copies of all insurance policies at least annually, but not less than any time a change occurs with respect to the insurance policy or insurance coverage.

Currently, you must obtain at least the following insurance coverage and limits: Comprehensive general liability insurance, including contractual liability, public liability, broad form property damage, personal injury, product liability, completed operations and independent contractors coverage, and fire damage coverage in the amount of at least $1,000,000 per occurrence, $2,000,000 in the aggregate, or such amount as required by your lease for the Franchised Location or state laws; Umbrella excess liability coverage in

an amount equal to $1,000,000 combined single limit coverage; Workers' compensation coverage in the limits required by state law but in any event not less than $1,000,000 and employer's liability insurance in the amount of $1,000,000 per accident shall be carried on all of your employees, 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; Fire, vandalism and extended coverage insurance with primary and excess limits of not less than the full replacement value of the equipment, furniture, fixtures, inventory, vehicles and inventory; Business interruption insurance for a minimum of 12 months, in an amount necessary to satisfy your obligations under the Franchise Agreement and the lease for the Franchised Location; Comprehensive automobile liability insurance in the amount of at least a combined single limit for bodily and property damage of $1,000,000, or greater if required by state law; and Crime insurance for employee dishonesty in the amount of $5,000 combined single limit.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure document item
a. Site Selection and acquisition/lease	8.1, 8.1.4, 10.1, 10.2, Ex. B	11
b. Pre-opening purchase/ lease	8.1.3, 8.3, 12.3.1	7, 11
c. Site development and other pre-opening requirements	8.2, 8.3	11
d. Initial and ongoing training	7, 10.10	11
e. Opening	7.4, 8.3	11
f. Fees	5.3.7, 6, 12.3.6, 12.8, 16.4	5, 6, 7
g. Compliance with standards and policies/operating manual	9, 12.1, 15.6, 19.1.1, 19.1.4	8, 11
h. Trademarks and proprietary information	12.1.5, 14, 19.1.2, 19.1.3, 19.2, 19.3	13, 14
i. Restrictions on products/services offered	10.6, 10.8, 10.9, 12.1.1, 12.1.4, 12.1.7, 12.1.12, 12.1.14, 12.7	8
j. Warranty and customer service requirements	None	None
k. Territorial development and sales quota	13.2	12
l. Ongoing product/service purchases	10.6, 12.1.4, 12.3.4, 12.3.6	8
m. Maintenance, appearance and remodeling requirements	9, 12.1.2, 12.1.5, 12.1.6, 12.1.9	None

n. Insurance	15.1, 15.2, 15.3, 15.5, 15.7, 15.8	7
o. Advertising	9.5, 10.7, 10.12, 12.1.9, 12.1.10, 12.1.11, 13	6, 11
p. Indemnification	15.4, 15.9, Ex. C	14
q. Owner's participation/management/ staffing	12.1.13, 12.1.16	11, 15
r. Records and reports	12.2	6
s. Inspections and audits	9.2, 12.1.8, 12.2.4, 12.8, 17.2.16	6, 11
t. Transfer	16	17
u. Renewal	5	17
v. Post-termination obligations	18	17
w. Non-competition covenants	19.5, Exhibit C	17
x. Dispute resolution	20	17
y. Other (describe)	None	None

ITEM 10: FINANCING

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

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

Except as listed below, Superior Play Franchising LLC is not required to provide you with any assistance.

1. Pre-opening Obligations

Before you open your Franchised Business, we will:

a. designate the boundaries of the specific area for you to establish your Franchised Business. When you sign the Franchise Agreement we will specify the current zip code or other boundaries of your Territory (Franchise Agreement, Section 3 and Exhibit B);

b. provide you with written site selection guidelines (Franchise Agreement, Section 10.1);

c. approve or disapprove the site for your Franchised Business. Within eight (8) months of signing the Franchise Agreement, you must submit a written request for approval to us describing the proposed location and providing other information about the site that we reasonably request. We will respond within ten (10) business days, either accepting or rejecting the proposed location. We consider the following factors in approving a site: general location and neighborhood, distance from neighboring franchise territories, proximity to

major roads and residential areas, traffic patterns, condition of premises, tenant mix, and demographic characteristics of the area. (Franchise Agreement, Section 8.1.2);

d. review the real estate lease or sales contract for your Franchised Business premises for inclusion of franchisor-required terms only. You must submit a copy of the lease or sales contract to us prior to signing it. We will respond within fifteen (15) days, either approving or disapproving the lease or sales contract as written. The lease for any location must include our Collateral Assignment of Lease Agreement which is included as a part of the Franchise Agreement (attached as Exhibit B). You must acquire the site within eight (8) months of signing the Franchise Agreement. Failure to acquire the site within this time period is a default of the Franchise Agreement (Franchise Agreement, Section 8.1.3). Our approval is only provided to ensure that your location meets our minimum standards. We recommend that you work with your own independent advisors in determining if the location of your Franchised Business meets your standards as well as ours.

e. loan to you a set of prototypical plans and specifications for the layout, design, appearance and signage for your Franchised Business. You are required to adapt our prototypical plans and specifications for your Franchised Business. We will approve or disapprove your construction plans for compliance with our standards only within thirty (30) days after receiving the plans from you. If we do not approve your plans, you are required to make changes we request, and resubmit the plans to us for approval within twenty (20) days of having received such objections. We will approve or disapprove your revised plans within fifteen (15) days. (Franchise Agreement, Sections 8.2.2 and 10.3);

f. loan to you the Confidential Superior Play Systems Operations Manual and other manuals and training aids we designate for use in the operation of your Franchised Business, as they may be revised from time to time (Franchise Agreement, Section 10.4);

g. provide you with written specifications for required equipment, signs fixtures, opening inventory, products and services and provide you with a list of any approved suppliers of these items. We do not deliver or install these items. (Franchise Agreement, Section 10.6); and

h. provide you and two additional employees with initial training at our headquarters in Norristown, Pennsylvania, or at another location we designate. We will determine, in our sole discretion, whether you and your employees satisfactorily complete the initial training (Franchise Agreement, Sections 7.1 and 7.2).

Before you open your Franchised Business, we may:

i. provide you with site selection assistance (Franchise Agreement, Section 10.1) and

j. provide you with guidance on selling prices for your goods and services. You have no obligation to adhere to our recommended or suggested prices, and you may sell your Superior Play goods and services at any price that you determine. Section 12.5).

2. Time to Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is 9 to 12 months. Factors that may affect this time period include your ability to acquire a site, financing, zoning or other permits; compliance with local ordinances and restrictions; weather conditions and shortages for construction; delivery and installation of your fixtures, signs and equipment; and completion of required training. Before you sign a lease or purchase a site for the Franchised Business, you must submit to us, a description of the site, including evidence satisfactory to us, demonstrating that the site satisfies our site selection guidelines. We will have ten (10) days to approve or disapprove the site. You must acquire the site within eight (8) months of signing the Franchise Agreement. If you have not obtained a site within the time required, the Franchise Agreement may be terminated. If you have not opened your Franchised Business within twelve (12) months after you sign your Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended is a default of the Franchise Agreement (Franchise Agreement, Sections 8.3 and 17.2.1).

3. Obligations After Opening

During the operation of your Franchise, we will:

a. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your products, services and premises to ensure that they meet our standards (Franchise Agreement, Section 10.5);
b. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within fifteen (15) business days, either accepting or rejecting the proposed material and/or campaign (Franchise Agreement, Section 13.6); and
c. provide you with any written specifications for required equipment, fixtures, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.9).

During the operation of your Franchise, we may:

d. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training for up to five (5) days each year at a location to be determined by Franchisor. Each person attending an additional/refresher training program is

required to pay the then-current refresher tuition rate, as well as their own travel/lodging expenses if any (Franchise Agreement, Sections 7.1 and 7.5);

e. schedule, in our discretion, a national business meeting or convention for up to three (3) days per year at a location we designate. If we schedule a national business meeting or convention, you must attend. For any national business meeting or convention, we will provide speakers and materials free of charge. You must pay your transportation, lodging, meals and other expenses to attend any national business meeting or convention (Franchise Agreement, Section 7.5); and

f. in our discretion, on an on-going basis, suggest selling prices for the goods and services you sell. Section 12.5).

4. Advertising

Local Advertising (Franchise Agreement, Section 13.2)

We require you to spend at least Thirty Thousand Dollars ($30,000) in opening advertising and promotional activities at least sixty (60) days prior to and within ninety (90) days of the opening of your Franchised Business. You are required to spend at least 4% of your monthly Gross Sales on advertising within your Territory, for months 1-12 of the term. Thereafter, you are required to spend at least 3% of your monthly Gross Sales from month 13 through the end of your term.

Brand Development Fund (Franchise Agreement, Section 13.3)

Superior Play Franchising LLC provides advertising materials and services to you through a Brand Development Fund. While the Brand Development Fund monies will not be used for advertising principally directed at the sale of franchises, we reserve the right to include the language “Franchises Available” or similar language, along with contact information, on all advertising placed using Brand Development Funds.

We require you to contribute one percent (1%) of your Gross Sales to the Brand Development Fund (“Brand Development Fund Contribution”) beginning with week one of your operation. Brand Development Fund Contributions will be paid directly to the Brand Development Fund and not to us. Brand Development Fund Contributions are not income to us. We will have the right to expend Brand Development Fund Contributions in our sole discretion. We may increase required Brand Fund Development Contributions to two and one-half percent (2.5%) of weekly Gross Sales at any time, but in any event not prior to the first week of your operation.

We require Superior Play Systems locations that we operate are not obligated to contribute to the Brand Development Fund on the same basis as franchisees. We are

not obligated to expend all funds collected in that same year; unused funds will be rolled over for use in the next fiscal year. We are not obligated to spend any amount we receive through the Brand Development Fund on advertising in your Territory. We may discontinue the Brand Development Fund but will not do so until all the monies in the Brand Development Fund have been expended. We will have no fiduciary duty with respect to Brand Development Fund proceeds and are administering the funds as an accommodation to franchisees and the System only.

There is no requirement for the Brand Development Fund to be independently audited. Upon written request, we will provide you with an unaudited financial report showing receipts and disbursements by the Brand Development Fund within one hundred twenty (120) days after the end of the fiscal year; however, to date there have been no collections or expenditures. We reserve the right to use the Brand Development Fund contributions to reimburse us for all costs that we incur related to the marketing and promotional programs, including the proportionate compensation of employees who have formulated, developed and produced the marketing and promotional programs or administration of the fees collected. We are not required to spend any amount on advertising, marketing or promotional programs directly in the Territory or to spend pro rata with your individual Brand Fund Contribution. As of December 31, 2022, we have not collected any Brand Development Fund Fees.

Advertising Council

There are currently no advertising cooperatives in our System. Also, we do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council. We reserve the right to change or dissolve the council at any time.

We are not required to spend any amount on advertising in your Territory.

5. <u>Computer Systems</u> (Franchise Agreement, Section 12.3)

You must purchase computer hardware and software that operates our required point-of-sale system ("POS System"). The POS System is a web-based POS that uses Microsoft Dynamics GP & Sales Pad Software. The POS System consists of three (3) POS stations and two (2) back office stations. You are also required to have one general purpose computer, one all-in-one printer/copier/scanner/fax, high speed internet connection, four (4) tablet computers and a phone system. You must also obtain antivirus software to our specification and from our Supplier which must be installed on your POS System and updated as outlined in the Operations Manual.

You are required to purchase, and your computer is required to be powerful enough to run, Microsoft Dynamics GP & Sales Pad Software.

You must provide financial and business records and information to us according to reporting formats, methodologies and time schedules that we establish from time to time.

There are no contractual limitations on our independent access to all the information and data that is electronically generated by and stored in your POS system. You must allow us to establish and maintain electronic communication with your POS system so as to permit us to retrieve, download, analyze and store such information and data at any time. We must have independent access to this information and data. We have full ownership rights over the customer data contained in your POS system.

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of the POS system. We cannot estimate the cost of maintaining, updating and upgrading your computer and software because it will depend on the make and model of your computer, upgrades required by Microsoft Dynamics or any replacement POS system provider to operate the most current POS software, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

We estimate the computer system's cost to be between $20,200 and $ 22,900.

6. Table of Contents of Operations Manual

The Table of Contents of our Superior Play Systems Operations Manual (the "Operations Manual"), current as of the date of this Franchise Disclosure Document, is attached as Exhibit D. The Operations Manual has a total of 155 pages.

7. Training (Franchise Agreement, Section 7)

You (if the franchisee is an individual) or your owner must complete our one week Training Program, to our satisfaction, at least six (6) weeks prior to the opening of your Franchised Business. We will train two additional employees at no cost to you. We reserve the right to charge a fee for additional attendees. We will train you at our corporate headquarters in Norristown, Pennsylvania, and at a corporate outlet operated by our affiliate. You are responsible for the payment of your employees' salaries during their training, if any. We intend to conduct the initial training program periodically as determined by us.

We may offer and/or require you, your principals, if any, and any general manager to participate in refresher training for up to five (5) days per year, at a location designated by us.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Welcome, Overview of Superior Play Systems History and Brand	2	0	Norristown, PA Area
Marketing and Advertising, Community and Charitable Events	2	1	Norristown, PA Area
Superior Play Systems Product Lines, Supplies and Systems	2	2	Norristown, PA Area
POS, Sales, Scheduling Installations, Services and Parties	2	4	Norristown, PA Area
Daily Procedures and Operations Management	2	22	Norristown, PA Area
Human Resources, Recruiting and Managing Employees	2	0	Norristown, PA Area
Forecasting, Inventory Management and Maintenance	1	2	Norristown, PA Area
Franchise Reporting and Financial Management of the Business	1	1	Norristown, PA Area
Grand Opening Planning and Training Assessment	2	0	Norristown, PA Area
TOTAL HOURS	**16**	**32**	

We may amend, modify, supplement, vary and/or delete any portion of the contents of the initial training program. All training will be conducted or supervised by Nolan Kraus, Jeff Lieberman and Evan Lederman. Nolan Kraus and Jeff Lieberman, our co-founders, are fully familiar with the operations of a franchised business and the subjects taught in our training program. Since 1996, Mr. Kraus and Mr. Lieberman have operated, on behalf of Superior Play Systems Inc., a business similar to the franchise offered in this disclosure document. Mr. Kraus and Mr. Lieberman have over 31 years' experience with the subjects taught.

Evan Lederman has been our Director of Franchising, has been with us since our formation in March 2017. He also serves as Director of New Business Development for our affiliate PROformance Hoops LLC., a position which he has held since February, 2015. From August 2004 through January 2015, Evan served as Category and Product Marketing Manager for Indian Industries, Inc. d/b/a Escalade Sports, a manufacturer and wholesaler of residential basketball backboards and rims located in Evansville, IN. Mr. Lederman will provide training on marketing and advertising as well as grand opening

planning and training assessment. Mr. Lederman has over 31 years' experience with the subjects taught by him.

The initial training program may also be conducted by other qualified personnel including managers, supervisors and consultants whose services we may retain for specific training courses. No other formal training staff is maintained.

The materials used for this training program may include the Operations Manual, checklists, quizzes, other handouts, software applications, product samples and/or hands-on materials.

ITEM 12: TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own or from channels of distribution or competitive brands that we own. Your Franchise Agreement will grant you certain limited rights with respect to a specific Territory. Under the Franchise Agreement you have the right to establish and operate one (1) Franchised Business within the Territory. The Territory may be located within specific zip codes, cities, counties or other natural boundaries. Your Territory may be based in part on population density, potential customer base, current and projected market demand, access and visibility, traffic patterns and other economic, demographic and geographic factors we determine. You are required to find and obtain possession of a specific location for your Franchised Business that meets our site selection standards and our approval.

We have the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of the facilities which may be within or near your Territory. However, we will not convert any acquired facilities that are operating within the Territory to a Superior Play Systems franchise.

Your rights in and to your Territory are not dependent upon your meeting a minimum sales quota. Your rights to the Territory are contingent on you not being in default of the Franchise Agreement or the Franchise Agreement not having expired or been terminated. The configuration of your Territory will not change except by mutual agreement of you and us. You do not have any options, rights of first refusal, or similar rights to acquire additional franchises.

You may not relocate the Franchised Business without our prior written consent. We consider the following factors in approving your relocation: if you are in compliance with the Franchise Agreement; you have paid all monies to us and our affiliates; the proposed location meets our site selection criteria; and you comply with our lease requirements.

We reserve the right to use other channels of distribution, including the internet, to make

sales within the Territory using the Marks through any distribution method other than a dedicated Superior Play Systems location, including, but not limited to, outlets within retail locations and captive market locations such as enclosed shopping malls, expo centers and business or other institutional campuses ("Alternative Distribution Channels"). We are not obligated to offer you the right to sell products or services through Alternative Distribution Channels and You will receive no compensation for our sale or products and services within the Territory through Alternative Distribution Channels.

