FRANCHISE DISCLOSURE DOCUMENT

TourScale Franchising, LLC
An Arizona limited liability company
1300 South Blvd., Suite 30102,
Charlotte, NC 28203
888-753-7507
kai@tourscale.com
tourscale.com; paddlepub.com;
tikipub.com; cruisintikis.com

TourScale Franchising, LLC, an Arizona limited liability company, franchises the right to use the Cruisin' Tikis, Tiki Pub, and Paddle Pub names, logos, company websites, vessels, and business methods in the mobile entertainment tour industry.

The total investment necessary to begin operation of a TourScale franchise (Cruisin' Tikis, Paddle Pub, or Tiki Pub) is $105,019 to $703,500. This includes $81,219 to $597,800 that must be paid to the franchisor and/or its affiliates.

The total investment necessary to begin operation of 2 to 3 TourScale businesses under a TourScale Area Development Agreement is $134,919 to $703,300. This includes $111,119 to $697,600 that must be paid to the franchisor or affiliate depending on the type of vessel you choose to open. You must open at least 2 TourScale businesses under an Area Development Agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Kai Kaapro at 1300 South Blvd., Suite 30102, Charlotte, NC 28203 and 888-753-7507.

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

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

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

Issuance Date: May 7, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
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 J may include 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 TourScale 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 TourScale Business franchisee?	Item 20 or Exhibit H 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 North Carolina. 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 than in your own state.

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

3. **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.

4. **Financial Condition**. 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.

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

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

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

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

The Franchisor, Its Parents, and Affiliates.

Throughout this disclosure document, "**TourScale Franchising**", "**TourScale**", "**we**", "**us**", "**our**", or "**Franchisor**" means TourScale Franchising, LLC, which does business as Cruisin' Tikis, Paddle Pub, and/or Tiki Pub. "**You**" means the person who buys the franchise and includes the owners of any corporation, partnership or limited liability company that buys the franchise.

TourScale Franchising is an Arizona limited liability company that was formed on April 27, 2020. Our principal business address is 1300 South Blvd., Suite 30102, Charlotte, NC 28203 and telephone number is 888-753-7507. Our agents for service of process are listed in Exhibit B. We offer franchises for mobile entertainment tour businesses.

Our direct parent company is TourScale Enterprises, LLC ("**TSE**"), a Delaware limited liability company was formed on August 31, 2023. TSE owns 100% of TourScale Franchising, LLC, 100% of KCV, 100% of Trolley Pub of North Carolina, LLC, 100% of TourCraft, LLC, 100% of Cruisin' Tikis Holdings, LLC, and 50% of Trolley Pub San Antonio, LLC. TSE owns or licenses intellectual property used by our affiliates and TourScale Franchising. The address for TourScale Enterprises, LLC, is 1300 South Blvd., Suite 30102, Charlotte, NC 28203 and telephone number is 888-753-7507.

On January 1, 2024, TourScale and its affiliates completed an internal consolidation. Specifically, KCV (defined below), along with its subsidiary TPNC (defined below) and TPNC's subsidiaries TourCraft (defined below) and KCH Sales (defined below), consolidated their ownership into TSE. This consolidation was carried out through an "F Reorganization" (as defined in Internal Revenue Code Section 368(a)(1)(F)), in which the legacy equity of KCV was transferred to a newly formed entity, KCVP (defined below).

We do not have any predecessors during the ten (10) year period immediately before the close of our most recent fiscal year.

We have the following affiliates:

1. Kaapro & Cole Ventures, LLC ("**KCV**"), an Arizona limited liability company formed on January 10th, 2011, and located at 1300 South Blvd., Suite 30102, Charlotte, NC 28203, which owns 100% of Capitol Pedicycle, LLC, 100% of Paddle Pub, LLC, 100% of TourScale, LLC, 100% of TourScale Leasing, LLC.
2. Capitol Pedicycle, LLC ("**Capitol Pedicycle**"), a Wisconsin limited liability company formed on December 21, 2010, and located at 1300 South Blvd., Suite 30102, Charlotte, NC 28203.
3. Trolley Pub of North Carolina, LLC ("**TPNC**"), a North Carolina limited liability company formed on January 12, 2012, and located at 1300 South Blvd., Suite 30102, Charlotte, NC 28203, which owns 100% of Trolley Pub Hospitality, LLC.
4. TourCraft, LLC (formerly known as Trident Pedal Boats, LLC) ("**TourCraft**"), an Arizona limited liability company formed on March 13, 2019, and located at 14700 NW US Hwy 441, Alachua, FL 32615.
5. Trolley Pub San Antonio, LLC ("**TPSA**"), a Texas limited liability company formed on March 8, 2021, and located at 1300 South Blvd., Suite 30102, Charlotte, NC 28203.

6. Legacy KCV Parent, LLC ("**KCVP**"), an Arizona limited liability company formed on December 12, 2023, and located at 1300 South Blvd., Suite 30102, Charlotte, NC 28203.
7. Cruisin' Tikis Holdings, LLC ("**CTH**"), an Arizona limited liability company formed on January 15, 2025 and located at 1300 South Blvd., Suite 30102, Charlotte, NC 28203.
8. Pedal Pub Holdings, LLC ("**PPH**"), an Arizona limited liability company formed on April 6, 2026 and located at 1300 South Blvd., Suite 30102, Charlotte, NC 28203.

TSE and TPNC engage in the same business that TourScale franchisees will operate. Our affiliates have been operating businesses of this type since 2011. We have not offered franchises in any other lines of business.

TourScale facilitates the purchase of vessels for franchisees and others and may charge fees for these services. Our former affiliate TourCraft, LLC was merged into TourScale Enterprises, LLC. Brokerage services formerly provided under the TourCraft name are now provided directly by TourScale.

KCVP is a holding company that holds equity in TSE. It does not engage in any direct business activity.

Other than as described above, we and our affiliates have not operated any other lines of business.

<u>The Franchise</u>

We offer franchises for tour and experience businesses operated under the names "Cruisin' Tikis", "Tiki Pub", and "Paddle Pub" (each a "TourScale Business" and collectively, the "TourScale Businesses"). Cruisin' Tikis, Tiki Pub and Paddle Pub businesses operate tours on motorized water-based vessels. Some franchisees may operate multiple types of tours. TourScale Businesses may also sell branded merchandise and, in some locations, food and non-alcoholic beverages. Franchisees do not sell alcoholic beverages for on-premises consumption but may sell packaged alcohol for off-premises consumption where permitted by law.

We offer to enter into franchise agreements with qualified legal entities and persons that wish to establish and operate one or more TourScale Businesses.