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any Alternative Distribution Channel and we, or any other Superior Play franchisee, receive requests for any product or service offered by Superior Play Systems calling for delivery or performance within your Territory, we may but are not obligated to forward that request to you. We may fulfill or permit our affiliate or another franchisee to fulfill such request for products or services without compensation to you. You are restricted from soliciting or accepting orders from consumers outside its territory, you may not use other channels of distribution, *such as the Internet*, catalog sales, telemarketing, or other direct marketing, to make sales outside its territory. If you receive a request for any product or service offered by Superior Play Systems calling for delivery or performance outside your Territory, you are required to forward the request to us, and you will not be entitled to any compensation for the product or service that we or another Superior Play franchisee fulfills.

ITEM 13: TRADEMARKS

SPS IP LLC. has granted us the right to use the Marks and license to others the right to use the Marks in the operation of Superior Play businesses in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the trademark "Superior Play Systems" as depicted at the top of the cover page of this Franchise Disclosure Document.

Principal Trademarks	Registration or Application No.	Registration Date
SUPERIOR PLAY SYSTEMS word mark	3,922,404	February 22, 2011
THE MOST TRUSTED NAME IN PLAY word mark	4,310,814	March 26, 2013
SO MANY WAYS TO PLAY word mark	5,368,701	January 2, 2018
WHERE QUALITY COMES INTO PLAY word mark	4,121,566	April 3, 2012
	5,752,797	May 14, 2019

SPS IP LLC owns the Marks and has filed all required affidavits and renewals. SPS IP LLC

has granted us an exclusive, royalty-free license to use the Marks and the right to grant non-exclusive sub-licenses to franchisees anywhere in the United States and its territories. Our license is in perpetuity but may be terminated with cause. If terminated, SPS IP LLC or its appointed licensee will assume all of our obligations regarding the Marks under any franchise agreement then in effect. There are no other agreements currently in effect that significantly limit our rights to use or license the use of the principal trademarks in a manner material to the franchise.

You must notify us immediately if and when you learn about an infringement of, or challenge to, your use of our trademark. We will take the action we think appropriate. While we are not required to defend you against a claim against your use of our trademark, we will reimburse you for your liability and reasonable costs in connection with defending our trademark. To receive reimbursement, you must have notified us immediately when you learned about the alleged infringement or challenge.

You must modify or discontinue the use of a trademark if we modify discontinue using it. If this happens, we will reimburse you for your tangible costs of compliance (for example, changing signs). You must not directly or indirectly contest our right to our trademarks, trade secrets, or business techniques that are part of our business.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no rights in, or licenses to, any patents that are material to the franchise and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in our Manual.

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

There are no agreements currently in effect which limit your right to use any of our copyrights. As of the date of this Franchise Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them.

Our mutual obligations to protect your rights to use our copyrights are the same as the obligations for Trademarks described in Item 13 of this disclosure document.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, formulas, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and

promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the “Confidential Information”). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never (during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated) reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Your general manager and your other management-level personnel must sign our Confidentiality and Non-Compete Agreement (Franchise Agreement, Exhibit G).

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

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

The Franchise Agreement requires you (or your Operating Principal if you are an entity) to personally supervise your Franchised Business. You must successfully complete our Initial Management Training Program and all other training courses we require. You must devote full time and energy to the job and cannot have an interest in or business relationship with any of our competitors.

The following persons must sign our Confidentiality and Non-Compete Agreement, which is attached to our Franchise Agreement as Exhibit G:

- You, if you are an individual; or
- If you are a business entity, all of your officers, directors and equity holders and those of any business entity that directly or indirectly controls you; and
- Your general manager, if any.

If you are a business entity, each of your owners must sign a Franchisee’s Principal Guaranty and Covenant, which is attached to our Franchise Agreement as Exhibit F.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must offer and sell all goods and services that are part of the System, and all goods and services which we incorporate into the System in the future. You may only offer goods and services which we have previously approved.

You may not use our Marks for any other business, and you may not conduct any other business from your Franchised Business location. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with Superior Play businesses owned by other franchisees, whether such business is inside or outside of your Territory.

We may add to, delete from or modify the products and services which you can and must offer. You must abide by any additions, deletions and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement in our sole determination. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe. See Item 12 for restrictions on sales within and without your Territory. We have the right to add additional authorized goods and services that you must offer through your franchise. There are no limits on our right to do so.

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ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise agreement	Summary
a. Length of the franchise term	4	10 years following the opening date
b. Renewal or extension of the term	5.1, 5.5	If you are in good standing under the Franchise Agreement, you may renew for one (1) additional ten (10) year term.
c. Requirement for franchisee to renew or extend	5.2, 5.3, 5.4	Be in full compliance with franchise agreement, give 6 months' notice of intent to renew, no more than three (3) defaults during current term, pay greater of renewal fee of 25% of Franchise Fee or $10,000, continue to have right to occupy premises, execute General Release, comply with then-current qualifications and training requirements. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d. Termination by franchisee	None	Not Applicable
e. Termination by franchisor without cause	16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless transferred to a spouse, domestic partner, parent or child who meets our requirements.
f. Termination by franchisor with cause	17	We may terminate only if you default. The Franchise Agreement describes defaults throughout; please read carefully (subject to local state law).
g. "Cause" defined – curable defaults	17.3	You have 5 days to cure non-payments and other defaults (except for non-curable defaults as described in h., below).

Provision	Section in franchise agreement	Summary
h. “Cause” defined – non-curable defaults	17.1, 17.2	The Franchise Agreement will terminate automatically without notice for insolvency, bankruptcy, written admission of inability to pay debts, receivership, levy, composition with creditors, unsatisfied judgment for 30 days, or foreclosure proceeding that is not dismissed within 30 days. We may terminate the Franchise Agreement upon notice to you if you do not acquire a site; do not complete construction and/or do not open within required time frame; falsify any report to us; cease operations for 5 or more days, unless the premises are damaged and you have timely applied to relocate; fail to restore and re-open within 120 days after a casualty; fail to comply with applicable laws; default under any lease for the premises; understate Gross Revenues 3 or more times; attempt a transfer in violation of the Franchise Agreement; you or your Legal Representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations 3 or more times during the term or receive 2 or more default notices in any 12 month period; default under any other agreement with us or our affiliates; or terminate the Franchise Agreement without cause.

Provision	Section in franchise agreement	Summary
i. Franchisee's obligations on termination/non-renewal	18.1	Upon termination, you must cease operations; cease to identify yourself as a Superior Play Systems franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all furnishings, fixtures, equipment, inventory and supplies of your Franchised Business and the land and/or building where your Franchised Business is located, if applicable; and assign, at our option, your telephone numbers and directory listings and the lease for the location.
j. Assignment of contract by Franchisor	16.1	No restrictions on our right to assign.
k. "Transfer" by franchisee - defined	16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, all or substantially all assets of the Franchised Business, or in the Franchisee (if Franchisee is a business entity).
l. Franchisor approval of transfer by franchisee	16.3	No transfer is allowed without our consent, which we will not unreasonably withhold.

Provision	Section in franchise agreement	Summary
m. Conditions for franchisor approval of transfer	16.3, 16.4	Conditions include our decision not to exercise our right of first refusal; transferee meets our then-current standards; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee and its general manager successfully complete our Initial Management Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release; you subordinate any claims you have against the transferee to us; you indemnify us for 3 years following the transfer; our approval of the material terms and conditions of the transfer; landlord's consent of a lease assignment, if applicable; payment of a transfer fee which is the greater of 50% of then-current Initial Franchise Fee or $20,000, plus our reasonable costs and expenses associated with the transfer.
n. Franchisor's right of first refusal to acquire franchisee's business	16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration; (b) we may pay the entire purchase price at closing; (c) our credit is deemed as good as the proposed purchaser; (d) we have at least 60 days to close; and (e) you shall give us all customary seller's representations and warranties.
o. Franchisor's option to purchase franchisee's business	16.6.2, 16.6.3, 18.2	Upon termination or expiration of the Franchise Agreement, we have the option to purchase your furniture, equipment, signs, advertising materials, supplies and inventory at your costs or fair market value, whichever is less.
p. Death or disability of franchisee	16.7	Franchise Agreement automatically terminates unless prohibited by law; any heir or successor must otherwise meet our requirements of a transferee within 6 months.

Provision	Section in franchise agreement	Summary
q. Non-competition covenants during the term of the franchise	19.5.1	You may not divert, or attempt to divert, customers of any Superior Play business (including the Franchised Business) to any competitor; participate in any capacity, including, but not limited to, as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System; or disrupt or jeopardize our business or that of our franchisees (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	19.5.2	For 24 months after the termination of the Franchise Agreement, you may not divert, or attempt to divert, customers of any Superior Play business (including the Franchised Business) to any competitor; participate in any capacity, including, but not limited to, as an owner, investor, officer, director, employee or agent, in any competing business within 5 miles of any Superior Play business; do any act that could damage the goodwill of the Marks or System; or disrupt or jeopardize our business or that of our franchisees (subject to state law).
s. Modification of the agreement	19.1.4, 14.6, 19.1.4, 22.4	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t. Integration/merger clause	22.4, 22.10	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.

Provision	Section in franchise agreement	Summary
u. Dispute resolution by arbitration or mediation	20.1, 20.2	The parties may first seek non-binding mediation at our headquarters in accordance with the rules of the American Arbitration Association. If any dispute is not resolved by mediation within 90 days, it must be submitted to arbitration in accordance with the rules of the AAA in Washington, D.C. Our claims for money owed or injunctive relief, antitrust or restraint of trade claims and claims related to the Marks are not subject to mediation or arbitration (subject to state law).
v. Choice of forum	20.4	Litigation takes place in Norristown, PA (subject to state law).
w. Choice of law	20.4	Pennsylvania law applies (subject to state law).

ITEM 18: PUBLIC FIGURES

We do not currently use any public figures to promote our franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

Except as provided below, 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 Nolan Kraus at 2554 Industry Lane, Norristown, PA 19403 or nkraus@superiorplay.com; the Federal Trade Commission, and the appropriate state regulatory agencies.

During the calendar year ended December 31, 2022, our affiliate Superior Play Systems Inc., operated four Superior Play Systems locations. Three of these locations, located in Berlin NJ, Hillsborough NJ and Doylestown PA are not considered representative of the franchise offered and excluded from the Table below. None of these locations offers an indoor play area, showroom, or party room which are an important part of the franchise business offered. The fourth location owned by our affiliate is located in Norristown PA and is considered representative of the franchise offered. This location includes an indoor play area, showroom, and party room. Our affiliate has operated this location since 1993. The financial results achieved by this location during the calendar year ended December 31, 2022 are included in the table below.

During the calendar year ended December 31, 2022, our affiliate JNJ Partners Inc., operated three Superior Play Systems locations. Two of these locations, located in Alpharetta GA, and Norcross GA are not considered representative of the franchise offered and excluded from the Table below. Neither of these locations offers an indoor play area, showroom, or party room which are an important part of the franchise business offered. The third location owned by our affiliate is located in Charlotte NC and is considered representative of the franchise offered. This location includes an indoor play area, showroom, and party room. Our affiliate has operated this location since 2006. The two locations provided below are not reasonable anticipated either financially or operational to differ from the franchise offered. The financial results achieved by this location during the calendar year ended December 31, 2022 are included in the table below.

Part I. Definitions:

a) Average, also known as the “mean,” means the sum of all data points in a set, divided by the number of data points in that set.
b) Median means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together and dividing by two.
c) Gross Sales means the total revenue derived from our two affiliate-owned Superior Play Systems locations excluding sales tax, discounts, allowances and returns.
d) Cost of Goods Sold means the cost of play systems sold and installed by our two affiliate-owned Superior Play Systems locations in the course of generating the Gross Sales.
e) Operating Expenses means ordinary and recurring expenses incurred in connection with the operation of the Superior Play Systems location. Operating Expenses does not include any expenses related to interest, taxes, depreciation or amortization. Operating Expenses also does not include any compensation paid to ownership.
f) EBITDA means Earnings Before Interest, Taxes, Depreciation and Amortization Expenses

Part II. 2022 Financial Performance of two representative affiliate owned units:

	Norristown PA	Charlotte NC	Total 2 Stores	Average/ Median* 2 Stores	Percent of Total Gross Sales
Sales					
Playground	$1,543,000	$825,679	$2,368,679	$1,184,340	52.2%
Basketball Hoop	$597,451	$115,980	$713,431	$356,716	15.7%
Trampoline	$276,473	$152,413	$428,886	$214,443	9.5%
Play Session	$120,002	$75,000	$195,002	$97,501	4.3%
Commercial	$255,165	$165,000	$420,165	$210,083	9.3%
Other Sales	$36,188	$33,130	$69,318	$34,659	1.5%
Service Charges	$205,000	$137,000	$342,000	$171,000	7.5%
Returns and Allowances	$0	($2,319)	($2,319)	($1,160)	-0.1%
Total Gross Sales	$3,033,279	$1,501,883	$4,535,162	$2,267,581	100.0%
Highest Gross Sales	$3,033,279				
Lowest Gross Sales	$1,501,883				
Cost of Goods Sold	$1,669,947	$796,290	$2,466,237	$1,233,119	54.4%
Gross Profit	$1,363,332	$705,593	$2,068,925	$1,034,462	45.6%
Operating Expenses					
Credit Card Fees	$102,040	$32,096	$134,136	$67,068	3.0%
Lease Expense – Buildings	$120,000	$89,000	$209,000	$104,500	4.6%
Lease Equipment & Other	$8,500	$7,580	$16,080	$8,040	0.4%
Maintenance Bldg & Grounds	$5,800	$4,200	$10,000	$5,000	0.2%
Supplies	$10,400	$8,900	$19,300	$9,650	0.4%

Communications	$6,000	$4,900	$10,900	$5,450	0.2%
Utilities	$32,300	$15,911	$48,211	$24,106	1.1%
Insurance	$26,288	$14,080	$40,368	$20,184	0.9%
Payroll	$201,000	$147,000	$348,000	$174,000	7.7%
Payroll Taxes	$19,000	$14,900	$33,900	$16,950	0.7%
Employee Benefits	$14,865	$11,676	$26,541	$13,271	0.6%
Miscellaneous Expenses	$6,245	$6,414	$12,659	$6,330	0.3%
Total Operating Expenses	$552,438	$356,657	$909,095	$454,548	20.0%
Calculated Franchisee Costs					
Royalty (5.0% of Gross Sales)	$151,664	$75,094	$226,758	$113,379	
Brand Fund (1.0% beginning year 1)	$30,333	$15,019	$45,352	$22,676	
Local Marketing (4.0% year 1)	$121,331	$60,075	$181,406	$113,379	
Software Renewal (Item 6)	$800	$800	$1,600	$800	
Affiliate EBITA	$688,763	$288,060	$976,823	$465,736	
Equivalent Franchisee EBITDA – Includes Royalty/Brand Fund	$506,766	$197,947	$704,714	$329,681	
Miscellaneous Expenses:					
Cash Shortage	$0	$0			
Bank Charges	$0	$0			

Licenses and Permits	$489	$654			
Postage	$2,449	$2,360			
Printing	$3,307	$3,400			
Misc. Totals	$6,245	$6,414			

Part III. Notes Regarding the Above Financial Information:

1. The above statement represents the sales and expenses achieved by our affiliates Superior Play Systems Inc. and JNJ Partners Inc. for the two locations which are comparable to the franchise offered in this disclosure document in calendar year 2022.
2. These results are unaudited.
3. These results represent sales of products and services similar to those that will be available to a franchisee to sell.
4. Owner compensation is not included in the expenses shown above.
5. The above figures relate to the results achieved by our two affiliate-owned Superior Play Systems locations with respect to Gross Sales, Gross Profit, and EBITDA, along with the expenses that our affiliates incurred to achieve those results. We have included royalty, brand fund, local advertising and software renewal payments a franchisee would be required to pay.
6. The average and median numbers are the same as the comparison is two stores.

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

We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a Superior Play Systems franchise.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2020 to 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	7	7	0
	2021	7	7	0
	2022	7	7	0
Total Outlets	2020	7	7	0
	2021	7	7	0
	2022	7	7	0

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
All	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
PA	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
NJ	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
GA	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
NC	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	7	0	0	0	0	7
	2021	7	0	0	0	0	7
	2022	7	0	0	0	0	7

Table No. 5
Projected Openings As Of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed by Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In The Next Fiscal Year
All	0	0	0
Total	0	0	0

The names, addresses and telephone numbers of our current franchisees, as of December 31, 2022 are listed in Exhibit E to this Disclosure Document. This list includes any franchisees who signed a franchise agreement prior to our last fiscal year end but had not opened their Superior Play franchise as of that date.

Also listed in Exhibit E is the name, city and state, and telephone number, of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year, or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

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.