We also offer qualified individuals the right to open and operate multiple locations within a defined geographical area (the "**Development Area**") by: (i) executing our current form of Area Development Agreement (the "**Area Development Agreement**"); and (ii) paying our then-current development fee upon execution of your Area Development Agreement, which will depend on the number of locations you agree to open (the "**Development Fee**").

You will be required to enter into our then-current form of franchise agreement for each of the locations you are required to open under the Area Development Agreement. The franchise agreements for locations opened under the Area Development Agreement may differ materially from the franchise agreement attached to this disclosure document, as we may modify our franchise agreement form from time to time. You must execute the Franchise Agreement for your initial location contemporaneously with the execution of your Area Development Agreement. You must then ensure that you open and commence operations of each additional location in the Development Area in accordance with a development schedule set forth in your Area Development Agreement (the "**Development Schedule**").

Industry-Specific Regulations

You must comply with all applicable federal, state, and local laws and regulations, including those relating to health, safety, employment, and accessibility.

You must obtain and maintain all required licenses (including U.S. Coast Guard licenses where required), comply with drug testing requirements, and comply with all federal, state, and local laws regarding commercial vessel operations, including marina regulations, permits, vessel safety, and alcohol service. Depending on the vessel type, route, and passenger capacity of your TourScale Business, you may be subject to U.S. Coast Guard inspection regimes under 46 C.F.R. Subchapter T (small passenger vessels carrying fewer than 150 passengers) or Subchapter K (small passenger vessels carrying more than 150 passengers), and your captains may be required to hold an appropriate U.S. Coast Guard Merchant Mariner Credential. If your TourScale Business engages in the coastwise transportation of passengers between U.S. points, you may also be subject to the Merchant Marine Act of 1920 (the "Jones Act") and related cabotage laws. If you serve alcohol, you will be subject to state and local alcoholic beverage control licensing and training requirements, which vary by jurisdiction. You must also comply with accessibility requirements under the Americans with Disabilities Act, including applicable passenger-vessel boarding and accommodation standards. Your marina slip, launch site, and operating area may be subject to municipal zoning ordinances, harbor authority rules, dock-use permits, and environmental regulations. You are responsible for identifying and complying with all regulations applicable to your specific location and operations.

You should consult with your attorney regarding applicable laws and regulations before signing the Franchise Agreement. You are solely responsible for complying with all applicable laws and regulations.

Market and Competition

The market for tour and experience businesses is developed but evolving. Your TourScale Business will compete with other forms of tour, activity and experience businesses, some of which may offer the same or similar services and products to those offered by TourScale Businesses or our affiliates. Competitors will include franchise systems, independent operators, chains, hotels, hospitality companies, and other tour operators, which may include other businesses owned by us or our affiliates. In addition, many of these competitors may have substantial financial, marketing, and other resources and they may already be established in your market. Sales may be seasonal depending on weather conditions and the geographic area in which you operate your TourScale Business. For example, in cold weather cities, sales may be more robust in the summer months as opposed to the winter months in which sales may be slower.

ITEM 2
BUSINESS EXPERIENCE

Co-Chief Executive Officer: Kai Kaapro. Mr. Kaapro has served as Co-Chief Executive Officer of TourScale since June 2020 in Charlotte, NC. Since December 2020, Mr. Kaapro also holds the title of Chief Executive Officer. Mr. Kaapro has also served as Managing Partner of TourCraft, LLC (formerly known as Trident Pedal Boats, LLC) in Charlotte, NC, since July 2019, President of Paddle Pub, LLC in Charlotte, NC, since August 2018, and Managing Member of Kaapro & Cole Ventures, LLC in Charlotte, NC, since November 2012.

Co-Chief Executive Officer: Andrew Cole. Mr. Cole has served as Co-Chief Executive Officer of TourScale in Austin, TX since December of 2020, previously serving as Vice President of TourScale from June 2020 to December 2020. Mr. Cole has also served as a Manager/Member of Kaapro & Cole Ventures, LLC Austin, TX, since January 2010 during which time Mr. Cole concurrently held positions within Accenture's Management and Technology Consulting businesses in Austin, TX. Those positions include serving as a Systems Integration Analyst, Business Strategy Analyst, Strategy Consultant, Strategy Manager, and Strategy Senior Manager until December 2020. From December 2020 to April 2024, Mr. Cole served as Co-Founder and Chief Operating Officer of Fat Earth Media in Austin, TX. Mr. Cole is based in Austin, Texas.

Vessel Operations Specialist: Caleb Alte. Mr. Alte has served as the Vessel Operations Specialist in New Smyrna Beach, FL since March 2022. Mr. Alte has also served as the Operations Manager of Paddle Pub Daytona Beach, Florida since January 2022 and the Operations Manager of Tiki Pub Ponce Inlet, Florida since August 2022. Prior to TourScale, Mr. Alte was the Operations Manager and Lead Captain for OSCA Yachting in Port Washington, New York from May 2021 to October 2021. From November 2020 to May 2021, he held the position of Captain for Barton & Gray Mariners Club in Palm Beach, Florida.

Franchise Operations Coordinator: Andres Duque. Mr. Duque has served as Franchise Operations Coordinator of TourScale in Charlotte, NC since June of 2025. Mr. Duque previously served as a Consultant with Duq Workshop in Colombia from January 2021 to June 2025.

ITEM 3
LITIGATION

Pending Actions

Cruisin' Tikis Holdings, LLC v. Myrtle Beach Tikis, LLC and Steve Martin, No. 2:25-cv-03127-SHD (D. Ariz., filed August 26, 2025). On August 26, 2025, our affiliate, Cruisin' Tikis Holdings, LLC ("CTH"), filed a lawsuit in the United States District Court for the District of Arizona against Myrtle Beach Tikis, LLC ("MBT"), a former Cruisin' Tikis franchisee, and Steve Martin, its principal. CTH alleges that, following the expiration and termination of MBT's franchise agreement, the defendants continued to use CTH's federally registered "Cruisin' Tikis" trademarks (Reg. Nos. 5516972 and 7613380) in commerce and continued to operate a directly competitive business in violation of the franchise agreement's post-termination non-competition obligations. The Complaint asserts two counts: (1) breach of the restrictive covenants of the franchise agreement; and (2) trademark infringement under Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1). CTH seeks only injunctive relief and specific performance, including an order enjoining defendants' continued use of the marks and continued operation in violation of the non-compete, together with the costs and attorneys' fees authorized by the franchise agreement. The action is in its early stages. Defendants have appeared in the action, and as of the issuance date of this Disclosure Document, the case remains pending before the Court.

Prior Actions

Trolley Pub of North Carolina, LLC v. Prospect Collective LLC and Eli Braden, No. CV 2024-036408 (Maricopa County Super. Ct., filed December 16, 2024). On December 16, 2024, Trolley Pub of North Carolina, LLC ("TPNC") filed a lawsuit in the Arizona state court against Prospect Collective LLC, an Oregon limited liability company, and Eli Braden, a resident of Oregon. The lawsuit alleged that the defendants breached a contract by failing to pay a $299,000 secured promissory note. This note was part of the consideration for the sale of TPNC's ownership interest in Trolley Pub Oregon, LLC. Under the

Membership Interest Purchase Agreement ("MIPA") and the related Promissory Note, Prospect Collective agreed to purchase 100% of the membership interests in Trolley Pub Oregon for $300,000, with only $1,000 due at closing and the remaining balance payable within two weeks, by September 17, 2024. The defendants defaulted on this payment despite multiple promises to repay, including a partial payment of $15,000 on October 21, 2024. TPNC issued a formal notice of default on November 11, 2024. On April 8, 2025, the court entered a Default Judgment against both defendants. The judgment awarded TPNC: (1) $284,000 in damages for the outstanding principal balance; (2) $413.09 in taxable costs; (3) $7,362.50 in attorneys' fees; (4) $27,590.79 in pre-judgment interest; and (5) post-judgment interest on all amounts until the judgment is paid in full.

Other than the actions described above, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee. A "Tier 1 Territory" requires an Initial Franchise Fee of $69,900, and a "Tier 2 Territory" requires an Initial Franchise Fee of $49,900. The Initial Franchise Fee is paid in a lump sum upon execution of the Franchise Agreement and is not refundable under any circumstances except as may be required by applicable law. The Initial Franchise Fee is uniformly imposed on all similarly situated franchisees.

Multi-Territory Discount. When a Franchisee purchases more than one territory at the time of the initial Franchise Agreement execution, each additional territory is discounted by $20,000. The applicable Initial Franchise Fees for each tier and the multi-territory discount are illustrated in the table below. This multi-territory discount applies only to territories purchased simultaneously at initial execution and does not apply to territories purchased at any later date. The multi-territory discount is not refundable and is uniformly imposed on all similarly situated franchisees.

Scenario	Initial Franchise Fee
1st Tier 1 Territory	$69,900
2nd Tier 1 Territory (purchased simultaneously)	$49,900
1st Tier 2 Territory	$49,900
2nd Tier 2 Territory (purchased simultaneously)	$29,900

Veteran's Discount

Veterans of the U.S. Armed Forces are eligible to receive 10% off their Initial Franchise Fee for the first franchise awarded. To qualify for the discount, the veteran must own at least a 50% interest in the franchise. "Veteran" means a recipient of an honorable discharge as evidenced by the U.S. Department of Defense. It is the veteran's responsibility to send us the required documents in order to obtain the discount.

First Responder Program Discount
We currently offer a $2,500 discount off the initial franchise fee for the first franchise awarded. To qualify for the discount, you must have current work experience as a first responder and provide documentation in proof of your work experience. "First Responder" means an individual who is trained according to a national standard curriculum set up by the U.S. Department of Transportation to respond to trauma and medical emergencies.

Primary Asset. You must purchase your primary asset (vessel) from us, our affiliate, or another vendor approved by us. For a 6-passenger vessel (which is the Cruisin' Tikis vessel size), the cost ranges from $17,119 (based on a third-party financing arrangement, if available) to $159,800 (for a full purchase) for two vessels. For a 16–35 passenger vessel, which is only available for the Tiki Pub and Paddle Pub brands, the cost ranges from $25,700 (based on a third-party financing arrangement, if available) to $350,000 (for a full purchase). Third-party financing is not offered or provided by us; availability of third-party financing is determined on a case-by-case basis and you are primarily responsible for securing your own financing solution. The cost of the primary asset is not refundable. Payment is made directly to us or the approved vendor in accordance with the applicable deposit or payment schedule.

Shipping of Primary Asset. Shipping and delivery of your primary asset is arranged through us or another approved vendor. Shipping costs range from $3,200 to $20,400, depending on the size of the vessel and the delivery location. Shipping costs are payable at the time of shipping and are nonrefundable once paid.

Initial Training. The initial training fee ranges from $1,000 to $3,000 and includes training for up to three (3) trainees. The training fee is paid to the Franchisor and is not refundable.

Launch & Marketing Kit. The Launch & Marketing Kit fee is $10,000, payable to the Franchisor during initial training. This fee is not refundable and is uniformly imposed on all similarly situated franchisees.

ITEM 6
OTHER FEES

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fees(1)	6% of Net Sales(1).	Every 7th day of each calendar month, Royalty Fees are due for the previous calendar month.	Collected by us directly from your booking system by automatic withdrawal, or such other payment method (including ACH, credit card, or other means) as we may designate upon 30 days' prior written notice.
Digital Ad Spend(2)	The greater of $5,000 and 5% (annually) of Net Sales.	Annually	You must spend the greater of (i) $5,000 per year or (ii) 5% of your annual Net Sales

Type of Fee	Amount	Due Date	Remarks
			on digital advertising through third-party platforms that we approve in writing (such as Facebook, Instagram, Google Ads, or other digital advertising vendors we designate). You must provide us with documentation verifying these expenditures (including platform-generated spending reports and payment receipts) on a quarterly basis, or more frequently if we require. If you use our designated marketing agency, we will collect the expenditure documentation automatically. We reserve the right to require that you use one or more approved vendors (including our preferred vendors) for all or any portion of your Digital Ad Spend.
Advertising Fund Contribution(3)	2% of Net Sales for Advertising Fund Contributions	Every 7th day of each calendar month Advertising Fund Contributions are due for the previous calendar month.	Advertising Fund Contribution payments shall be paid in the same manner and at the same time as Royalty Fees.
Asset Graphics Installation Fee(4)	\$500-\$3,500	Due upon completion of graphics installation.	The Asset Graphics Installation Fee is a fee paid to us for installation of required graphics on your primary asset(s).