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

ITEM 21: FINANCIAL STATEMENTS

Included in Exhibit C, is our audited financial statements for the years ended December 31, 2020, December 31, 2021 and December 31, 2022.

ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B. These include our Franchise Agreement and all exhibits to it (Identification of Trademarks, Description of Territory, Address of Franchise Location, General Release, Collateral Assignment of Lease, Statement of Ownership Interests in Franchisee, Franchisee's Principal Guaranty, and Confidentiality and Non-Compete Agreement).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in

connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ITEM 23: RECEIPT

A receipt in duplicate is attached to this Franchise Disclosure Document as Exhibit H. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Nolan Kraus, Superior Play Franchising LLC, 2554 Industry Lane, Norristown, PA 19403.

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

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

State	State Agency	Agent for Service of Process
CALIFORNIA Toll-free (866) 275-2677 Email: Ask.DFPI@dfpi.ca.gov www.dfpi.ca.gov	Department of Financial Protection and Innovation Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013 Sacramento 2101 Arena Blvd. Sacramento, CA 95834 San Diego 1455 Frazee Road, Suite 315 San Diego, CA 92108 San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104	Commissioner, Department of Financial Protection and Innovation Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013 Sacramento 2101 Arena Blvd. Sacramento, CA 95834 San Diego 1455 Frazee Road, Suite 315 San Diego, CA 92108 San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-l 11 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-4026	Minnesota Commissioner of Commerce
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10002 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 14th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Revenue and Regulation Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 (605) 773-4823	Director of South Dakota Division of Securities
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9* Floor Richmond, VA 23219 (804)371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B

FRANCHISE AGREEMENT

SUPERIOR PLAY FRANCHISING LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (hereinafter "Agreement" is being entered into this_____day of_____, 20___, by and between Superior Play Franchising LLC, a Pennsylvania limited liability company ("Franchisor"), and_____("Franchisee") for a single unit Franchise, as hereinafter defined.

Through the expenditure of considerable time, effort and money, Franchisor has developed and established unique and distinctive high quality playground equipment presented in interactive fun centers using Franchisor's format, trade dress, methods of marketing and presentation, training and assistance and using Franchisor's confidential operations manual ("Manual") of business practices and policies, and Franchisor's products and the formulas and quality standards therefor; instructional materials, various other operation manuals and training courses; menus; and distinctive decor and atmosphere (taken together herein the "System"). All products are produced by approved vendors to meet Franchisor's strict standards, insuring the highest quality and consistency. Training will occur at Franchisor's corporate headquarters in Pennsylvania and will be provided consistent with Franchisor's training manuals.

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the marks "Superior Play Systems" trademark, as set forth in Exhibit "A", and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the "Marks").

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

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

In recognition of the above, Franchisee has determined to enter into this Agreement because Franchisee desires to operate a high quality playground equipment business presented in interactive fun centers utilizing the System. Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards and thereby to protect and preserve the goodwill of the Marks and other intellectual property licensed to Franchisee in this Agreement or which may be

added to the System from time to time.

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

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

2. GRANT OF FRANCHISE. Franchisor hereby grants to Franchisee, and Franchisee accepts, upon the terms and conditions herein contained, the license to operate a Superior Play Systems franchise (the "Franchised Business"), using only the Marks licensed hereunder, in conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only to the territory which will be selected by Franchisee and accepted by Franchisor, which is more particularly described in Section 3 herein and in Exhibit B (the "Territory").

3. TERRITORY

3.1. Territory. This Agreement grants Franchisee the right to operate the Franchised Business at a single location within a Territory ("Franchised Location") that is designated by the description and/or mapped boundaries set forth in Exhibit "B" attached hereto and incorporated herein. Subject to Section 3.2 below, Franchisor agrees that Franchisor will not, and Franchisor will not permit any other of our franchisees, to operate a Franchised Business in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not expired or been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Superior Play Systems franchises around, bordering and adjacent to the Territory. Franchisee will be selling from a single location that will be determined by Franchisee with Franchisor's prior written approval, which may be withheld or denied in Franchisor's sole discretion. Franchisee is prohibited from selling and soliciting customers outside of the Territory from offering any catering services, either within or without the Territory and from alternative methods of distribution as more fully specified herein.

3.2. Reservation of Rights.

3.2.1. Franchisee understands and agrees that all rights to any form of commerce, other than as specified in this Agreement are fully reserved to Franchisor exclusively for sales, solicitation and distribution within or without the Territory. This reservation of our right for the sale, solicitation and distribution of goods and services within or without the Territory through alternate channels of commerce includes, but is not limited to, Franchisor's right to franchise, license, and contract or arrange others to utilize this right. Franchisee agrees that such implementation of Franchisor's right is deemed

not to impair or injure Franchisee's Franchised Business. Franchisor reserves all rights not expressly granted in writing in the Franchise Agreement. By way of example only, Franchisor or Franchisor's affiliates may own, operate or authorize others to own or operate Superior Play Systems businesses outside the Territory and may operate other kinds of businesses within the Territory. Franchisor and Franchisor's affiliates may conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks. Further Franchisor reserves the right to use other channels of distribution to make sales in the Territory using the Marks through any distribution method other than a dedicated Superior Play Systems location including, but not limited to, outlets within retail locations and captive market locations such as enclosed shopping malls, expo centers and business or other institutional campuses ("Alternative Distribution Channels"). This reservation of Franchisor's rights for the sale, solicitation and distribution of Superior Play Systems goods and services within or without the Territory through Alternative Distribution Channels of commerce includes Franchisor's right to franchise, license, contract or arrange others to utilize this right. Franchisor makes no representation or warranty to Franchisee that there will be any right to participate in franchises, licensing programs or other business proposals for the sale and distribution of Superior Play Systems goods and services through alternate channels of commerce whether in the Territory or outside the Territory. Franchisee further understands and agrees that Franchisor may exercise this right of sales and distribution in the Territory through other channels of distribution when it is determined in Franchisor's sole and absolute discretion that it is in Franchisor's interest to do so and Franchisee agrees that such implementation of Franchisor's right is deemed not to impair or injure Franchisee's sales or Franchisee's business. Franchisor has the right to own, operate, and grant others the right to own or operate other play system concepts at any location and on any terms and conditions.

3.2.2. Franchisor also reserves the right to sell goods or services, or grant the right to others to sell goods or services under the Marks within and without the Territory at any time using any method of distribution other than a dedicated Superior Play Systems business, including sales through any Internet, World Wide Web or other computer network site. If Franchisor receives a request for any product or service offered by Superior Play Systems calling for delivery or performance within your Territory, the request may be forwarded to you so that you can fulfill the request. If we do not forward the request to you or it is forwarded to you and you choose not to fulfill the request or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the request, and you will not be entitled to any compensation relating to that request. If you receive a request for any product or service offered by a Superior Play Systems calling for delivery or performance outside your Territory, you are required to forward the request to us. You will not receive any compensation for the product or service that we or another Superior Play Systems

franchisee fulfills.

4. TERM. Unless terminated earlier in accordance with the terms set forth herein, this Agreement and the rights granted hereunder shall commence upon the date hereof and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the "Term").

5. RENEWAL

5.1. Right To Renew. Subject to the terms and conditions of this Agreement, Franchisee shall have the right, but not the obligation, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements and legal instruments and documents then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Renewal Franchise Agreement") for a term equal to ten (10) years. The term of such Renewal Franchise Agreement shall commence upon the date of expiration of the Term hereof. If Franchisee is eligible for renewal by being in full compliance with the requirements specified in this Section 5, Franchisee may renew this Agreement for one (1) additional ten (10) year term beyond the initial term. Franchisee shall be charged a renewal fee equal to twenty five per cent (25%) of the then-current initial franchise fee for each renewal term, but in any event not less than Ten Thousand Dollars ($10,000). If Franchisee is not in full compliance with Section 5.3 below at the time Franchisee notifies Franchisor of Franchisee's desire to renew, it shall be in Franchisor's sole and absolute discretion whether to permit the renewal.

5.2. Form and Manner of Renewal. If Franchisee desires to exercise Franchisee's right to enter into the Renewal Franchise Agreement, it shall be done in the following manner:

5.2.1. Not less than six (6) months and not more than nine (9) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor, in writing, a copy of Franchisor's then current Franchise Disclosure Document (including Franchisor's then current franchise agreement).

5.2.2. Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then current Franchise Disclosure Document and two (2) copies of Franchisor's then current Renewal Franchise Agreement and accompanying documents.

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

5.2.4. Franchisee shall comply with Franchisor's then current qualification and training requirements.

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

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

5.3. Conditions to Renewal. Franchisee's right to enter into the Renewal Franchise Agreement is conditioned upon Franchisee's compliance with all of the following conditions:

5.3.1. Franchisee shall be in full compliance with this Agreement and the Manual and will have materially performed all Franchisee's obligations under this Agreement, the Manual and under all other agreements which may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations ("Good Standing").

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

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

5.3.4. Franchisee shall have obtained the right to continue to occupy the premises of the Franchised Location following the expiration of the Term hereof for the full term of the Renewal Franchise Agreement or have received Franchisor's approval regarding locating the Franchised Business at a new location and the terms of any new lease or lease renewal for the full term of the Renewal Franchise Agreement.

5.3.5. Franchisee shall execute a general release of all claims Franchisee may have against Franchisor, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Exhibit "C". This release will include all claims arising under any federal, state, or local law, rule, or ordinance and will be in a form satisfactory to Franchisor in Franchisor's sole and absolute discretion.

5.3.6. Franchisee performs such remodeling, repairs, replacements and

redecoration as Franchisor may require in order to cause the Franchised Business premises, equipment, fixtures, furnishings and furniture to conform to the plans and specifications being used for new or remodeled Superior Play Systems businesses on the renewal date.

5.3.7. Franchisee shall pay the required renewal Franchise fee of twenty five percent (25%) of the then-current Initial Franchise Fee (as defined in Section 6.1.1) or Ten Thousand Dollars ($10,000.00), whichever is greater (or such other amount that Franchisor may determine if Franchisee is not in compliance with this Section 5.3) and sign the Renewal Franchise Agreement.

5.4. Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Superior Play Systems franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Renewal Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate renewal term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Renewal Franchise Agreement. Any timeframes specified in this Section 5 shall be inclusive of any state mandated notice periods.

5.5. Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right to not renew this Agreement as a result of a decision to withdraw from a marketing area or the Territory in which the Franchised Location is located.

6. FEES

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

6.1.1. Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Forty Thousand Dollars ($40,000) (the "Initial Franchise Fee"). We offer a twenty per cent (20%) discount on the Initial Franchise Fee to members of the U.S. military who were honorably discharged. **The Initial Franchise Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances**. Franchisee agrees to pay Franchisor the Initial Franchise Fee, in full, immediately upon execution of

this Franchise Agreement.

6.1.2. Royalty Fee. Franchisee agrees to pay Franchisor, weekly and throughout the Term, a royalty fee of five percent (5%) of Gross Sales, as hereinafter defined, realized from the Franchised Location and from any other revenues received using Franchisor's methods, operations and/or trade secrets, (the "Royalty Fee"). The term "Gross Sales" includes all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Sales does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

6.1.3. Gross Sales Reports. Franchisee shall, on the Wednesday following the close of each calendar week (Sunday through Saturday), furnish Franchisor with a report showing Franchisee's Gross Sales at or from the Franchised Location and/or made pursuant to the rights granted hereunder during such period (the "Gross Sales Report"). The Gross Sales Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. At Franchisor's discretion, Franchisee shall submit the Gross Sales Report by an electronic transfer of data via the point of sale systems ("POS System") that Franchisor may require Franchisee use in the operation of the Franchised Business.

6.1.4. Method of Payment. Franchisee shall, together with the submission of the Gross Sales Report, pay Franchisor the Royalty Fee and the Brand Development Fund Contribution, as appropriate as defined and more particularly described in Section 13, and the Management Fee then due. At Franchisor's request, Franchisee must execute documents that allow Franchisor to automatically take the Royalty Fee, Brand Development Fund Contribution and any Management Fee due, from business bank accounts via ACH transfers. Franchisee's failure to allow ACH transfers on an ongoing basis is a material breach of this Agreement.

6.2. Late Fee. If the Royalty Fee, Brand Development Fund Contribution or any Gross Sales Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Seventy Five Dollars ($75) per day for each day that the Royalty Fee or Brand Development Fund contribution is unpaid or the Gross Sales Report is not received. This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the Marketing Fund

contribution and/or submit Gross Sales Reports in accordance with the terms of this Agreement.

6.3. Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 1.5% per month or at the highest rate permitted by law, whichever is lower.

6.4. Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Fifty Dollars ($50.00) ("Non-Sufficient Funds Fee") per occurrence. This Non-Sufficient Funds Fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

6.5. Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Development Fund contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

7. TRAINING

7.1. Initial Management Training Program. Franchisee, or if Franchisee is not a natural person, Franchisee's principals (defined as all holders of an ownership interest, office or directorship in Franchisee and of any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee and hereinafter referred to collectively as "Principals") and Franchisee's general manager, if any, shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") at least six (6) weeks prior to the opening of the Franchised Business. The Initial Management Training Program consists of a one week course conducted at Franchisor's headquarters in Norristown, Pennsylvania. Franchisor reserves the right to designate an alternate location for the Initial Management Training Program. Franchisee must successfully complete the Initial Management Training Program to Franchisor's sole and complete satisfaction. Subject to Section 7.3 below, no charge shall be made for up to three (3) people to take the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.

7.2. Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial

Management Training Program. If the Initial Management Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determine that the Initial Management Training Program cannot be satisfactorily completed by any such person, Franchisee shall designate a replacement person, who meets the qualifications set forth in Section 11.3.2 hereof, to satisfactorily complete such training. Any general manager subsequently designated by Franchisee shall also receive and satisfactorily complete such initial training.

7.3. Fee for Training. Franchisor reserves the right to charge a reasonable fee for any initial training provided by Franchisor to any replacement of an Initial Trainee who does not complete the Initial Management Training Program to Franchisor's sole and complete satisfaction. Franchisor also reserves the right to charge a reasonable fee for any initial training provided by Franchisor to any replacement or successor general manager, if Franchisee is not approved by Franchisor to provide such training. Franchisee further shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with initial or subsequent training, including, without limitation, costs of travel, lodging, meals and wages.

7.4. Opening Assistance. In connection with the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site opening training, supervision, and assistance to Franchisee for up to five (5) days. Franchisor will provide opening assistance at no charge to Franchisee, provided however, Franchisee shall pay any incurred expenses by Franchisor's trainer, such as costs of travel, lodging, and meals. These charges must be paid to Franchisor within ten (10) days of Franchisor's billing thereof to Franchisee.

7.5. Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, Franchisee's principals, if any, and general manager shall participate in refresher training for up to five (5) days per year, at a location designated by Franchisor. Franchisor may also require Franchisee to attend a national business meeting or annual convention for up to three (3) days per year, at a location designated by Franchisor. For all such programs, Franchisor will provide, at no charge, the instructors and training materials. However, Franchisor reserves the right to charge Franchisee our then current rate for such additional, non-mandatory training programs, which is currently One Thousand Dollars ($1,000). Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Failure to attend and/or complete mandatory additional training by Franchisee, Franchisee's principal and/or general manager or failure of Franchisee to attend Franchisor's national business meeting or annual

convention is a default of this Agreement.

7.6. On-Site Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisee shall, during the term hereof, subject to the availability of personnel, provide Franchisor with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Location. For additional training and assistance requested by Franchisee, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals. The per diem fee will not be charged if such assistance is provided based on Franchisor's determination that such training and assistance is necessary; however, Franchisor reserves the right to charge for Franchisor's actual costs and expenses incurred in connection with such training and assistance.

7.7. Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Location pursuant to Section 7.6, furnish consultation and assistance to Franchisee, either in person or by telephone, fax, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, sanitation, purchasing and inventory control, bookkeeping and System improvements.

8. FRANCHISED LOCATION REQUIREMENTS

8.1 Site Selection.

8.1.1. Franchisee assumes all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Franchised Location within Franchisee's Territory and for constructing and equipping the Franchised Location at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Location unless the site is accepted as set forth below. While Franchisor may render assistance to Franchisee in the selection of a site, Franchisee has sole responsibility for locating, selecting, procuring and developing a site for the Franchised Business and Franchisee may and is encouraged to consult with real estate and other professionals of Franchisee's choosing in discharging such responsibility. Franchisee acknowledges that Franchisor's consent to a prospective site is permission only, does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Franchised Business operated at that site will be profitable or otherwise successful, and cannot, and does not, create a liability for Franchisor. Franchisee releases Franchisor from any claims over the site selection and evaluation services provided by Franchisor,

and Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchised Business.