Technology Fee[5]	$200 per month	We will retain the Technology Fee on a monthly basis on the 7th day of each calendar month.	You must pay us a monthly Technology Fee for technology services we provide, which may include: applications, software, maintenance and support, email service, intranet access, and other technology services we determine to provide in our sole discretion. We may increase the Technology Fee upon 30 days' prior written notice to you. There is no cap on increases.
Annual Convention[6]	Up to $1,000 per person	As incurred	We will establish an annual convention or meeting of franchisees (the "Annual Convention"). If we hold an Annual Convention, you must attend. We reserve the right to charge a registration fee for attendance at the Annual Convention, and we may increase this fee from time to time. You will pay the travel, accommodations, wages, and all other expenses for your representatives attending the Annual Convention.
Transfer Fee[7]	50% of our then current Initial Franchise Fee	Upon closing of the sale	Does not include fees for training. A new buyer may also be required to pay a franchise fee and will be required to

			participate in training if the buyer has not already participated in training.
Relocation Fee[8]	Our actual costs	Upon demand.	We have the right to approve or disapprove a proposed relocation. Franchisee is responsible for all costs of such relocation, including any costs incurred by us.
Initial Training Fee[9]	$1,000 per attendee	Upon registration for the Initial Training Program.	This fee is payable at the time you register for our Initial Training Program.
Non-Compliance Fee	$500 for the first instance of non-compliance for which we give you written notice; $1,000 for the second instance; $1,500 for the third and each subsequent instance.	If incurred	Payable upon your failure to comply with our standards and requirements. This fee is in addition to, and not in lieu of, all other rights and remedies we have under the Franchise Agreement, including our right to terminate the franchise for repeated or uncured violations. This fee will only be charged if you fail to comply with our standards and requirements and fail to cure such failure within the stated cure period.
Late Report Fee[10]	$200 for each week following the due date until submitted	As incurred.	Due on all reports that are not sent on or before the due date.
Interest on Late Payments[11]	The lesser of 20% per annum or the maximum rate permitted by applicable law,	Interest is calculated on all amounts owed that are past due.	Due on all overdue amounts

	compounded monthly		
Insufficient Funds	$100 for each instance	As incurred	Due if you have insufficient funds in your bank account to cover a payment, or if you pay by check that is returned for insufficient funds
Audit Costs[12]	Our costs, fees and expenses if the audit reveals an understatement.	Payable as incurred if our examination reveals an understatement of your Royalty or Advertising Fund contribution that exceeds 3% of the amount you reported, or if your Net Sales are understated by 3% or more three or more times in any 3-year period, or by more than 5% on any one occasion.	You will be required to pay default interest on unpaid amounts revealed during any audit of your TourScale Business.
Costs and Attorney's Fees[13]	Our actual costs and attorneys' fees incurred.	As incurred.	If we prevail in litigation regarding enforcement of any terms of any agreement with us, you must pay our attorney fees and costs.
Insurance	You must reimburse our costs plus pay an administrative fee of $250	Upon demand	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us.
Taxes and Fees[14]	You must reimburse our costs plus pay an administrative fee of $250	Upon demand.	If we determine, in our sole discretion, to pay any taxes that are your obligation or any taxing authority obligates us to pay taxes on your behalf.
Termination Fee [15]	50% of our then current initial Franchise Fee	Upon notice of termination.	You must pay this fee if we, for cause, terminate your

			Franchise Agreement.
Indemnification[16]	Our actual costs	As incurred.	
Renewal Fee[17]	50% of our then current initial Franchise Fee	Upon renewal.	
Reimbursement of Travel Costs and Expenses[18]	Our actual costs	As incurred.	You must reimburse us for our actual costs incurred for travel in connection with assisting or correcting you with respect to your TourScale Business.
Remediation Training[19]	$500 per person per day plus travel-related fees and costs.	As incurred.	If we determine, in our reasonable discretion, that you require additional training to operate your TourScale Business in compliance with our standards
Testing Fees[20]	Up to $5,000 per proposed non-pre-approved Good or Material.	As incurred.	If you propose to purchase any Goods or Materials (that you are not required to purchase from us, an affiliate of ours or an Approved Supplier) from a supplier that we have not previously approved, we may charge a fee for testing the Goods or Materials.

* **General.** Unless otherwise specified, all fees are imposed, collected by, on a per location basis, and payable to us and are non-refundable. Generally, all fees are uniformly imposed on our franchisees, however, in certain unique circumstances, we may defer, reduce or waive a fee for a particular franchisee for a limited period of time. If you enter into an Area Development Agreement to operate multiple TourScale Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each TourScale Business. Except for the Initial Franchise Fee and Development Fee, all ongoing fees may be collected by us directly from your booking software or booking system by automatic withdrawal. We reserve the right to change the collection method (including by ACH, credit card, or other means) or to require you to remit fees through an alternative method upon thirty (30) days' prior written notice to you.

(1) **Net Sales**. Royalty Fees are based on Net Sales. "Net Sales" means the total of all revenues derived from services performed and products sold by you or your affiliates in connection with the operation of your TourScale Business, whether the revenues are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, or other means of exchange. Net Sales include receipts from all tours (whether direct, through affiliates, or online travel agencies), merchandise, food and beverage sales, and all other revenue sources related to the operation of your TourScale Business, but excluding: (i) the amount of sales taxes or similar taxes imposed by any federal, state, municipal, or other governmental authority that are separately stated and actually paid by you to the appropriate governmental authority; (ii) pre-approved promotional or discount coupons to the extent that you realize no revenue; (iii) documented contributions (up to a maximum amount set by us) you make to an approved not-for-profit organization in conjunction with a TourScale-approved charitable event; and (iv) tips received by your employees . Net Sales will be recognized when payment is actually received by you (cash basis). Net Sales consisting of property or services will be valued at the retail prices in effect at the time they are received. You must provide us with electronic access at all times to your booking system, software, and any point-of-sale systems to permit us to validate Net Sales.

(2) **Digital Ad Spend.** You are responsible for conducting your own local digital marketing of your TourScale Business through third-party digital advertising platforms (such as Meta, Google Ads, and other similar platforms). You are required to spend the greater of (i) $5,000 per year or (ii) five percent (5%) of Net Sales on an ongoing basis for direct advertising expenditures with such third-party digital advertising platforms ("Required Digital Ad Spend"). You must provide us with proof of all Required Digital Ad Spend payments in the form of platform-generated statements or invoices. We, our affiliates, or approved suppliers may periodically make available to you, for purchase, certain advertising plans and promotional materials for use in digital advertising and promotion. Your Digital Ad Spend requirements are explained in more detail in Item 11. We reserve the right, upon thirty (30) days' prior written notice, to require you to pay the Digital Ad Spend to us (rather than directly to third-party digital advertising platforms), in which case we will spend the Digital Ad Spend on your behalf with digital advertising platforms we select. We may implement this collection on a system-wide basis or on an individual franchisee basis. We may require you to use one or more approved vendors (including our preferred vendors) for all or any portion of your Digital Ad Spend, and may receive expenditure documentation from those vendors automatically.

(3) **Advertising Fund Contributions.** Your Advertising Fund Contributions are 2% of Net Sales. Your Advertising Fund Contributions and expenditures are explained in more detail in Item 11.