8.1.2. Prior to acquiring by lease or purchase a site for the Franchised Location, Franchisee shall locate a site that satisfies the site selection guidelines provided to Franchisee by Franchisor and shall submit to Franchisor, in the form specified by Franchisor, a description of the site, including evidence satisfactory to Franchisor demonstrating that the site satisfies Franchisor's site selection guidelines, together with such other information and materials as Franchisor may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the site. Recognizing that time is of the essence, Franchisee must obtain a location approved by Franchisor within eight (8) months of execution of this Agreement. Franchisee shall submit such information and materials for a proposed site to Franchisor for its consent and. Franchisor shall have ten (10) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site as the location for the Franchised Business. No site may be used for the location of the Franchised Business unless it is consented to in writing by Franchisor.

8.1.3. If Franchisee will purchase the premises for the Franchised Business, Franchisee shall submit a copy of the proposed contract of sale to Franchisor for its written consent prior to its execution and shall furnish to Franchisor a copy of the executed contract of sale within ten (10) days after execution. If Franchisee will occupy the premises of the Franchised Business under a lease, Franchisee shall submit a copy of the lease to Franchisor for written consent prior to its execution and shall furnish to Franchisor a copy of the executed lease within ten (10) days after execution. Any lease must include our Collateral Assignment of Lease Agreement, a copy of which is attached hereto as Exhibit "D". Franchisor shall have fifteen (15) days after receipt of the lease or the proposed contract of sale to consent to such documentation prior to its execution. Review by Franchisor will be solely to ensure inclusion of Franchisor-required terms. Within forty-five (45) days after Franchisor has consented to the site for the Franchised Business (or such longer period as Franchisor consents to in writing), Franchisee shall obtain physical possession of the premises. Any material change to the lease or contract of sale must be submitted to Franchisor for Franchisor's approval at least fifteen (15) days prior to execution. Failure by Franchisee to acquire the site for the Franchised Business within the time and in the manner required herein shall constitute a material event of default under this Agreement.

8.1.4. After a location for the Franchised Business is consented to by Franchisor and acquired by Franchisee pursuant to this Agreement, the location shall be set forth on Exhibit "B-1" of this Agreement, which location and attachment shall be incorporated herein and made a part hereof.

8.2. Construction.

8.2.1. Franchisee shall be responsible for obtaining all zoning classifications and clearances that may be required by state or local laws, ordinances or regulations or that may be necessary as a result of any restrictive covenants relating to the Franchised Business premises. Prior to beginning the construction of the Franchised Business, Franchisee shall (a) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Franchised Business, including, but not limited to, permits for the installation of exterior signage, and (b) certify in writing to Franchisor that the insurance coverage specified in your lease is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Franchisee shall provide to Franchisor additional copies of Franchisee's insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

8.2.2. Franchisee must obtain any architectural, engineering and design services it deems necessary for the construction and/or remodeling of the Franchised Business, including the installation of signage, at its own expense from a reputable architectural design firm approved by Franchisor. Franchisee shall adapt the prototypical architectural, design and signage plans and specifications for construction of the Franchised Business loaned to Franchisee by Franchisor as necessary for the construction of the Franchised Business and shall submit such adapted plans to Franchisor or its designated representative for review. If Franchisor or its representative determines, in its sole discretion, that any such plans are not consistent with the best interests of the System, Franchisor may prohibit the implementation of such plans. Franchisor will notify Franchisee of any objection(s) to such plans within thirty (30) days of receiving such plans. Franchisee may proceed in using such plans if Franchisor or its representative fails to notify Franchisee of an objection to the plans within this time period. If Franchisor or its representative objects to any such plans, Franchisor or its representative shall provide Franchisee with a reasonably detailed list of changes necessary to make the plans acceptable. Within twenty (20) days of receiving such objections, Franchisee shall incorporate the requested changes into such plans and resubmit them to Franchisor or its representative for review. Franchisor or its representative shall notify Franchisee within fifteen (15) days of receiving the resubmitted plans whether these new plans are acceptable. If Franchisor or its representative fails to notify Franchisee of any objection within such time period, Franchisee may use the resubmitted plans. Franchisee acknowledges that Franchisor's or its representative's review of such plans relates only to compliance with the System and that acceptance by Franchisor of such plans does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor or its representative, including, but not limited to, any representation, warranty or guarantee that such plans are accurate or free of error, concerning their design or structural

application.

8.2.3. Prior to commencing construction of the Franchised Business, Franchisee shall hire, at its own expense, a project manager to oversee all aspects of the construction or remodeling (as applicable) and equipping of the Franchised Location, including obtaining all permits, licenses and certifications required for the lawful construction or remodeling (as applicable) and equipping of the Franchised Business.

8.2.4. During the time of construction or remodeling, Franchisee shall provide Franchisor, or its designated representative, with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by Franchisor or its representative. In addition, Franchisor or its representative shall make such on-site inspections as it may deem reasonably necessary to evaluate such progress. At least thirty (30) days prior to completion of the construction or remodeling, Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling. Within a reasonable time after the date of completion of construction or remodeling, Franchisor or its representative may, at its option, conduct an inspection of the completed Franchised Location.

8.2.5. Franchisee acknowledges and agrees that it will not open the Franchised Business for business without the written authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement.

8.3. Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within sixty (60) days after Franchisee has obtained possession of the premises, and in any event not later than twelve (12) months after execution of this Franchise Agreement, unless Franchisee obtains a written extension of such time period from Franchisor. The date the Franchised Business opens for business to the public shall be defined herein as the "Opening Date." Prior to the Opening Date, Franchisee shall (i) complete all exterior and interior preparations for the Franchised Business, including installation and cleaning of equipment, fixtures, furnishings and signs, in accordance with System requirements and the plans and specifications consented to by Franchisor, (ii) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Section 7, (iii) hire staff, as required by Franchisor, who shall be available for training during the opening period as described in Section 7.4, and (iv) have received delivery of its initial inventory order. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business in accordance with the foregoing shall be deemed a material event of default under this Agreement.

8.4 Relocation.

8.4.1 In the event Franchisee loses possession of the premises of the Franchised Business through no fault of Franchisee, Franchisee, at Franchisee's option and upon Franchisor's consent, shall relocate the Franchised Business, at Franchisee's sole expense, to a new location selected by Franchisee, and approved by Franchisor, in accordance with Franchisor's then current site selection procedures and the provisions of this Section 8 and subject to the following: Franchisee must exercise its option to relocate by providing written notice of such election to Franchisor thirty (30) days prior to the date Franchisee loses possession of the premises. Franchisee's option to relocate will be waived if Franchisee fails to provide such written notice within the required time period.

8.4.1 Franchisee shall construct and develop the new premises to conform to Franchisor's then current specifications for design, appearance and leasehold improvements for new Superior Play Systems businesses. Franchisee shall remove any signs or other property from the original Franchised Location which identified the original Franchised Location as part of the System.

8.4.2 Franchisee agrees that, during the build-out, decorating and furnishing of the new location, and at Franchisor's sole and absolute discretion: (i) the term of this Agreement shall not be abated, and (ii) Franchisee shall remain liable to pay a minimum weekly Royalty Fee and Brand Development Fund Contribution that equal the average amount paid by Franchisee during the four (4) calendar quarters immediately preceding the date that operations cease or the shorter period that Franchisee had been in business at the original Franchised Business location.

8.4.3 Franchisee pays to Franchisor all actual costs and expenses incurred by Franchisor in assisting Franchisee to relocate the Franchised Business including, but not limited to, expenses incurred for labor, salaries and travel expenses, professional fees, demographic reports and other costs.

8.4.4 The parties shall amend Exhibit "B-1" to reflect the address of the new Franchised Business location.

9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED LOCATION AND SYSTEM

9.1. Maintenance of Franchised Location. Franchisee shall maintain the Franchised Location to the standards of sanitation, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisor shall loan a copy of the Manual to Franchisee. The Manual and other documents are subject to modification from time to time as Franchisor determines, in its sole discretion. Franchisee, at Franchisee's expense, shall make such additions, alterations,

repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repainting and repairs or replacement of worn or impaired furniture, fixtures, equipment, and signage as Franchisor may direct.

9.2. Inspections. Franchisee shall operate and maintain the Franchised Location in a manner that will insure the highest rating possible for businesses of like kind from the governmental authorities that may inspect such businesses in the Territory. Franchisee shall submit to Franchisor a copy of any inspection reports. If, upon inspection, Franchisee does not obtain such rating or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by the System, then Franchisor may, at its option, place such of its representatives at the Franchised Location as it deems necessary to train Franchisee's personnel until the Franchised Location can obtain the highest rating or meet said general standards. Franchisor's representatives shall remain at the Franchised Location until such standards are met or until Franchisor, in its sole and absolute discretion, decides to remove them. Franchisee shall pay all costs of placing Franchisor's representatives at the Franchised Location, including costs of transportation, meals, lodging, salary, wages or other compensation, plus the cost of fringe benefits which shall be deemed to be 15% of such representatives' salary and wages.

9.3. Display Systems, Inventory, Equipment and Technology Updates. Franchisee shall make any and all upgrades to display systems, inventory, equipment, including but not limited to, the POS system, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.4 Trade Dress Modifications.

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

9.4.2. Franchisee shall refurbish the Franchised Location at Franchisee's sole expense, as required by Franchisor, but not more frequently than every five (5) years, to conform to Trade Dress Modifications. This includes, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

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

of execution hereof.

9.5 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Section 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Section 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may require Franchisee to participate in council-related activities and meetings and to pay any fees assessed for the administration of the council.

10. FRANCHISOR'S OBLIGATIONS. Franchisor and/or its designated representative will provide the services described below:

10.1. Site Selection Guidelines. Written site selection guidelines and such site selection assistance as Franchisor may deem advisable, in Franchisor's sole discretion.

10.2. On-Site Evaluation. Such on-site evaluation of a proposed site as Franchisor may deem necessary, or, if Franchisor agrees, in Franchisor's sole discretion, in response to Franchisee's reasonable request for site evaluation; provided, however, that Franchisor shall not provide an on-site evaluation for any proposed site prior to the receipt of all required information and materials concerning such site prepared pursuant to Section 8. If on-site evaluations are deemed appropriate by Franchisor, or upon Franchisee's reasonable request, Franchisor reserves the right to charge a fee for performing each such evaluation and reimbursement of the reasonable expenses incurred by Franchisor (or its designee) in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging, meals and wages.

10.3. Plans and Specifications. Loan to Franchisee one (1) set of prototypical architectural and design plans and specifications for a Superior Play Systems business. Franchisee shall independently, and at Franchisee's expense, have such architectural and design plans and specifications adapted for construction of the Franchised Location in accordance with Section 8.

10.4. Manual. A loan of one (1) set of Confidential Superior Play Systems Operations Manuals and such other manuals and training aids as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or

via the Internet, at Franchisor's sole and absolute discretion.

10.5. Inspection. Inspection of the Franchised Location and evaluations of the goods sold and services rendered therein whenever reasonably determined by Franchisor.

10.6. Pre-Opening Requirements. Provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required to open the Franchised Business for business.

10.7. Advertising Materials. Provide samples or camera ready artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.

10.8. Merchandise. From time to time, and at Franchisor's sole discretion, make certain merchandise available for sale to Franchisee's customers at a discounted price. This may include floor models and products that have been replaced with newer versions. Franchisee must sell all floor models at a discounted price at least every twelve (12) months. All floor models must be replaced with new models.

10.9. List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved suppliers of products and services for System franchisees.

10.10 Training. The training programs specified in Section 7 herein.

10.11 On-Site Assistance. On-site pre-opening and post-opening assistance at the Franchised Location in accordance with the provisions of Section 7.

10.12 Brand Development Fund. Administer a marketing fund, and/or, advertising cooperatives, in accordance with Sections 13.3 and 13.4.

10.13 E-mail Address. Franchisor shall assign Franchisee an e-mail address or addresses for use in the operation of the Franchised Business. Franchisee shall read all electronic mail for the Franchised Business on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor.

11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1. Best Efforts. Franchisee, or if Franchisee is not a natural person, each of Franchisee's Principals, covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Location so as to achieve optimum sales.

11.2. Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal

represent, warrant and covenant that:

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

11.2.2. Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Location and the Territory;

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

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

11.2.5. copies of Franchisee's organizational documents, other governing documents, resolutions or consents of the governing board authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of equity interests in Franchisee, and any other documents as may be reasonably required by Franchisor shall be furnished to Franchisor prior to the execution of this Agreement;

11.2.6. the ownership interests in Franchisee are accurately and completely described on Exhibit E of this Agreement. Upon the occurrence of any change of ownership, Franchisee shall immediately provide Franchisor with a copy of the updated list of all owners of the entity. Franchisee shall make a list of its owners available to Franchisor at any time upon request;

11.2.7. if Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities. Each stock certificate shall conspicuously state, in a form satisfactory to Franchisor, that it is held subject to all restrictions on assignments imposed by this Agreement; provided, however, that the requirements of this Section shall not apply to the transfer of equity securities of a publicly-held corporation. For purposes of this Agreement, a publicly-held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act. If Franchisee is a partnership or limited liability company, its written partnership or limited liability company operating agreement shall provide that ownership of an interest in such entity is held subject to all restrictions on assignments imposed by this Agreement;

11.2.8. Franchisee and, at Franchisor's request, each Principal, have provided Franchisor with the most recent financial statements and tax returns

of Franchisee and such Principal. Such financial statements and tax returns shall present fairly the financial position of Franchisee and each Principal, as applicable, at the dates indicated therein and, with respect to Franchisee, the results of its operations and its cash flow for the years then ended. Franchisee shall at all times maintain sufficient working capital to fulfill its obligations under this Agreement. Each of the financial statements and tax returns mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities on the financial statements of Franchisee or Principal; and

11.2.9. each Principal shall personally execute and bind himself or herself to the Franchisee's Principal Guaranty (the "Guaranty") and Confidentiality and Non-Compete Agreement, in the forms of Exhibits F and G to this Agreement, respectively. Each shall jointly and severally guarantee Franchisee's performance of all of Franchisee's obligations, covenants and agreements hereunder, and shall otherwise bind themselves to the terms of this Agreement as stated herein, pursuant to the terms and conditions of the Guaranty and Confidentiality and Non-Compete Agreement.

11.3 Appointment of General Manager.

11.3.1. Franchisee may designate a general manager ("General Manager") to direct the operation and management of the Franchised Location. Franchisee shall designate its General Manager prior to attending the Initial Management Training Program. The General Manager shall be responsible for the daily operation of the Franchised Location. The General Manager may, but does not have to be, Franchisee, if Franchisee is an individual, or a Principal. However, designation of a General Manager does not relieve Franchisee of its obligation to be involved with the daily operation of the Franchised Business under Section 12.1.13, below.

11.3.2. The General Manager shall, during the entire period he or she serves as General Manager, meet the following qualifications:

11.3.2.1. The General Manager shall meet Franchisor's standards and criteria for such individual, as set forth in the Manual or otherwise in writing by Franchisor, and shall be an individual otherwise acceptable to Franchisor in its sole discretion.

11.3.2.2. The General Manager shall devote his or her full time and best efforts to the supervision and management of the Franchised Location, and may not engage in any other business activity without the Franchisor's consent, which may be withheld in Franchisor's sole

discretion.

11.3.2.3. The General Manager shall satisfy the training requirements set forth in Section 7.

11.3.3. If the General Manager is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement (including, but not limited to, completing all training and obtaining all certifications required by Franchisor). Until such replacement is designated, Franchisee shall provide for interim management of the Franchised Location, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee an interim management support fee until such General Manager is properly trained or certified in accordance with Franchisor's requirements. Such interim management support fee shall be in the amount of Three Hundred Dollars ($300.00) per day, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, and shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.

11.4. Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, health permits, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.

11.5. Claims. Franchisee shall notify Franchisor 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 in any way relating to or affecting the operation or financial condition of the Franchised Business.

11.6. Assignment of Numbers and Listings. At Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any

and all of Franchisee's rights to the telephone numbers of the Franchised Location and all related Yellow Pages, White Pages and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usages related to the Franchised Business.

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

11.8. Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Section 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

12. FRANCHISEE'S OPERATIONS

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

12.1.1. maintain and operate the Franchised Business in good condition and repair and in a proper and businesslike manner, using Franchisee's best efforts to maintain a clean, sanitary and respectable atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;

12.1.2. comply with all applicable governmental laws, ordinances, rules and regulations;

12.1.3. maintain sufficient inventories as prescribed by Franchisor and employ sufficient employees as prescribed by Franchisor to operate the Franchised Business at its maximum capacity and efficiency as required by Franchisor. Franchisee may not be open for additional hours or fewer hours or fewer days without prior approval of Franchisor;

12.1.4. require all employees of the Franchised Business to wear uniforms or clothes conforming to Franchisor's specifications as to style, color, and design as Franchisor may from time to time reasonably designate so as to maintain the goodwill and reputation of Franchisor, the System and the Marks;

12.1.5. employ only qualified individuals who are trained in accordance with Franchisor's standards and who will at all times conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall use its best efforts to insure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to patrons of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

12.1.6. use only goods, supplies, business forms, signs, stationery, furnishings, services and equipment that conform to the current standards and specifications for the System and which are obtained from Franchisor's previously approved suppliers. Franchisor shall have the right to terminate this Agreement if Franchisee uses any goods, supplies, furnishings or equipment that do not conform to such standards and specifications or which are purchased from suppliers that have not been previously approved in writing by Franchisor;

12.1.7. permit Franchisor or its agents, to remove from the Franchised Location without payment to Franchisee for same, samples of any products, to determine whether such products meet Franchisor's then current standards, specifications and requirements. In addition to any other remedies it may have, Franchisee shall reimburse Franchisor for Franchisor's cost of testing any product that does not conform to the System standards and specifications;

12.1.8. prominently display signs in and upon the Franchised Location using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to not display in or upon the Franchised Location or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Location or elsewhere and remove any objectionable or non-approved signs or advertising media and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.10. conduct all advertising programs in a dignified manner that will not detract from the reputation of the System or the Marks;

12.1.11. submit all advertising, print materials (including, but not limited to, signs, brochures, websites, etc.), press releases, media packets and media information and any other information to be released for publication relating to the Franchised Business, to Franchisor for written approval prior to their being printed or published;

12.1.12. carry only such items as may from time to time be previously approved and required by Franchisor;

12.1.13. devote Franchisee's full time, energy and best efforts to the efficient and effective management and operation of the Franchised Business and use the Franchised Location only for the purposes designated in this Agreement and avoid any activities that would conflict or interfere with or be detrimental to such purposes;

12.1.14. not sell, display or use at the Franchised Location vending machines, entertainment devices, gambling devices, games of chance, and products and equipment that are not previously approved in writing by Franchisor;

12.1.15. not use the Marks except as they relate to the System, and then only as previously approved by Franchisor in writing;

12.1.16. have at all times a Principal who has been properly trained as required herein; and

12.1.17. replace all playground equipment floor models no less than once every twelve (12) months.

12.2. Bookkeeping and Reports.

12.2.1. Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations utilizing the accounting procedures specified by Franchisor. Franchisee agrees to: (i) purchase the computer systems specified in Section 12.3 and (ii) hire an outside accounting or bookkeeping firm, approved by the Franchisor, to maintain the records and accounts of the Franchisee to the standards of the Franchisor.

12.2.2. Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with

generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3. The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.2.4. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds that any Gross Sales Report was understated by more than two percent (2%), Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Three (3) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

12.3. Computer Systems.

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

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

12.3.3. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.

12.3.4. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall maintain an electronic mail account with an Internet service provider acceptable to Franchisor. Franchisee shall read all electronic mail related to the Franchised Business on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on

the Internet except as provided and specifically permitted herein.

12.3.5. Franchisor has established a website that provides information about the System and the products and services offered by the Superior Play Systems businesses (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor may, but has no obligation to, include an interior webpage on the Website for Franchisee's Franchised Location. If Franchisor elects to include such interior page, Franchisor may require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting. Franchisee has no ownership or other proprietary rights to such page and will lose all rights to such page upon expiration or termination of this Agreement for any reason.

12.3.6. Franchisee shall pay all fees and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, Internet access, license fees, help desk fees, licensing or user-based fees for a franchise portal or a benchmarking platform, web page design, and fees related to exposure on Franchisor's website.

12.4. Safety and Security of Premises. Franchisee is solely responsible for the safety and security of the Franchised Location for Franchisee, Franchisee's personnel, customers, agents and the general public. Any suggestions by Franchisor on such matters are for guidance only and not binding on Franchisee. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Sections 15.4 and 15.9 hereof shall apply to any claims made against Franchisor regarding safety or security.

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

12.6. Volume Rebates. If Franchisor receives any cash rebates, volume discounts, concessions, advertising allowances, or discount bonuses (collectively "Discounts"), whether by way of cash, kind or credit, from any manufacturer or supplier designated by Franchisor, whether or not on account of purchases made (i) by Franchisor for its own account or for Franchisee's account, or franchisees generally, or (ii) by Franchisee directly for its own account, Franchisor may use such Discounts for any purpose in its sole

discretion. Franchisor reserves the right to discontinue these contributions and retain the whole or any partial amount of such Discounts at any time.

12.7. Unapproved Suppliers. If Franchisee desires to purchase, lease or use any equipment, products or other items of any nature or kind from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such supplier. Franchisee shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing. Prior to testing, a fee of Five Hundred Dollars ($500) (the "Testing Fee") plus any actual expenses incurred by us for product testing, shall be paid by Franchisee. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed supplier within thirty (30) calendar days after Franchisor receives all required information to evaluate the product or service. If such request is not specifically approved within thirty (30) days it shall be deemed to be disapproved. If we deem the source to be an approved supplier/product for the entire System, the Testing Fee will be refunded to you. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier.

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

12.9. Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

13. ADVERTISING, PROMOTIONS AND RELATED FEES

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

13.2. Local Advertising. In addition to the ongoing advertising contributions set forth herein, for months 1-12, inclusive, of operation of the Franchised Business, Franchisee shall spend not less than four percent (4%) of the Gross Sales of the Franchised Business monthly on advertising for the Franchised Location in the Territory ("Local Advertising"). Beginning in month 13 of operation, Franchisee shall spend monthly, throughout the remainder of the term of this Agreement, not less than three percent (3%) of the Gross Sales of the Franchised Business on advertising for the Franchised Location in the Territory. On or before the 1st day of February following the end of each calendar year, Franchisee shall submit to Franchisor a Local Advertising expenditure report accurately reflecting such expenditures for the preceding annual period. If that day is not a business day, then such report shall be due on the next business day. Any sales tax collected from customers by Franchisee and actually transmitted to the appropriate taxing authorities shall not be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing.

13.2.1. In addition to the requirements of Section 13.2, Franchisee shall spend at least Thirty Thousand Dollars ($30,000.00) on Local Advertising and promotional activities within and around the Franchisee's Territory at least sixty (60) days prior to and within the first ninety (90) days after the opening of the Franchised Business to promote the opening of the Franchised Business.

13.2.2. In addition to your Local Advertising expenditures, you may wish to use Social Media Platforms (defined as web based platforms such as Facebook, Myspace, Twitter, LinkedIn, blogs and other networking and sharing sites) or use Social Media Materials (defined as any material on any Social Media Platform that makes use of our Principal Trademarks, name, brand, products or your Franchised Business whether created by us, you or a third party). You may not use a Social Media Platform or Social Media Materials without our prior written approval.

13.3. Brand Development Fund.

13.3.1. Franchisor has established a brand development fund (the “Brand Development Fund”) on behalf of the System for national brand development through advertising and marketing. Franchisee is required to contribute an amount up to two percent (2%) of the Gross Sales generated weekly by the Franchised Business to the Brand Development Fund, as specified by Franchisor. Currently, Franchisor requires a weekly contribution of one percent (1%) of Gross Sales. Payments will be made in the same manner and time as the Royalty Fees. Franchisor may require Franchisee to allocate to the Brand Development Fund all or any portion of Franchisee’s required contributions to a regional fund or cooperative as described in Section 13.4 or expenditures for Local Advertising as described in Section 13.2.

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

13.3.3. Franchisor may use the Brand Development Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing and maintaining an Internet website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares). Franchisor reserves the right to include language “Franchises Available” or similar language, along with contact information on all advertising placed using Brand Development Funds.

13.3.4. The Brand Development Fund will be operated solely as a conduit for collecting and expending the advertising contributions for the System. The Brand Development Fund will not be used to defray any of Franchisor’s general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Development Fund and such costs and expenses pursuant to Section 13.3.4. The Brand Development Fund and its earnings shall not otherwise inure to Franchisor’s benefit.

13.3.5. Franchisor will prepare an annual statement of the Brand Development Fund’s operations and will make it available to Franchisee

upon request. In administering the Brand Development Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

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

13.4. Cooperative Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising fund or cooperative. If a regional fund or cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests and contribute to the fund and/or become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional advertising fund or cooperative, Franchisee agrees to contribute amounts Franchisor requires. Company-owned units may be active members of any cooperative and may possess voting power in accordance with the rules of the cooperative as we may determine in our sole discretion.

13.5. Directory Listings. Franchisee must have paid advertising on the Internet, advertising the Franchised Business, including, but not limited to, Google, Yahoo, Bing and MSN, at Franchisee's sole cost and expense. If feasible, and with Franchisor's prior written approval, Franchisee may participate in a cooperative advertisement with other System franchisees.

13.6. Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising and promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within fifteen (15) business days of Franchisor's receipt thereof. Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Franchisee shall not advertise or use the Marks in any fashion on the Internet or via other means of advertising through telecommunication, or establish any website listing, without the express written consent of Franchisor, which may be withheld in Franchisor's sole discretion. Any advertising, marketing

or sales concepts, programs or materials proposed or developed by Franchisee for the Franchised Business and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

13.7. Special Promotional Items. Franchisor may, from time to time, develop and market special promotional items which may be made available to Franchisee for sale at the Franchised Business. Franchisee shall purchase and maintain, at Franchisee's expense, a representative inventory of such promotional items to meet public demand.

13.8. Promotional Programs. Franchisor may, from time to time, initiate promotional programs for the benefit of all franchisees of the System such as "frequent purchase" card programs (i.e. buy 12 visits, get 1 free), complimentary cards (free item) or special product discounts. Franchisee agrees to accept and honor all cards, promotional coupons, or other System-wide offers, on a uniform basis, as accepted by other franchisees in the System.

14. INTELLECTUAL PROPERTY

14.1 Ownership.

14.1.1. Franchisee expressly understands and acknowledges that Superior Play Systems Inc. ("Licensor") is the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor claims copyrights on certain written material used in the System, including but not limited to, forms, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights are hereafter together referred to as the "Intellectual Property."

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

14.2. No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's or Licensor's rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's or Licensor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Superior Play Systems franchise and only at or from the Franchised Location or in approved advertising related to the Franchised Location.

14.3. Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon

expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.

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

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

14.6. Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business if the current Marks no longer can be used by Franchisor, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute Marks.

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

14.7.1 unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Mark "Superior Play Systems". Franchisee shall not use the Marks as part of its corporate or other legal name, and shall obtain the Franchisor's approval of its corporate or other legal name prior to filing it with the applicable state authority. Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability. All fictitious names used by Franchisee shall bear the designation "a franchisee of Superior Play Franchising LLC";

14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Superior Play Franchising LLC franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous

locations on the premises of the Franchised Location or any catering or delivery vehicle as Franchisor may designate in writing;

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

14.7.4. any merchandise offered by Franchisee that utilizes the Marks, must be approved by Franchisor in writing prior to being sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

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

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

14.10. You shall not register or attempt to register the Intellectual Property in your name or that of any other person, firm, entity or corporation.

14.11. You acknowledge that any unauthorized use of the Intellectual Property

shall constitute an infringement of our rights in the Intellectual Property and a material default hereunder. You agree that you shall provide us with all assignments, affidavits, documents, information and assistance we reasonably request in order to register, maintain or enforce such rights in the Intellectual Property.

14.12. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our sole opinion, reasonably be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests or any other interested party in the Intellectual Property.

14.13. If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any trade names, service marks or trademarks and/or use one or more additional or substitute names or marks, you shall immediately modify or discontinue the use of any such name or mark, and use such additional or substitute name or mark.

14.14. In the event that litigation alleging that the Intellectual Property infringes a third party's rights is instituted or threatened against you, you shall promptly notify us and shall cooperate fully in defending or settling such litigation. You waive any claim arising from or relating to any change, modification or substitution of the Marks.

14.15. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any additions, modifications, substitutions or discontinuation of the Marks. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

15. INSURANCE AND INDEMNIFICATION

15.1. Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies rated A or better with A.M. Best Company, protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds. Currently, you must obtain at least the following coverage and limits (additional coverage and higher policy limits may reasonably be specified from time to time by us in the Manual or otherwise in writing):

15.1.1. Liability. Comprehensive general liability insurance, including contractual liability, public liability, broad form property damage, personal injury, product liability, completed operations and independent contractors coverage, and fire damage coverage in the amount of at least One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) in

the aggregate, or such amount as required by your lease for the Franchised Location or state laws;

15.1.2. Umbrella Coverage. Umbrella excess liability coverage in an amount equal to One Million Dollars ($1,000,000) combined single limit coverage;

15.1.3. Employment. Worker's compensation coverage in the limits required by state law but in any event not less than One Million Dollars ($1,000,000) and employer's liability insurance in the amount of One Million Dollars ($1,000,000) per accident shall be carried on all of Franchisee's employees, 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;

15.1.4. Property. Fire, vandalism and extended coverage insurance with primary and excess limits of not less than the full replacement value of the equipment, furniture, fixtures, inventory, vehicles and inventory;

15.1.5. Business. Business interruption insurance for a minimum of twelve (12) months, in an amount necessary to satisfy Franchisee's obligations under this Agreement and the lease for the Franchised Location;

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

15.1.7. Employee Crime. Crime insurance for employee dishonesty in the amount of Five Thousand Dollars ($5,000) combined single limit.

15.2. Certificates. At least thirty (30) days prior to the opening of the Franchised Location and on each policy renewal date thereafter, Franchisee shall submit to Franchisor original or duplicate copies of all policies and policy amendments. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days prior written notice to us.

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

15.4. Indemnification. Franchisee will indemnify, defend and hold Franchisor harmless from and against all claims, demands, losses, damages (including

punitive damages), costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious (and including damages suffered by Franchisee or any of Franchisee's property) (collectively referred to as "Damages") arising directly or indirectly out of or in connection with the construction, operation, maintenance, debt, sale, use of the Intellectual Property inconsistent with this Agreement or our instructions or occupancy of the Franchised Business, the Franchised Location or services provided by Franchisee or the products sold by Franchisee, whether due to an act or omission, except to the extent that such liabilities arise solely and directly from the willful malfeasance of Franchisor.

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

15.6. Media Inquiries. Any and all media inquiries concerning the Franchised Business, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor. Franchisee further may not disseminate any press release unless it is reviewed and approved by Franchisor.

15.7. Additional Insured. All required insurance policies shall name Franchisor and their affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds, and shall include a waiver of subrogation in favor of the additional insureds. All such insurance policies shall provide that any interest of the additional insureds therein shall not be affected by any breach by Franchisee of any policy provisions. All public liability and property damage policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to them by reason of the negligence of Franchisee or its servants, agents or employees.

15.8. Evidence of Insurance. Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder. All policies of insurance required to be maintained by Franchisee hereunder shall be renewed (and policies or certificates together with evidence of payment of premiums delivered to Franchisor) at least thirty (30)

days prior to the respective expiration dates of existing policies of insurance. All such policies shall contain endorsements requiring the insurer to give Franchisor at least ten (10) days written notice before terminating, canceling or making any changes in any such policy.

15.9. Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS SUPERIOR PLAY FRANCHISING LLC, ANY PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES (COLLECTIVELY REFERRED TO AS "THE SUPERIOR PLAY SYSTEMS INDEMNITEES") AS WELL AS THE SUPERIOR PLAY SYSTEMS INDEMNITEES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES, FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED LOCATION AND SUPERIOR PLAY SYSTEMS' SYSTEM, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM THE CONDUCT OF FRANCHISEE'S BUSINESS AT THE FRANCHISED LOCATION, FRANCHISEE'S ADVERTISING, OR FRANCHISEE'S BUSINESS PRACTICES, REGARDLESS OF WHETHER THE ALLEGED INJURY OR LIABILITY IS CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF THE SUPERIOR PLAY SYSTEMS INDEMNITEES. FRANCHISEE AGREES TO PAY FOR ALL THE SUPERIOR PLAY SYSTEMS INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE SUPERIOR PLAY SYSTEMS INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE SUPERIOR PLAY SYSTEMS INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT IN ORDER TO HOLD FRANCHISOR HARMLESS, FRANCHISEE WILL REIMBURSE THE SUPERIOR PLAY SYSTEMS INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE SUPERIOR PLAY SYSTEMS INDEMNITEES.

16. TRANSFERS

16.1. Transfers by Franchisor.

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

16.1.2. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Superior Play Systems franchise.

16.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the play equipment business or to offer or sell any products or services to Franchisee.

16.2. Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any

transfer made without such approval.