(4) **Asset Graphics Installation Fee.** We charge this fee in exchange for our installation of required graphics on your Cruisin' Tikis, Tiki Pub, or Paddle Pub vessel. The current Asset Graphics Installation Fee is $500 - $1,500 per Cruisin' Tikis vessel, $500 - $3,500 per Tiki Pub vessel, and $2,500-$3,500 per Paddle Pub vessel. This fee is payable upon installation of required graphics on your Equipment.

(5) **Technology Fee.** You will pay us a Technology Fee for access and use of required application, software, maintenance and support, web development, hosting, data services, e-mail service, reputation management, and other technology services. We reserve the right to increase the Technology Fee upon thirty (30) days' prior written notice to you.

(6) **Annual Convention**. We may hold an annual convention at a location to be selected by us (the "Annual Convention"). We will determine the topics and agenda for such conference to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding TourScale Business operations and

programs, and recognizing franchisees for their achievements. We require that you attend the Annual Convention and to pay our then-current registration fee. All expenses, including your and your employees' transportation to and from the Annual Convention, lodging, meals, and salaries during the Annual Convention, are your sole responsibility. We may use Advertising Fund Contributions for purposes related to the Annual Convention, including costs related to productions, programs, and materials.

(7) **Transfer**. You must pay to us a transfer fee of 50% of our then current Initial Franchise Fee ("**Transfer Fee**") at the time you and the buyer close the sale. The Transfer Fee is intended to cover our costs to review the transfer documentation, to approve the prospective buyer, and to prepare required documentation related to the transfer. We will waive the transfer fee if the transferee: (1) is an entity controlled by you, or (2) has obtained the location as a result of your death or disability. If the franchise candidate for the transfer comes through the investigation process with a franchise sales broker that we have retained, the transferee must pay our Initial Franchise Fee. This enables us to pay the additional costs we incur, including the payment of the broker's commission, if applicable. If you acquire a TourScale Business in conjunction with a transfer, you will be required to sign a new Franchise Agreement, but the term of that Franchise Agreement will be amended to reflect the remaining Term of the transferor's franchise agreement.

(8) **Relocation Fee**. You are responsible to pay all costs of relocation if you decide, with our approval, to locate your TourScale Business headquarters or site at which your customers arrive for tours, including moving expenses, rent, fees under any leasing agreements, security deposits at the relocation site, reprinting of materials with an updated address, and the like. You are also responsible to reimburse us for any costs we incur in similar manner as a result of your relocation.

(9) **Initial Training Fee**. For the Initial Training Program, you will pay us a fee of $1,000 per person. Training of the additional people may be held at the same time as training of the initial people, at our election. All attendees shall bear their own travel, lodging and meal expenditures in connection with attending the Initial Training Program. You may be required to successfully complete our Initial Training Program before you are approved as a franchisee or approved to acquire a franchise from us. Fees paid for the Initial Training Program are not refundable even if you do not acquire a franchise from us. See Item 11 for discussion of training programs provided. Additional training programs and refresher courses may be required upon renewal and from time to time or if you renew, change, or relocate your TourScale Business. In addition, we may require that your replacement training personnel satisfactorily complete our Initial Training Program within 90 days of being designated as training personnel. The fees associated with the training of replacement personnel is $1,000 per person, per concept, participating in the Initial Training Program.

(10) **Late Report Fee**. It is important that you provide timely financial reports to us. We may charge a late report fee of $200 for each week following the due date that you do not submit any report to us that is required by the Franchise Agreement. We will electronically debit your business checking account automatically for any late report fee.

(11) **Interest on Late Payments**. If any payment is overdue, Franchisee shall pay Franchisor, in addition to the overdue amount, interest on such amount from the date it was due until paid at the equivalent of twenty percent (20%) annually or the maximum rate permitted by law, whichever is lower. Entitlement to such interest shall be in addition to any other remedies Franchisor may have.

(12) **Audit Costs**. We have the right, upon written notice to you, to audit your books and records to confirm that you have remitted the proper Royalty fee over a month or months. If the audit reveals a deficiency, you are responsible to reimburse us for the costs associated with conducting the audit, as well as repaying the deficiency plus interest at the rate of Interest on Late Payments for the time period of the beginning of the deficiency until such deficiency is cured in full.

(13) **Costs and Attorneys' Fees**. You are responsible to pay any costs and attorneys' fees incurred by us to enforce the terms and conditions of the Franchise Agreement. In addition, you are responsible to reimburse us for any attorneys' fees and costs associated with any amendment or change to the Franchise Agreement or other aspects of your TourScale Business that require legal review.

(14) **Taxes and Fees**. You are responsible to pay all applicable taxes on your TourScale Business. If we determine, in our sole discretion, that it is necessary or advisable to pay taxes owed by you on your behalf, we will do so and you will be obligated to reimburse us for such amounts. In addition, local and state governments may impose various business, resale, and license fees including health or safety inspection fees or other charges. We may require you to pay for these fees out of pocket or we may pay them and charge you them plus an administration fee of $250. If we pay these fees for you and/or provide services to assist you in obtaining business and/or other licenses, we will charge you for those fees and costs imposed by the applicable government body and any additional costs incurred by us. If any other related fees are charged by business permit authorities or local health department authorities, we may pay these amounts and deduct those amounts from you at the same time that you pay your Royalty Fees. In addition to the direct fees from government authorities, we may impose an additional processing and administrative fee of $250 to cover our cost of getting you in compliance. These type of business permits are renewed annually or as required by the local and state authorities. These fees are non-refundable.

(15) **Termination Fee**. This fee is payable if your Franchise Agreement is terminated before expiration of the term of your Franchise Agreement as a result of your default of the Franchise Agreement, or if you abandon or refuse to operate the TourScale Business before the end of the term provided in your Franchise Agreement. You do not have the right to discontinue operations of your TourScale Business without our approval before the end of the term of your Franchise Agreement, but if you do discontinue or abandon your operation, or if your franchise right to operate your TourScale Business is terminated, in that case we may charge you this fee for each TourScale Business that is affected. In addition to this fee, you may also be required to compensate us for our damages that include travel expenses, labor and employee cost to operate the TourScale Business, and other expenses to operate the TourScale Business. This fee is imposed by and payable to us, is not collected on behalf of nor paid to any third party and is non-refundable. This fee is in addition to any fees chargeable to you under any other agreements, including but not limited to lease agreements, between you and us or our affiliates.

(16) **Indemnification**. You are responsible to indemnify us and our affiliates and their respective officers, managers, owners, directors, members, employees, shareholders, agents, successors, and assigns for, from, and against any and all damages, claims, demands, liabilities, losses, costs and expenses (including reasonable attorneys' fees), of every kind and nature, suffered or incurred by any of the foregoing in connection with any lawsuit, action, proceeding or claim arising out of Franchisee's actions or omissions and/or the conduct of TourScale Business by Franchisee.

(17) **Renewal Fee**. You must pay us a Renewal Fee equal to 50% of our then-current initial franchise fee if you wish to continue to operate your TourScale Business following the expiration of your Franchise Agreement.

(18) **Reimbursement of Travel Costs and Expenses**. To the extent that any of our officers, agents, or employees are required to travel in connection with assisting you or addressing defaults with respect to your TourScale Business, you are required to reimburse us for all such reasonable and documented expenses. The travel expenses that you are required to pay include our reasonable costs of transportation, lodging, meals and any other costs reasonably incidental to the travel. We will provide you with documentation of such expenses upon request.

(19) **Remediation Training**. If we have notified you of a default of operating procedures or requirements under the Franchise Agreement, the Manual, or any other policies and procedures then in effect, and you have failed to cure the operating default within the time specified in the notice of default, we may require you or your manager(s) to take additional training at your expense. The fee for such remediation training will be our reasonable costs of providing such training. We will provide you with an itemized statement of such costs upon request.

(20) **Goods or Materials Not Pre-approved**. If you propose to purchase any Goods or Materials (defined in Item 8) (that you are not required to purchase from us, an affiliate of ours or an Approved Supplier (defined in Item 8)) from a supplier that we have not previously approved, you must submit to us a written request for such approval, or request the supplier to do so itself. We have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier's facilities, and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent third party designated by us for testing prior to granting approval. A charge not to exceed $5,000 reflecting the costs that we incur, including travel related expenses, video conferencing, product purchases, retention of third party examination companies, and professional time, inspecting the proposed alternative Goods or Materials and the actual cost of testing the proposed Goods and Materials, must be paid by you. We will notify you within 60 days of your request as to whether you are authorized to purchase such products from that supplier. We reserve the right, at our option, to re-inspect the facilities and products of any such Approved Supplier and to revoke our approval upon the suppliers' failure to continue to meet any of the foregoing criteria.

(21) **Miscellaneous**.

You must participate in our electronic funds transfer program which authorizes us to utilize a pre-authorized bank draft system for payment of fees owed under this Agreement. We may set off from any amounts that we owe to you any amount that you owe to us or our affiliates, provided that we provide you with prior written notice of such set-off and the basis for the amounts claimed.

From time to time, TourScale may offer you the option to voluntarily participate in various additional service programs. If you elect to voluntarily participate in such a program, you must agree to pay the then-current fees associated with such program. We will provide you with written notice of all applicable fees before you elect to participate in any such program. Your participation in these programs, once elected, may become mandatory for the duration specified in the program terms.

Except as noted, all fees are uniformly imposed by and are payable to TourScale. All fees are non-refundable. If your state, or any governmental body in your state, charges a tax on any fee you owe to us, then you are required to pay an additional amount equal to the amount of this tax. This does not apply to any federal or state income taxes we have to pay.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (1)

VESSEL-BASED BUSINESS ONLY (CRUISIN' TIKIS) – 6 PASSENGER (2 VESSEL MINIMUM)

Type of Expenditure	Amount		Method of Payment (1)	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial Franchise Fee (2)	$49,900 (Tier 2)	$69,900 (Tier 1)	Lump Sum	See Item 5	TourScale
Primary Asset – Two Cruisin' Tikis (3)	$17,119	$159,800	Lump Sum	According to deposit schedule	TourScale or Approved Vendors
Shipping & Assembly of Primary Assets (4)	$3,200	$20,400	Lump Sum	At time of shipping	TourScale or Approved Vendors
Launch & Marketing Kit (5)	$10,000	$10,000	Lump Sum	During Training	TourScale
Initial Training (6)	$1,000	$3,000	Lump Sum	During training	TourScale
Travel and Living Expenses While Training (7)	$1,000	$3,500	As incurred	During training	Travel Vendors
Technology Purchases (8)	$0	$3,200	As incurred	Prior to opening	Vendors
Additional Funds (3 months) (9)	$20,000	$40,000	Lump Sum	Prior to opening	Bank Accounts
Insurance (Deposit) (10)	$1,800	$2,700	Lump Sum	Prior to opening	Vendors
Legal and Accounting (11)	$1,000	$4,000	As incurred	As required	Law Firms and Accountants
Business Licenses and Permits (12)	$0	$2,000	As incurred	As required	Government Authorities
Slip Lease (deposit) (13)	$0	$2,000	As incurred	As required by your landlord	Landlord/Lessee
Rent or Storage (14)	$0	$2,000	As incurred	As required by your landlord	Landlord/property owner
Merchandise (15)	$0	$3,000	As incurred	As required	Approved Vendors
Sales and Use Taxes (16)	$0	$16,380	As Incurred	As Required	State and Local Tax Collectors
Total (17)	$105,019	$341,880			

VESSEL-BASED BUSINESS ONLY (PADDLE PUB OR TIKI PUB) – 16-35 PASSENGER

Type of Expenditure	Amount		Method of Payment (1)	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial Franchise Fee (2)	$49,900 (Tier 2)	$69,900 (Tier 1)	Lump Sum	See Item 5	TourScale
Primary Asset – Paddle Pub or Tiki Pub (3)	$25,700	$499,900	Lump Sum	According to deposit schedule	TourScale or Approved Vendors
Shipping of Primary Assets (4)	$150	$15,000	Lump Sum	At time of shipping	TourScale or Approved Vendors
Launch & Marketing Kit (5)	$10,000	$10,000	Lump Sum	During Training	TourScale
Initial Training (6)	$1,000	$3,000	Lump Sum	During training	TourScale
Travel and Living Expenses While Training (7)	$1,000	$4,500	As incurred	During training	Travel Vendors
Technology Purchases (8)	$700	$3,200	As incurred	Prior to opening	Vendors
Additional Funds (3 months) (9)	$25,000	$50,000	Lump Sum	Prior to opening	Bank Accounts
Insurance (Deposit or Full Annual Premium) (10)	$1,250	$10,000	Lump Sum	Prior to opening	Vendors
Legal and Accounting (11)	$1,000	$4,000	As incurred	As required	Law Firms and Accountants
Business Licenses and Permits (12)	$0	$2,000	As incurred	As required	Government Authorities
Slip Lease (deposit or annual) (13)	$0	$6,000	As incurred	As required by your landlord	Landlord/Lessee
Rent or Storage (14)	$0	$5,000	As incurred	As required by your landlord	Landlord/property owner
Merchandise (15)	$0	$3,000	As incurred	As required	Approved Vendors
Sales and Use Taxes (16)	$0	$18,000	As Incurred	As Required	State and Local Tax Collectors
Total (17)	$115,700	$703,500			

Notes:

(1) **General**. Fees paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the vendor as well as customer practice in the area where your TourScale Business is located. The Estimated Initial Investment will vary depending on the number and type of experiences you

offer customers as part of your TourScale Business, as well the location you will be operating in, the time of year of launch and whether you are purchasing or leasing the Primary Assets. The following are estimates of each type of TourScale Business.