16.3. Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (), ownership in the Franchisee, the Franchised Business, or all or substantially all assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law (collectively a "Transfer") unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any controlling ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership, whether transferred in one singular transaction or through an aggregation of multiple transactions, shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1. the proposed transferee must be an individual of good moral character or the principals of the transferee must all be of good moral character and otherwise meet Franchisor's then-applicable standards for franchisees;

16.3.2. the transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Location and to comply with this Agreement;

16.3.3. the transferee and its Principals or their General Manager, if any, have agreed to complete Franchisor's Initial Management Training Program to Franchisor's satisfaction;

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

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

16.3.6. Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;

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

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

16.3.9. if consent is required, the lessor of the Franchised Location consents to the assignment or further sublet of the premises to the transferee.

16.4. Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to one-half of the then-current initial franchise fee (or one-third of the then-current franchise fee if the proposed transfer is to an existing franchisee), plus our actual costs and expenses associated with the transfer, including training costs, legal and accounting fees and costs, and referral fees paid to franchise brokers.

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

16.6. Franchisor's Right of First Refusal.

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

16.6.2. Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the

interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3. Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the third-party offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4. If Franchisor does not exercise its right to buy the interest in this Agreement within thirty (30) days of receipt of notification of the offer, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7. Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee, the Franchise granted by this Agreement will terminate, unless prohibited by applicable law. If prohibited by applicable law, the executor, administrator, conservator or other personal representative of Franchisee will transfer Franchisee's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Section 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from supervising the operation of the Franchised Business for six (6) months from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors. Franchisor shall waive its standard Transfer Fee for any transfer effected under this Section 16.7.

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

16.9. Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Location to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement on Transfers, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions.

17. DEFAULTS

17.1. Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

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

17.2.1. fails to acquire a site for the Franchised Business, complete construction of the Franchised Business or open the Franchised Location

within the time and in the manner specified in Section 8;

17.2.2. falsifies any report required to be furnished Franchisor hereunder;

17.2.3. ceases to do business at the Franchised Location for a period of five (5) days or more; provided, however, that this provision shall not apply if, through no fault of Franchisee, the premises are damaged or destroyed by a casualty and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation.

17.2.4. loses for any cause whatsoever the right of possession as owner or lessee of the real property on which the Franchised Location is located; provided, however, that this provision shall not apply if through no fault of Franchisee, Franchisee loses right of possession and Franchisee applies within thirty (30) days prior to such event, for Franchisor's approval to relocate the Franchised Business (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such relocation in accordance with Section 8.5.

17.2.5. fails to restore the Franchised Location to full operation within a reasonable period time but not more than one hundred twenty (120) days from the date the Franchised Location is rendered inoperable by any casualty;

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

17.2.7. defaults under any lease or sublease of the real property on which the Franchised Location is located;

17.2.8. understates Gross Sales on three (3) occasions or more, whether or not cured on any or all of those occasions;

17.2.9. permits a Transfer in violation of the provisions of Section 16 of this Agreement;

17.2.10. fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Location upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section16.7.

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

17.2.12. is convicted of, or pleads no contest to, a felony or a crime that could

damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;

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

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

17.2.15. creates a threat or danger to public health or safety from the construction, maintenance or operation of the Franchised Location;

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

17.2.17. makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);

17.2.18. fails to comply with the non-competition covenants in Section 19.5;

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

17.2.20. has insufficient funds to honor a check or electronic funds transfer three (3) or more times within any consecutive twelve (12)-month period;

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

17.2.22. terminates this Agreement without cause; or

17.2.23. violates the provisions of Section 15.6.

17.3. Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1. fails to pay when due any amounts due to Franchisor under this

Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12) month period, and the third such late payment in any twelve (12) month period shall be a non-curable default under Section 17.2.16;

17.3.2. fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5) day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12) month period, and the third such default, whether monetary or non-monetary, in any twelve (12) month period shall be a non- curable default under Section 17.2.16.

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

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

17.4.2. enter upon the Franchised Location and exercise complete authority with respect to the operation thereof until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Location. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor ten percent (10%) of the Gross Sales generated at the Franchised Location during Franchisor's operation thereof, as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement. Franchisee shall have a clause inserted in its lease for the premises that permits Franchisor to exercise its rights pursuant to this Paragraph.

17.5. Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee

or Franchisee's General Manager, to direct suppliers to stop furnishing any and all products and supplies, including, but not limited to products sold under Franchisor's discounted pricing schedules, until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

18. POST-TERMINATION

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

18.1.1. immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current or former Superior Play Systems owner, franchisee or licensee;

18.1.2. immediately and permanently cease to use the Marks, any imitation of any Mark or other indicia of a Superior Play Systems® business, or use any trade name, trade or service mark or other commercial symbol that suggests an association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles, which display the Marks;

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

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

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

18.1.6. immediately deliver to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements and all other materials related to operation of the Franchised Business (all of which are acknowledged to be Franchisor's property), and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law; and

18.1.7. comply with the non-disclosure and non-competition covenants contained in Section 19.

18.2. Right to Purchase.

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

18.2.2. If Franchisee owns the land and/or building of the Franchised Location, then, Franchisor shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the land and/or building of the Franchised Location for the fair market value of the land and/or building. Franchisor shall purchase the land and/or building free and clear of any liens, charges, encumbrances or security interests and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined in accordance with the appraisal procedure set forth in Section 18.2.1. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser

due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.3. With respect to the options described in Sections 18.2.1 and 18.2.2, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.4. Franchisor shall be entitled to assign any and all of its options in Sections 18.2.1 and 18.2.2 to any other party, without the consent of Franchisee.

18.3. Assignment of Telephone Numbers. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related White Pages or Yellow Pages listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.6, Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4. Survival. The rights and obligations of the parties contained in this Section 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

19.1 Operations Manual.

19.1.1. Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than paper

copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the franchised business.

19.1.2. Franchisee and any and all Principals shall at all times treat the Manual, any written directives of Franchisor, and any other manual and materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Section and this Agreement. Franchisee and Franchisee's Principals, if any, shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee and Franchisee's Principals, if any, shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3. The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall and similar technology to prevent unauthorized access. Franchisee shall return the Manual to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4. Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. Franchisee shall at all times ensure that the Manual is kept current and up to date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.2. Confidential Information. Franchisee and any Principal acknowledge and accept that during the term of this Agreement Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, recipes, formulas, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary", and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

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

19.4. New Concepts. If Franchisee or any Principal develops any new concept, process, product, recipe, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, formulas, recipes, processes, products or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements.

Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

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

19.5.1. during the term of this Agreement, Franchisee and each Principal, if any, shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any playground equipment business similar to the System; (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Superior Play Systems franchisees; and

19.5.2. upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals, if any, shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any playground equipment business within five (5) miles of any Superior Play Systems location;(iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Superior Play Systems franchisees.

19.6. Reasonableness of Restrictions. Franchisee acknowledges and agrees

that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principals, if any, since Franchisee or Principals, as the case may be, have other considerable skills, experience and education which afford Franchisee or Principals, as the case may be, the opportunity to derive income from other endeavors.

19.7. Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

19.8. Injunctive Relief. Franchisee acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.

19.9. No Defense. Franchisee and each Principal, if any, expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

19.10. Covenants of Managers. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from its General Manager and all other management level personnel of Franchisee who have received or will have access to training from Franchisor. Such covenants shall be substantially in the form set forth in Exhibit "G".

20. DISPUTE RESOLUTION

20.1. Mediation. Except as set forth in Section 20.3, Franchisor, Franchisee and/or any Principals may first submit any claim, controversy or dispute arising

out of or relating to this Agreement, the Exhibits hereto or the relationship created by this Agreement to non-binding mediation. The mediation shall be conducted through either an individual mediator or a mediator appointed by a mediation services organization or body, experienced in the mediation of disputes between franchisors and franchisees, agreed upon by the parties and, failing such agreement within ten (10) business days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association in accordance with its rules governing mediation. Such mediation shall take place at Franchisor's corporate headquarters in Norristown, Pennsylvania. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then the matter shall be submitted to arbitration in accordance with Section 20.2, unless such time period is extended by written agreement of the parties.

20.2. Arbitration.

20.2.1. Except disputes not subject to alternative dispute resolution as set forth in Section 20.3, any dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Exhibits hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Section 20.1, will be resolved by submission to the American Arbitration Association offices in Washington, D.C., to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association.

20.2.2. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Section 20 will be governed by the Federal Arbitration Act (9 U.S.C. §1 et seq.) and the federal common law of arbitration. All hearings and other proceedings will take place in Norristown, Pennsylvania, or the offices of the American Arbitration Association, or, if Franchisor so elects, in the county where the principal place of business of Franchisee is then located.

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

20.2.4. The provisions of this Section 20.2 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

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

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

20.3. Exceptions. Notwithstanding the requirements of Sections 20.1 and 20.2, the following claims shall not be subject to mediation or arbitration:

20.3.1. Franchisor's claims for: (i) monies owed or (ii) injunctive or other extraordinary relief;

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

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

20.3.4. disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business.

20.4. Governing Law and Venue. With respect to any claims, controversies or disputes that are not finally resolved through mediation or arbitration, or as otherwise provided above, Franchisee and any Principal, except where specifically prohibited by the franchise laws of the jurisdiction applicable to Franchisee or Principal, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state courts of Pennsylvania and the Federal District Court for the Eastern District of Pennsylvania. Franchisee and any Principal hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. Franchisee and any Principal hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Pennsylvania or federal law. Franchisee and any Principal further agree that venue for any proceeding relating to or arising out of this Agreement

shall be Norristown, Pennsylvania; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, Franchisor may bring such action in any state or federal district court that has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement, the Exhibits hereto or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Pennsylvania law.

20.5. Mutual benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.4 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principals, if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

20.6. Performance of Obligations. Franchisee, each Principal, if any, and Franchisor acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Norristown, Pennsylvania, and further acknowledge that the performance of certain obligations of Franchisee arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of Franchisor's training requirements shall occur in Norristown, Pennsylvania.

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

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

20.9. Survival. The provisions of this Section 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this

Agreement.

21. WAIVER AND RELEASE OF CERTAIN CLAIMS

21.1. Waiver of Claim for Lack of Business Success. Franchisee acknowledges that Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business..

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

22. GENERAL

22.1. Independent Contractor. Franchisee is and shall be an independent contractor under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of the relationship hereby established which specifically, but not exclusively,includes costs, losses, expenses, attorneys' fees, relative to assignment or the transfer of right to franchise and transactional costs relative thereto, defaults under any leases, subleases, notes, receipt of revenues or any other relationships arising directly or indirectly out of the operation of the Franchise.

22.2. Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of a corporation if Franchisee is a corporation) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals, if any, in this Agreement or the Franchised Location, except in accordance with Section 16 hereof.

22.3. Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to

the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

22.4. Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to you, except the representations made to you in our Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in the franchise disclosure document.

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

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

22.7. Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as first above written, or at such other address or addresses as the parties may from time to time designate in writing.

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

22.9. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this

Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Section 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

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

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

23. ACKNOWLEDGMENTS. Franchisee hereby acknowledges the following:

23.1. Franchisee further acknowledges that this Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

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

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

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

23.5 Franchisee acknowledges that this Agreement contains restrictions on Franchisee's rights to communicate with the media and that liquidated damages shall be imposed upon a breach of any of these restrictions.

The parties hereto have executed this Agreement in triplicate the day and year first above written.

Attest:

FRANCHISOR
SUPERIOR PLAY FRANCHISING LLC

By:_____

Name:_____

Title: _____

FRANCHISEE

By:_____

Name:_____

Title: _____

EXHIBIT A

DESIGN MARKS

Principal Trademarks

SUPERIOR PLAY SYSTEMS word mark
Registration No. 3,922,404
Registered February 22, 2011
US Patent and Trademark Office

THE MOST TRUSTED NAME IN PLAY word mark
Registration No. 4,310,814
Registered March 26, 2013
US Patent and Trademark Office

SO MANY WAYS TO PLAY word mark
Registration No. 5,368,701
Registered January 2, 2018
US Patent and Trademark Office

WHERE QUALITY COMES INTO PLAY
Registration No. 4,121,566
Registered April 3, 2012
US Patent and Trademark Office

SUPERIOR PLAY SYSTEMS
Registration No. 5,752,797Registered May 14, 2019
US Patent and Trademark Office

The principal trademarks are owned by SPS IP LLC.

There are no existing or pending material determinations of the US Patent and Trademark Office, Trademark Trial and Appeal Board, Trademark administrator of any state or any court, no pending infringement, opposition or cancellation actions nor any pending material litigation involving the Principal Trademarks.

EXHIBIT B

TERRITORY DESCRIPTION

EXHIBIT B-1

FRANCHISED LOCATION

The address of the Franchised Location is:

_____

_____

_____

Name of Shopping Center (if applicable):

EXHIBIT C

GENERAL RELEASE

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

FRANCHISEE AND FRANCHISEE'S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT.

The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim.

This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This General Release shall not apply to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[Signatures on the following page]

Executed as of _____, 20___.

FRANCHISEE:

_____ _____

Attest: By:

FRANCHISEE'S PRINCIPAL:

_____ _____

Witness: Name:

EXHIBIT D
COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE AGREEMENT (this or the "Agreement") made this_____day of_____20____ _____by and between_____ _____(hereinafter referred to as "Landlord"), _____ _____ (hereinafter referred to as "Tenant"); and Superior Play Franchising LLC, a Pennsylvania limited liability company (hereinafter referred to as "Franchisor").

Landlord has leased to Tenant certain premises known as _____ (the "Premises"), under the terms of a Lease executed concurrently herewith, (the "Lease"), for Tenant's use of the same as a Superior Play Systems showroom and/or fun center pursuant to a franchise agreement between Franchisor, and Tenant, as franchisee (the "Franchise Agreement").

This Agreement is entered into in consideration of and in connection with Franchisor's acceptance of the Premises as a Superior Play Systems® franchised location and the grant of a franchise to Tenant. This Agreement is intended to provide Franchisor and with the opportunity to preserve the continued use of the Premises as a Superior Play Systems® franchised location under circumstances hereinafter set forth. In consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

SECTION I
GRANT OF OPTION

1.1. Landlord grants to Franchisor the options to lease the Premises pursuant to the terms, covenants and conditions hereinafter set forth (each an "Option" and collectively the "Options"). Tenant recognizes the Options and acknowledges that its rights as tenant under and pursuant to the Lease are under and subject to the Options.

1.2. Upon default of Tenant under Lease. Landlord shall send Franchisor copies of all default notices, warning and termination letters and notices it gives to Tenant concurrently with giving such notices to Tenant. If Tenant fails to cure any defaults within the period specified in the Lease and Landlord intends to terminate the Lease and/or Tenant's right of possession of the Premises, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults Tenant has failed to cure and shall offer Franchisor, without any conditions other than those set forth in this Collateral Assignment of Lease, the Option to assume the Tenant's interests, or former interests, in the Lease (the "Offer"). Franchisor shall exercise the Option, if at all, by written notice to Landlord and Tenant (the "Acceptance") within thirty (30) days after receipt of the Offer from Landlord.

1.3. Upon Termination of the Franchise Agreement. If the Franchise Agreement is terminated for any reason during the term of the Lease, or any extension or removal thereof, Franchisor shall have the Option to assume the Tenant's interest in the Lease. Franchisor shall exercise the Option, if at all, by Franchisor's written notice thereof to Landlord and Tenant, whereupon Tenant shall be deemed to have assigned its interest to Franchisor.

1.4. Upon Non-Renewal of the Lease Term. If the Lease contains term renewal or extension rights and the term is allowed to expire by Tenant without exercising said rights, Landlord shall promptly give written notice thereof to Franchisor, but in no event later than thirty (30) days following expiration of the renewal or extension option and Franchisor shall have an Option, for an additional thirty (30) days after receipt thereof, to exercise the Tenant's renewal rights on the same terms and conditions as contained in the Lease. If Franchisor elects to exercise such right to renew or extend the term of the Lease, Franchisor shall so notify Landlord in writing, whereupon Landlord shall promptly execute and deliver to Franchisor an acceptance of Franchisor as successor to Tenant and shall deliver possession of the Premises to Franchisor at the commencement of the extended or renewed term of the Lease. Any restriction or prohibition on the exercise of any such term renewal or extension rights shall not be applicable as to Franchisor. In the event the term of the Lease is renewed or extended by Franchisor pursuant hereto, the Tenant shall not be liable in connection with the extended or renewed term of the Lease.

SECTION II
TENANT'S COVENANTS

2.1. Upon the exercise by Franchisor of any Option provided for herein, Tenant shall, within ten (10) days after written demand by Franchisor, execute and deliver to Franchisor a written assignment prepared by Franchisor of all of its right, title and interest in and to the Lease to Franchisor. If Tenant fails to do so within said ten (10) days, Tenant hereby designates Franchisor as its agent to execute any and all documents, agreements and to take all action as may be necessary or desirable to effectuate the assignment of the Lease and the relinquishment of any and all of Tenant's rights thereunder. Landlord hereby consents to such assignment without regard to any prohibitions, conditions, terms, covenants or provisions relating to the same as provided in the Lease. Tenant further agrees to immediately and peaceably vacate the Premises and remove its personal property, upon the receipt of the Acceptance or any notice of exercising of any Option from Franchisor. Any property not so removed by Tenant within ten (10) days following receipt of such written notice shall be deemed abandoned by Tenant.