(2) **Initial Franchise Fee**. The Initial Franchise Fee is not refundable except as required by applicable law.

(3) **Primary Assets**. For Cruisin' Tikis 6 passenger vessels, the figures shown represent the total purchase price. The low end of the range represents financing through a third-party lender with 10% due up front, while the high end represents the full purchase price. Third-party financing may be available but is not guaranteed. For all other vessels, the range assumes a purchase price in that amount for the Primary Assets, depending on the size of the vessel and specifications. For Cruisin' Tikis, the minimum number of Primary Assets is two (2); however, we may approve launch with one (1) Primary Asset in our sole discretion. The minimum number of Primary Assets for Tiki Pub, and Paddle Pub is one, and the amounts shown above assume one Primary Asset. We may increase the minimum number of required Primary Assets in our sole discretion. Further, these figures include the current Asset Graphics Installation Fee of $500-$1,500 per Cruisin' Tikis vessel, $2,500-$3,500 per Tiki Pub vessel, and $2,500-$3,500 per Paddle Pub vessel. This fee is payable upon installation of required graphics on your Equipment. For Cruisin' Tikis vessel purchases, our approved vendor offers a payment schedule requiring 30% of the purchase price as a down payment at the time of ordering, with the remaining 70% balance due upon completion of the vessel. For other vessel purchases (Paddle Pub and Tiki Pub), our approved vendor offers a payment schedule requiring 60% of the purchase price as a down payment at the time of ordering, with the remaining 40% balance due upon completion of the vessel.

(4) **Shipping**. Shipping costs for Primary Assets vary from approximately $1.00 to $5.50 per mile depending on your location, and other factors. As of the date of this FDD, shipping is approximately $4.00 per mile per vessel, plus assembly fees of approximately $2,000 per vessel. Vessels ship from Wilmington, Ohio. The estimate in Item 7 assumes $1.50 per mile for locations 100 miles from the shipping point to $3.50 per mile for locations 3,000 miles from the shipping point. It also assumes that the end destination is within the continental United States.

(5) **Launch & Marketing Kit.** The Launch & Marketing Kit includes the following items and services: (i) Professional Photo and Video Shoot, including editing services and related travel expenses; (ii) Three (3) months of digital advertising spend with a minimum budget of One Thousand Dollars ($1,000) per month; (iii) Marketing and AI System Onboarding; (iv) One (1) Sandwich Board with Inserts; (v) Ten (10) Staff Uniforms; (vi) Five (5) Owner/Manager Polos; (vii) One Thousand (1,000) Business Promotional Cards; and (viii) Twenty-Five (25) QR Code Review Stickers.

(6) **Initial Training**. This estimate includes a range of 1-3 trainees.

(7) **Training Expenses**. You must pay all travel and living expenses incurred by you and your employees or us while attending all training courses and programs. The amount of these expenses will depend on the distance you or we must travel, mode of transportation, type of accommodations, number of your employees attending training and their wages.

(8) **Technology Purchases**. This includes the estimated costs of a modern personal computer and smartphone, which may range from $0 to $3,500 total. If you already own equipment meeting our specifications, your cost will be $0. You must purchase or utilize an existing desktop or laptop computer

meeting the following minimum specifications: (i) 64-bit, 4-core processor at 2.0 GHz or faster; (ii) 8 GB RAM (16 GB recommended); (iii) 256 GB SSD or larger; (iv) integrated webcam and microphone; (v) reliable broadband connectivity via Wi-Fi 5 (802.11ac) or Ethernet; and (vi) Windows 11 or macOS 12 (Monterey) or later operating system. The computer must be capable of running current web-based applications in Google Chrome. For those needing to purchase a computer, we estimate costs between $800 and $2,500 from any reputable computer retailer. You must also purchase or already own a smartphone meeting these minimum specifications: (i) Apple iOS 26 or later, or Google Android 16 or later; (ii) 64-bit processor; (iii) 4 GB RAM (6 GB recommended); (iv) 64 GB storage (128 GB recommended); and (v) LTE or 5G capability. For those needing to purchase a smartphone, we estimate costs between $400 and $1,500 from any reputable cell phone retailer. You must maintain an active cellular voice and data plan from a reputable carrier (unlimited data plan recommended). If you already own a PC and smartphone that meet all specified requirements, no additional purchase is required.

(9) **Additional Funds**. This is our estimate of additional funds needed to cover operating expenses for the initial phase of operation. We estimate the initial phase to be 3 months for the low estimate and 6 months for the high estimate. This estimate assumes that you will not receive any revenue during this period. The estimate includes operating expenses such as rent, payroll, utilities, insurance, taxes, loan payments, advertising, supplies, and inventory. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

(10) **Insurance**. You must maintain insurance policies issued by insurance carriers we approve, covering the risks we specify. We may change the types and amounts of coverage required at any time, including requiring excess liability insurance. The current minimum insurance requirements are listed below. Our Confidential Operations Manual contains more specific details about required insurance: (i) Comprehensive general liability insurance written on an occurrence form, including coverage for general liability, personal injury, advertising injury, in an amount not less than $1,000,000 per occurrence, $2,000,000 general aggregate, and $5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability. (ii) For Cruisin' Tikis, Tiki Pub, and Paddle Pub, hull insurance written to fair market value of the vessel and marine protection and indemnity insurance not less than $1,000,000. (iii) Property insurance coverage to include coverage for replacement costs of all Franchisee-owned contents and tenant improvements at each location. (iv) Workers' compensation (Coverage A) with statutory limits complying with the laws of the applicable state. Such insurance shall include a waiver of subrogation endorsement in favor of us, except that in certain states worker's compensation is not required for the crew of a Cruisin' Tikis, Tiki Pub, or Paddle Pub vessel under a longshoreman's policy if the proper endorsement is obtained. (vi) Such other insurance as may be required by us from time to time or by the Property Owner of the TourScale premises at, and by the state or locality in, which the TourScale is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies. The insurance policies described above must: (a) have a deductible equal to or less than $10,000; and (b) include a waiver of subrogation endorsement in favor of Franchisor; (c) shall cover each Cruisin' Tikis vessel, Tiki Pub vessel and/or Paddle Pub vessel, as applicable, and shall not exclude contractual liability. The Commercial General Liability coverage shall include a Waiver of Subrogation endorsement in favor of Franchisor, and shall not limit or exclude Contractual Liability. There should be no limitation or exclusion for sexual abuse or molestation coverage. The types and amount of insurance listed above represent the minimum coverage you are required to secure prior to opening your TourScale Business. You may secure additional insurance. Additionally, local law and/or your lease or slip agreement may require additional types of insurance and/or greater amounts of coverage. To the