2.2. Tenant agrees that termination of the Franchise Agreement and/or failure of Tenant to assign its interests in the Lease to Franchisor as set forth herein, shall be a non-curable default under the Lease which will entitle Landlord or Franchisor to employ

legal remedies available in summary process or otherwise, to evict Tenant from the Premises.

2.3. Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment thereof to Franchisor.

SECTION III
DELIVERY OF POSSESSION OF THE PREMISES

3.1. Upon receipt of a copy of the Acceptance or any notice of exercise of any Option from Franchisor, Tenant shall immediately vacate the Premises and failing to do, as soon as possible, Landlord shall evict Tenant from the Premises by diligent pursuit of summary process or by other and appropriate legal remedies, and shall deliver possession of the Premises to Franchisor free and clear of the possessory rights of Tenant or any third party ("Possession").

3.2. Franchisor shall not be required to begin paying rent until Landlord delivers Possession to Franchisor. If Landlord is unable to deliver Possession to Franchisor within six (6) full calendar months after the date Landlord receives the Acceptance or any written exercise of an Option, Franchisor shall thereupon have the right at any time until Landlord delivers Possession of the Premises to rescind the Acceptance or Option exercise by written notice to Landlord.

SECTION IV
FRANCHISOR'S LEASE RIGHTS AND OBLIGATIONS

4.1. Franchisor, upon taking Possession, shall execute and deliver to Landlord its assumption of the Tenant's rights and obligations under the Lease effective as of the date of such Possession. Franchisor shall cure any non-monetary defaults of Tenant within thirty (30) days (or such longer time if reasonably required) of taking Possession. Franchisor shall pay, perform and be bound by all of the duties and obligations of the Lease applicable to Tenant, effective as of the date of such Possession except that Franchisor shall not be required (a) to cure any monetary defaults of Tenant or (b) to assume or be bound by the terms of any amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval thereof.

4.2. After Franchisor assumes Tenant's interests under the Lease, Franchisor may, at any time, and without the necessity of obtaining Landlord's prior consent, assign such interests or sublet the Premises to a franchisee of Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee franchisee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of the Tenant to be performed under the Lease, Franchisor shall have no further liability to Landlord as assignee, tenant or otherwise. Any and all conditions, prohibitions, restrictions, fees or requirements for consent or approval shall not be applicable with respect to any assignment or subleasing by Franchisor to any franchisee of Franchisor. Without limiting the generality of any provision hereof, under no circumstances shall there be any restriction on, nor shall Landlord have any right to share in, the amount of rent or

any other charge which Franchisor may charge to any franchisee of Franchisor with respect to any sublease or any assignment of the Lease and no provision of the Lease prohibiting the sale or transfer of any stock in the tenant under the Lease shall apply to Franchisor in the event either succeeds to the Tenant's interest in the Lease.

SECTION V

DE-IDENTIFICATION AS A SUPERIOR PLAY SYSTEMS® FRANCHISE

5.1. If the Lease or Franchise Agreement is terminated and Franchisor fails to exercise the Option herein contained, Tenant agrees to de-identify the Premises as a Superior Play Systems® Franchise and to promptly remove signs, decor and other items which Franchisor reasonably requests be removed as being distinctive and indicative of a Superior Play Systems® Franchise. Franchisor may enter upon the Premises without being guilty of trespass or any other crime or tort to effect such de-identification if Tenant fails to effect de-identification within ten (10) days after receipt of written demand from Franchisor, following termination of the Franchise Agreement or Lease. Tenant shall pay Franchisor for its reasonable costs and expenses in effecting de-identification.

SECTION VI
ADDITIONAL PROVISIONS

6.1. This Agreement shall run with the land and be binding upon the parties hereto and their heirs, successors, assigns, executors and administrators and representatives. The rights and obligations herein contained shall continue, notwithstanding changes in the persons or entity that may hold any leasehold or ownership in the land or building of which the Premises forms a part.

6.2. Franchisor may assign its rights under this Agreement, without the consent of Landlord, in connection with any transfer of its rights as franchisor of Superior Play Systems® franchise system.

6.3. Franchisor or its designee may (but is not required to) enter the Premises to make any modification or alteration necessary to protect its system and the proprietary trademarks (including, but not limited to, removal of signs and materials which contain the proprietary trademarks or the name, logos or colors of Franchisor) or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort.

6.4. Tenant may assign the Lease to Franchisor or Franchisor’s designee upon the expiration or early termination of the Franchise Agreement, and Landlord hereby consents to the assignment. Landlord agrees that there will be no change or acceleration of rent under the Lease in connection with the assignment. However, nothing in this Collateral Assignment of Lease Agreement shall require Franchisor to assume the Lease for the Premises.

6.5. Tenant shall not assign the Lease or renew or extend the term of the Lease without Franchisor' prior written consent.

6.6. The terms of this Collateral Assignment of Lease Agreement will supersede any conflicting terms of the Lease.

6.7. Landlord and Tenant shall not amend or otherwise modify the Lease without Franchisor's prior written consent.

6.8. At the request of Landlord or Tenant, Franchisor's rights hereunder may be subordinated to the lien of any mortgage or deed of trust hereinafter placed upon the Premises, provided that the mortgagee or trustee shall agree in writing not to disturb Franchisor's right to exercise any of the Options and assume the Lease as set forth herein.

6.9. Any party hereto may seek equitable relief or injunctive relief including, without limitation, specific performance for actual or threatened violation or non-performance of this Agreement by any other party. Such remedies shall be in addition to all other rights provided for in this Agreement or by law.

6.10. Any notice which any party hereto may desire or may be required to give to any other party hereto shall be in writing, and shall be deemed to have been given for all purposes when presented personally to such party or upon receipt or rejection after having been sent by a nationally recognized commercial overnight, next business day delivery service, addressed to such party at its address set forth below:

To: Tenant:

_____
_____
_____
_____

To: Landlord:

_____
_____
_____
_____

To: Franchisor:

Superior Play Franchising LLC
2554 Industry Lane
Norristown, PA 19403

6.11. This Agreement may be executed by the parties hereto in separate counterpart signature pages. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Premises is located.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE CAUSED THIS COLLATERAL ASSIGNMENT OF LEASE AGREEMENT TO BE EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN.

LANDLORD:

By:_____
Name: _____
Title: _____

TENANT:

By: _____
Name:_____
Title: _____

FRANCHISOR: Superior Play Franchising LLC

By: _____
Name:_____
Title: _____

EXHIBIT E

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE

Name	Percentage of Ownership

EXHIBIT F

FRANCHISEE'S PRINCIPAL GUARANTY

This Franchisee's Principal Guaranty and Covenant (this "Guaranty") is given by each of the undersigned (each a "Guarantor") on _____, 20 to Superior Play Franchising LLC, a Pennsylvania limited liability company ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the "Franchise Agreement") with _____, a _____("Franchisee").

Guarantor acknowledges that Guarantor is included in the term "Franchisee's Principal" as described in Section 7.1of the Franchise Agreement.

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

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the covenants, representations, warranties and agreements of the Franchisee's Principal as set forth in the Franchise Agreement.

Guarantor does hereby guaranty to Franchisor the prompt payment and performance when due of any and all liabilities and obligations arising under or evidenced by the Franchise Agreement, any promissory note or other credit instruments, and any other liabilities, obligations and indebtedness of Franchisee and/or any of it assignees or affiliates to Franchisor and/or any of its assignees or affiliates, of every kind and description, now existing or hereafter incurred or arising, matured or unmatured, direct or indirect, absolute or contingent, due or to become due, and any renewals, consolidations and extensions, including any future advances from Franchisor to Franchisee (collectively, the "Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is irrevocable and unlimited. This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Franchisor shall not be required to pursue any remedy on said Guaranteed Obligations as a condition of the obligation hereunder of Guarantor. Guarantor waives notice of amendment of any agreement between Franchisee and

Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Guarantor agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Franchise Agreement and any other agreement between Franchisee and Franchisor.

Guarantor waives any and all notice of the creation, renewal, extension, accrual, modification, amendment, release, or waiver of any of the Guaranteed Obligations and notice of or proof of reliance by Franchisor upon this Guaranty or acceptance of this Guaranty. The Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended, modified or waived, in reliance upon this Guaranty and all dealings between Franchisor and Guarantor shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty. Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

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

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

No change in the name, objects, share capital, business, membership, directors' powers, organization or management of the Franchisee shall in any way affect Guarantor in respect of the Guaranteed Obligations either with respect to transactions occurring before or after any such change, it being understood that this Guaranty is to extend to the person(s) or entity(ies) for the time being and from time to time carrying on the business now carried on by the Franchisee, notwithstanding any change(s) in the name or shareholders of the Franchisee, and notwithstanding any reorganization or its amalgamation with another or others or the sale or disposal of its business in whole or in part to another or others.

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

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

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

IN WITNESS WHEREOF, Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR

_____

Printed Name:

_____

Printed Name:

EXHIBIT G

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the "Agreement") is made and entered into this _____day of_____, 20__, among Superior Play Systems LLC a Pennsylvania limited liability company ("Franchisor"), _____ ("Franchisee") and_____("Covenantor") in connection with a Franchise Agreement dated_____, 20__between Franchisor and Franchisee (the "Franchise Agreement").

WHEREAS, Franchisor has the right to use and license the use of certain trademarks, including, the trademark "Superior Play Systems®", and certain proprietary products, services, promotions and methods (the "System") for the establishment and operation of Superior Play Systems® franchises;

WHEREAS, Franchisor has granted Franchisee the right to operate a Superior Play Systems® Franchise pursuant to the System in a territory, as specifically defined in Exhibit B of the Franchise Agreement (the "Territory"), in strict accordance with the terms and conditions of the Franchise Agreement;

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Superior Play Systems® operations manual, vendor and customer lists and other materials and information used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as "Confidential Information");

WHEREAS, the Confidential Information provides economic advantages to Franchisor and licensed users of the System;

WHEREAS, Franchisor and Franchisee have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

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

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

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Superior Play Systems® Franchise under the Franchise Agreement.

b. Covenantor 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.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Superior Play Systems® Franchise.

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

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

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without Franchisor's written consent.

2. Covenants Not to Compete.

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

(i) divert, or attempt to divert, any business or customer of the Superior Play Systems® Franchise or of other Superior Play Systems® outlets to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any playground equipment business substantially similar to the System.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity divert, or attempt to divert, any business or customer of the Superior Play Systems® Franchise or of other Superior Play Systems® outlets to any competitor, by direct or indirect inducement or otherwise.

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

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon

receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

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

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

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

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

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

g. Covenantor acknowledges and agrees that each of the covenants contained

herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

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

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

If directed to Franchisor:

Superior Play Franchising LLC
2554 Industry Lane
Norristown, PA 19403
Attention: Nolan Kraus

If directed to Franchisee:

_____
_____

If directed to Covenantor:

_____
_____

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

j. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISOR:

Superior Play Franchising LLC

By:_____
Name:_____
Title: _____

FRANCHISEE:

_____

By:_____
Name:_____
Title: _____

COVENANTOR:

_____
Name: _____

EXHIBIT H
SBA ADDENDUM

EXHIBIT H

SBA ADDENDUM

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20___, by and between

_____("Franchisor"), located at _____

_____, and _____

("Franchisee"), located at_____.

Franchisor and Franchisee entered into a Franchise Agreement on_____, 20___, (such Agreement, Together with any amendments, the "Franchise Agreement"). Franchisee is applying for a loan ("Loan") From a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or the termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisee may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental restrictions.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

FRANCHISOR:	**FRANCHISEE:**
By:_____	By:_____
Print Name:_____	Print Name:_____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisees. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT I
STATE AMENDMENTS

AMENDMENT TO SUPERIOR PLAY FRANCHISING LLC
FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA

The Franchise Agreement between_____("Franchisee") and Superior Play Franchising LLC ("Franchisor") dated_____, 20___(the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

INDIANA LAW MODIFICATIONS

1. The Indiana Securities Commissioner requires that certain provisions contained in the franchise documents offered or sold to either a resident of the State of Indiana or a non-resident who will be operating a franchise in the State of Indiana be amended to be consistent with Indiana law, including 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 (collectively the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended and superseded.

a. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning non-renewal and termination of this Agreement. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate this Act, or a role or order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgments shall be void with respect to claims under the Acts.

c. If this Agreement contains covenants not to compete upon expiration or termination of the Agreement that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.

d. The Indiana Deceptive Franchise Practices Act provides that substantial modification of the Agreement by Franchisor requires written consent of the Franchisee. If the Agreement contains provisions that are inconsistent with this requirement, the Act will control.

e. If the Agreement requires litigation to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act.

f. If the Agreement requires that it be governed by a state's law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Act will control.

2. Each provision of the Amendment shall be effective only to the extent that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, relating to each such provision, are met independent of this Agreement. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on_____, 20_.

FRANCHISEE: _____

BY:_____
NAME:_____
TITLE: _____

SUPERIOR PLAY FRANCHISING LLC

BY:_____
NAME:_____
TITLE: _____

AMENDMENT TO SUPERIOR PLAY FRANCHISING LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

The Franchise Agreement between ("Franchisee") and Superior Play Franchising LLC ("Franchisor") dated_____, 20___ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in the franchise documents offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a franchise in the State of Maryland be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended and superseded.

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

b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Any claims arising under the Maryland Franchisor Registration and Disclosure Law must be brought within three years after the grant of the franchise.

3. The Franchise Agreement requires prospective franchisees to disclaim the occurrence and/or acknowledgment the non-occurrence of acts that would constitute a violation of Section 14226 of the Maryland Franchise Registration and Disclosure Law and therefore the Franchise Agreement is hereby amended and superseded to state that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. 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.

5. Each provision of the Amendment shall be effective only to the extent that the jurisdictional requirements of the Act, relating to each such provision, are met independent of this Agreement. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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

7. The Agreement is hereby amended to state:
Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. To comply with this requirement, the Franchisor has elected to post a surety bond which is on file with the Maryland Securities Division.

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

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the
Agreement on_____, 20___.

FRANCHISEE: _____

BY:_____
NAME:_____
TITLE: _____

SUPERIOR PLAY FRANCHISING LLC

BY:_____
NAME:_____
TITLE: _____

AMENDMENT TO SUPERIOR PLAY FRANCHISING LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

The Franchise Agreement between ("Franchisee") and Superior Play Franchising LLC ("Franchisor") dated_____, 20__ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of New York; (b) Franchisee is a resident of the State of New York; and/or (c) the Franchised Business will be located or operated in the State of New York.

2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

3. The following sentence is added to the end of Sections 4.A and 12.C:

   Any provision in the Franchise Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.

4. The following sentence is added at the end of Section 13:

   Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith and judgment is willing and financially able to assume Franchisor's obligations under the Franchise Agreement.

5. The following sentence is added to the end of Section 14.I(1):

   Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.

6. Franchisee may terminate the Agreement on any grounds available by law.

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

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[signatures on following page]

Franchisor: SUPERIOR PLAY FRANCHISING LLC

By:_____

Its:_____

Franchisee: _____

By:_____

Printed Name:_____

Its:_____

By:_____

Printed Name:_____

Its:_____

EXHIBIT C

FINANCIAL STATEMENTS

Herbein
CPAs + Advisors

SUPERIOR PLAY FRANCHISING, LLC

FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

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Herbein
CPAs + Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
Superior Play Franchising, LLC

Opinion

We have audited the accompanying financial statements of Superior Play Franchising, LLC (a Pennsylvania Limited Liability Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Superior Play Franchising, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Superior Play Franchising, LLC 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Superior Play Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Herbein
CPAs + Advisors

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Herbein + Company, Inc.

Spring House, Pennsylvania
April 5, 2023

SUPERIOR PLAY FRANCHISING, LLC

BALANCE SHEETS

	December 31	
	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 14,867	$ 32,814
Prepaid expenses	1,700	-
TOTAL ASSETS	$ 16,567	$ 32,814
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Due to affiliate	$ -	$ 3,950
Accounts payable and accrued expenses	1,522	-
TOTAL CURRENT LIABILITIES	1,522	3,950
MEMBERS' EQUITY	15,045	28,864
LIABILITIES AND MEMBERS' EQUITY	$ 16,567	$ 32,814

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

STATEMENTS OF INCOME

	Year Ended December 31	
	2022	2021
REVENUES	$ -	$ -
EXPENSES		
Bank charges	-	112
Dues and subscriptions	150	400
Insurance	1,700	1,700
Professional fees	11,969	10,157
TOTAL EXPENSES	13,819	12,369
NET LOSS	$ (13,819)	$ (12,369)

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Year Ended December 31	
	2022	2021
BALANCE, JANUARY 1	$ 28,864	$ 11,233
Net loss	(13,819)	(12,369)
Contributions	-	30,000
BALANCE, DECEMBER 31	$ 15,045	$ 28,864

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (13,819)	$ (12,369)
Changes in:		
Prepaid expenses	(1,700)	-
Accounts payable and accrued expenses	1,522	-
Due to affiliate	(3,950)	3,950
NET CASH USED BY OPERATING ACTIVITIES	(17,947)	(8,419)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions	-	30,000
NET (DECREASE) INCREASE IN CASH	(17,947)	21,581
CASH AT BEGINNING OF YEAR	32,814	11,233
CASH AT END OF YEAR	$ 14,867	$ 32,814

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

Superior Play Franchising, LLC ("the Company") was formed on March 15, 2017 in Norristown, Pennsylvania to offer franchising opportunities of Superior Play Systems® retail stores, specializing in the sales of outdoor recreational equipment and indoor play areas, to potential franchisees.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board ("FASB") issued guidance (Accounting Standards Codification ("ASC") 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Company adopted the standard effective January 1, 2022, but the Company does not have any enforceable leases to which the new standard applies. Therefore, the adoption of ASC 842 did not have an impact on the Company's financial statements.

Concentration of Credit Risk

The Company maintains its cash accounts with one bank. Cash balances with a bank in excess of $250,000 exceed the insurable limits as allowed by FDIC. At times, cash balances may exceed insurable limits.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

The Company will recognize revenue upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. The Company is based in Norristown, Pennsylvania and offers franchising opportunities of Superior Play Systems® retail stores, specializing in the sales of outdoor recreational equipment and indoor play areas, to potential franchisees in the United States.

Revenues will be derived from franchise contracts with buyers. The contracts will stipulate what the promised performance obligations will be such as the franchise license, pre-opening services, monthly royalty fees, monthly marketing fees, among other obligations specific to each contract. Each contract will also include how the monthly royalties and other fees will be determined or calculated. Company management will analyze initial franchise fees to determine what portion of the fees should be recognized as revenue up-front at a point time versus what portion of fees should be recognized over time, over the life of the contract. The Company will elect the practical expedient in ASU 2021-02 which allows them to account for all pre-opening services as one performance obligation distinct from the franchise license. The Company has made a policy election to account for all pre-opening services as a single performance obligation with related revenue to be recognized at a point in time. Monthly fees for royalties, marketing, and other fees, will also be recognized as revenue at a point in time. The portion of the initial franchise fee associated with the franchise license will be recognized as revenue over the length of the franchise agreement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition - continued
Payment for initial franchise fees will be due upon opening of the franchise with monthly fees due when able to be calculated at a reasonable time after each month-end. The contract will stipulate these terms as well. Contracts may not be terminated for convenience.

Income Taxes
The Company has elected under the Internal Revenue Code to be a nontaxpaying entity (limited liability company) for federal and state income tax purposes. In lieu of corporation income taxes, the members are taxed on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statement.

In accordance with generally accepted accounting principles relative to uncertainty in income taxes, the Company recognizes the income tax benefit (or liability as applicable) from an uncertain tax position when it is more likely than not that, based on technical merits, the position will be sustained upon examination, including resolutions of any related appeals or litigation process.

Date of Management Evaluation of Subsequent Events
Management has evaluated subsequent events and transactions for potential recognition or disclosure through April 5, 2023, the date on which the financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

Due to affiliate as of December 31, 2021 consisted of professional fees paid on the Company's behalf by JNJ Partners, Inc. The amount was paid in full February 2022.

HERBEIN
CPAS + CONSULTANTS

SUPERIOR PLAY FRANCHISING, LLC

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
Superior Play Franchising, LLC

Opinion

We have audited the accompanying financial statements of Superior Play Franchising, LLC (a Pennsylvania Limited Liability Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Superior Play Franchising, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Superior Play Franchising, LLC 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Superior Play Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

HERBEIN

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Herbein + Company, Inc.

Spring House, Pennsylvania
March 22, 2022

SUPERIOR PLAY FRANCHISING, LLC

BALANCE SHEETS

	December 31	
	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 32,814	$ 11,233
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Due to affiliate	$ 3,950	$ -
MEMBERS' EQUITY	28,864	11,233
LIABILITIES AND MEMBERS' EQUITY	$ 32,814	$ 11,233

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

STATEMENTS OF INCOME

	Year Ended December 31	
	2021	2020
REVENUES	$ -	$ -
EXPENSES		
Bank charges	112	-
Dues and subscriptions	400	400
Insurance	1,700	1,700
Professional fees	10,157	10,623
TOTAL EXPENSES	12,369	12,723
NET LOSS	$ (12,369)	$ (12,723)

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Year Ended December 31	
	2021	2020
BALANCE, JANUARY 1	$ 11,233	$ 23,956
Net loss	(12,369)	(12,723)
Contributions	30,000	-
BALANCE, DECEMBER 31	$ 28,864	$ 11,233

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (12,369)	$ (12,723)
Changes in:		
Due to affiliate	3,950	-
NET CASH USED BY OPERATING ACTIVITIES	(8,419)	(12,723)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions	30,000	-
NET INCREASE (DECREASE) IN CASH	21,581	(12,723)
CASH AT BEGINNING OF YEAR	11,233	23,956
CASH AT END OF YEAR	$ 32,814	$ 11,233

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

Business Activity

Superior Play Franchising, LLC ("the Company") was formed on March 15, 2017 in Norristown, Pennsylvania to offer franchising opportunities of Superior Play Systems® retail stores, specializing in the sales of outdoor recreational equipment and indoor play areas, to potential franchisees.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentration of Credit Risk
The Company maintains its cash accounts with one bank. Cash balances with a bank in excess of $250,000 exceed the insurable limits as allowed by FDIC. At times, cash balances may exceed insurable limits.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition
The Company will recognize revenue upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. The Company is based in Norristown, Pennsylvania and offers franchising opportunities of Superior Play Systems® retail stores, specializing in the sales of outdoor recreational equipment and indoor play areas, to potential franchisees in the United States.

Revenues will be derived from franchise contracts with buyers. The contracts will stipulate what the promised performance obligations will be such as the franchise license, pre-opening services, monthly royalty fees, monthly marketing fees, among other obligations specific to each contract. Each contract will also include how the monthly royalties and other fees will be determined or calculated. Company management will analyze initial franchise fees to determine what portion of the fees should be recognized as revenue up-front at a point time versus what portion of fees should be recognized over time, over the life of the contract. The Company will elect the practical expedient in ASU 2021-02 which allows them to account for all pre-opening services as one performance obligation distinct from the franchise license. The Company has made a policy election to account for all pre-opening services as a single performance obligation with related revenue to be recognized at a point in time. Monthly fees for royalties, marketing, and other fees, will also be recognized as revenue at a point in time. The portion of the initial franchise fee associated with the franchise license will be recognized as revenue over the length of the franchise agreement.

Payment for initial franchise fees will be due upon opening of the franchise with monthly fees due when able to be calculated at a reasonable time after each month-end. The contract will stipulate these terms as well. Contracts may not be terminated for convenience.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes
The Company has elected under the Internal Revenue Code to be a nontaxpaying entity (limited liability company) for federal and state income tax purposes. In lieu of corporation income taxes, the members are taxed on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statement.

In accordance with generally accepted accounting principles relative to uncertainty in income taxes, the Company recognizes the income tax benefit (or liability as applicable) from an uncertain tax position when it is more likely than not that, based on technical merits, the position will be sustained upon examination, including resolutions of any related appeals or litigation process.

Date of Management Evaluation of Subsequent Events
Management has evaluated subsequent events and transactions for potential recognition or disclosure through March 22, 2022, the date on which the financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

Due to affiliate as of December 31, 2021 consists of professional fees paid on the Company's behalf by JNJ Partners, Inc. The amount was paid in full February 2022.

SUPERIOR PLAY FRANCHISING, LLC

FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
Superior Play Franchising, LLC

We have audited the accompanying financial statements of Superior Play Franchising, LLC (a Pennsylvania Limited Liability Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

HERBEIN

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Superior Play Franchising, LLC as of December 31, 2020 and 2019, 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.

Herbein + Company, Inc.

Spring House, Pennsylvania
February 26, 2020

SUPERIOR PLAY FRANCHISING, LLC

BALANCE SHEETS

	December 31	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 11,233	$ 23,956
LIABILITIES AND MEMBERS' EQUITY		
Members' equity	$ 11,233	$ 23,956

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

STATEMENTS OF INCOME

	Year Ended December 31	
	2020	2019
REVENUES	$ -	$ -
EXPENSES		
Dues and subscriptions	400	925
Insurance	1,700	1,700
Professional fees	10,623	7,937
TOTAL EXPENSES	12,723	10,562
NET LOSS	$ (12,723)	$ (10,562)

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Year Ended December 31	
	2020	2019
BALANCE, JANUARY 1	$ 23,956	$ 34,518
Net loss	(12,723)	(10,562)
BALANCE, DECEMBER 31	$ 11,233	$ 23,956

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (12,723)	$ (10,562)
NET DECREASE IN CASH	(12,723)	(10,562)
CASH, JANUARY 1	23,956	34,518
CASH, DECEMBER 31	$ 11,233	$ 23,956

See notes to financial statements.

SUPERIOR PLAY FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Business Activity

Superior Play Franchising, LLC ("the Company") was formed on March 15, 2017 in Norristown, Pennsylvania to offer franchising opportunities of Superior Play Systems® retail stores, specializing in the sales of outdoor recreational equipment and indoor play areas, to potential franchisees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentration of Credit Risk

The Company maintains its cash accounts with one bank. Cash balances with a bank in excess of $250,000 exceed the insurable limits as allowed by FDIC. At times, cash balances may exceed insurable limits.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

The Company will recognize revenue upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. The Company is based in Norristown, Pennsylvania and offers franchising opportunities of Superior Play Systems® retail stores, specializing in the sales of outdoor recreational equipment and indoor play areas, to potential franchisees in the United States.

Revenues will be derived from franchise contracts with buyers. The contracts will stipulate what the promised performance obligations will be such as the franchise license, pre-opening services, monthly royalty fees, monthly marketing fees, among other obligations specific to each contract. Each contract will also include how the monthly royalties and other fees will be determined or calculated. Company management will analyze initial franchise fees to determine what portion of the fees should be recognized as revenue up-front at a point time versus what portion of fees should be recognized over time, over the life of the contract. The Company will elect the practical expedient in ASU 2021-02 which allows them to account for all pre-opening services as one performance obligation distinct from the franchise license. The Company has made a policy election to account for all pre-opening services as a single performance obligation with related revenue to be recognized at a point in time. Monthly fees for royalties, marketing, and other fees, will be recognized as revenue over time along with the portion of the initial franchise fee associated with the franchise license.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition - Continued

Payment for initial franchise fees will be due upon opening of the franchise with monthly fees due when able to be calculated at a reasonable time after each month-end. The contract will stipulate these terms as well. Contracts may not be terminated for convenience.

Income Taxes

The Company has elected under the Internal Revenue Code to be a nontaxpaying entity (limited liability company) for federal and state income tax purposes. In lieu of corporation income taxes, the members are taxed on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statement.

In accordance with generally accepted accounting principles relative to uncertainty in income taxes, the Company recognizes the income tax benefit (or liability as applicable) from an uncertain tax position when it is more likely than not that, based on technical merits, the position will be sustained upon examination, including resolutions of any related appeals or litigation process.

Date of Management Evaluation of Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure through February 26, 2020, the date on which the financial statements were available to be issued.

EXHIBIT D

SUPERIOR PLAY FRANCHISING LLC OPERATIONS MANUAL
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EXHIBIT E

COMPANY OUTLETS AS OF DECEMBER 31, 2022

Outlets operated by Superior Play Systems Inc.:

765 S. Route 73
Berlin, NJ 08091
856-888-4024

2554 Industry Lane
Norristown, PA 19403
610-200-6799

845 Route 206 North
Hillsborough, NJ 08844
908-801-6944

3488 York Road
Furlong, PA 18925
215-486-3868

Outlets operated by JNJ Partners Inc.:

11415 Granite Street Suite C
Charlotte, NC 28273
704-504-7958

7230 McGinnis Ferry Road
Suwanee, GA 30024
678-374-2539

1856 Doan Way, Suite B
Norcross, GA 30093
678-721-8115

EXHIBIT F

STATE ADDENDA TO FDD

ADDENDUM TO SUPERIOR PLAY FRANCHISING LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA

The Disclosure Document is amended to include the following:

1. Item 17 of the Disclosure Document is amended by inserting the following provision:

Notwithstanding any other provision in this document, any release executed in connection with the Franchise Agreement, whether upon renewal or transfer, will not apply to any claims that may arise under the Franchise Disclosure Law and the Indiana Deceptive Practices Act.

2. The post termination covenant not to compete of the Disclosure Document shall not apply to a franchisee's activities outside the Territory.

3. Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

4. If Indiana law requires the Franchise Agreement and all related documents to be governed by Indiana law, then nothing in the Franchise Agreement or related documents referring to Pennsylvania law will abrogate or reduce any of your rights as provided for under Indiana law.

ADDENDUM TO SUPERIOR PLAY FRANCHISING LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

The Disclosure Document is amended to include the following:

1. Item 17 of the Franchise Disclosure Document, and the appropriate section of the Franchise Agreement, are amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise and Registration Law.

2. Item 17 of the Franchise Disclosure Document, and the appropriate section of the Franchise Agreement, are amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise and Registration Law.

3. Item 17 of the Franchise Disclosure Document, and the appropriate section of the Franchise Agreement, are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

4. Item 17 of the Franchise Disclosure Document, and the appropriate section of the Franchise Agreement, are amended to state that provisions for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 *et seq.*).

5. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. To comply with this requirement, the Franchisor has elected to post a surety bond which is on file with the Maryland Securities Division.

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

ADDENDUM TO SUPERIOR PLAY FRANCHISING LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging:

violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive

practices or comparable allegations.

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

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

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

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

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

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

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

6. The following Risk Factor is added to the **State Cover Page**:

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

EXHIBIT G

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
Indiana	
Maryland	
New York	
Michigan	

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

EXHIBIT H
RECEIPT

EXHIBIT H

RECEIPT

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 Superior Play Franchising LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If we offer you a franchise, New York and Rhode Island require that we provide this disclosure document to you by the earliest of (1) the first personal meeting to discuss our franchise; or (2) ten business days before the signing of a binding agreement; or (3) ten business days before a payment to us or our agent.

If Superior Play Franchising 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to your state authority listed on Exhibit A.

Nolan Kraus
2554 Industry Lane
Norristown, PA 19403
610-539-5555

Issuance Date: April 30, 2023.

The franchise seller(s) for this offering is/are (check all that apply):

_____Nolan Kraus, Superior Play Franchising LLC, 2554 Industry Lane, Norristown, PA 19403. Telephone number: (610) 539-5555.

_____Jeff Lieberman, Superior Play Franchising LLC, 2554 Industry Lane, Norristown, PA 19403. Telephone number: (610) 539-5555.

_____Jason Smieja, Superior Play Franchising LLC, 2554 Industry Lane, Norristown, PA 19403. Telephone number: (610) 539-5555.

_____Evan Lederman, Superior Play Franchising LLC, 2554 Industry Lane, Norristown, PA 19403. Telephone number: (610) 539-5555

I received a Franchise Disclosure Document dated April 30, 2023 that included the following Exhibits:

_____Exhibit A: List of State Franchise Administrators and Agents for Service of Process
_____Exhibit B: Franchise Agreement with Exhibits A, B, B-1, C, D, E, F, G, H and I
_____Exhibit C: Financial Statements of Superior Play Franchising LLC
_____Exhibit D: Operations Manual Table of Contents

_____Exhibit E: Outlets as of December 31, 2022
_____Exhibit F: State Addenda
_____Exhibit G: State Effective Dates
_____Exhibit H: Receipt

DATED: _____

_____
(Signature of recipient)

_____
(Printed name of recipient)

_____

_____
Legal residence address

Please return signed receipt to:
Superior Play Franchising LLC
2554 Industry Lane
Norristown, PA 19403

EXHIBIT H

RECEIPT

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If we offer you a franchise, New York and Rhode Island require that we provide this disclosure document to you by the earliest of (1) the first personal meeting to discuss our franchise; or (2) ten business days before the signing of a binding agreement; or (3) ten business days before a payment to us or our agent.

If Superior Play Franchising 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to your state authority listed on Exhibit A.

Nolan Kraus
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(Signature of recipient)

_____
(Printed name of recipient)

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Legal residence address

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Superior Play Franchising LLC
2554 Industry Lane
Norristown, PA 19403