extent that your lease or slip agreement requires additional policies and/or amounts of coverage, your lease agreement shall control although you are obligated to have each type of insurance identified above. All insurance policies must be written by an insurance company that is licensed in the state where you are doing business. We may from time to time increase the minimum required coverage and/or require different or additional insurance coverage (including an additional umbrella liability insurance policy) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide you written notice of such modifications and you must take prompt action to secure the additional coverage or higher policy limits. All insurance policies must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy shall be specifically endorsed to provide that the coverage shall be primary, and that any insurance carried by any additional insured shall be excess and non-contributory. At least 3 days before taking ownership of a TourScale Business and annually thereafter, you must submit to us a copy of your Certificates of Insurance or other evidence that you are maintaining this insurance coverage and paying premiums. The insurance deposit estimates in Item 7 assume a 20% up front payment of the annual premium. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may obtain such insurance for you and the TourScale Business, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable administrative fee of $250 for our time incurred in obtaining such insurance.

(11) **Legal/Professional Fees**. These figures represent the estimated costs of engaging attorneys or other business professionals to review this disclosure document and the accompanying agreements, to assist you in forming an Entity, to assist you in obtaining a loan, and to help you obtain required business licenses and permits. These may vary depending on your unique circumstances. You should consult your own legal or other professionals for a more definite cost estimate.

(12) **Business Licenses and Permits**. These figures vary by location and are subject to state and local requirements. This fee could be $0 if your location does not require any business licenses or permits, or if all necessary licenses and permits are already held by you at the time of signing the franchise agreement.

(13) **Slip Lease**. This expense is required for Cruisin' Tikis, Tiki Pub, and/or Paddle Pub operations. You may need to additionally pay for access to a loading dock at a separate location for loading/unloading of passengers.

(14) **Rent or Storage**. We expect that you will lease the location for the TourScale Business site at which your customers will gather and/or your assets will be stored, which will range in size depending on the number of vessels and other factors. The lease payments that you will make to third party property owners will vary considerably depending upon the property size, type of transaction and location. Lease agreements may include the following expenses: taxes, insurance, maintenance, fixed rent (with escalations), percentage rent, principal and interest on tenant improvement loans, and other charges related to the operation of the TourScale Business. You may need to additionally pay for access to a loading area at a separate location for loading/unloading of passengers. Cruisin' Tikis, Tiki Pub, or Paddle Pub locations may also opt to lease a location for strictly office use, for ticketing, check-in or for merchandise and other retail sales, but it is not required. Real property is not required nor recommended.

(15) **Merchandise**. You are not required to offer merchandise for sale to customers, however, you may do so. This estimate is for merchandise for six (6) months. This fee could be $0 if you choose not to offer merchandise for sale immediately upon opening your franchise location.

(16) **Sales and Use Taxes**. You are responsible to pay all applicable taxes on your TourScale Business, including taxes related to the purchase or lease and use of your Primary Assets which will vary by jurisdiction. The low-end estimates provided here reflect operations in jurisdictions with no sales tax on boats, while high-end estimates reflect jurisdictions with standard sales and use tax rates. Actual tax obligations may vary significantly based on your location. If we determine, in our sole discretion, that it is necessary or advisable to pay taxes owed by you on your behalf, we will do so and you will be obligated to reimburse us for such amounts.

(17) **Estimates**. We have relied upon our experience and the experience of our affiliate, Kaapro & Cole Ventures, LLC, the operator of the original TourScale Business models, in compiling these estimates. These estimates do not include the cost of acquiring the existing franchised business from an existing TourScale franchisee or buying or leasing real property for the TourScale Business. We do not offer financing to you for any part of the initial investment.

AREA DEVELOPMENT AGREEMENT

YOUR ESTIMATED INITIAL INVESTMENT[1]

Type of Expenditure	Amount		Method of Payment(1)	When Due	To Whom Payment Is To Be Made
	Low	High			
Development Fee for 2 or 3 TourScale Businesses (2)	$79,800	$199,700	Lump Sum	Upon execution of Area Development Agreement	Us
Initial Investment to Open Initial TourScale Business (3)	$55,119	$633,600			
Total(17)	$134,919	$703,300			

In general, all fees and payments are non-refundable, unless otherwise stated or permitted by the payee. We do not finance any portion of your initial investment.

Explanatory Notes:

(1) **General**. This chart details the estimated initial investment associated with executing an Area Development Agreement for the right to own and operate 2 to 3 TourScale Businesses, as well as the initial investment to open your first TourScale Business under your Development Schedule.

(2) **Development Fee**. The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Development Fee is for the right to open and operate between 2 and 3 TourScale Businesses.

(3) **Initial Investment to Open Initial TourScale Business**. This figure represents the total estimated initial investment required to open the initial TourScale Business you agreed to open and operate under

the Area Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial TourScale Business you open under your Area Development Agreement. The range includes all the items outlined in Table A of this Item 7, except for the Initial Franchise Fee because it is accounted for in the Development Fee. It does not include any of the costs you will incur in opening any additional TourScale Businesses that you are granted the right to open and operate under your Area Development Agreement.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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

We and our affiliates are approved suppliers of the Primary Assets, specifically for vessels and replacement parts related to the Primary Assets. We may serve as a broker for the procurement of vessels and replacement parts. You will pay us directly for vessels and brokerage services. TourScale charges a processing fee that varies based on the transaction. Kai Kaapro and Andrew Cole, are officers of the Franchisor and indirect owners of the Franchisor through their ownership interests in TourScale Enterprises, LLC. The range of our processing fees and the estimated total cost of vessels are disclosed in Item 7.

We also have developed standards and specifications for other products, materials and supplies incorporated or used in providing services or the packaging and delivery of products and services authorized for sale at TourScale Businesses.

You must purchase proprietary products only from us or suppliers we designate ("Designated Suppliers"). You must purchase all other goods, products, materials, supplies, advertising materials, fixtures, equipment, forms, food and beverage products, and packaging from suppliers we approve ("Approved Suppliers"). We may require you to use only certain brands we approve (“**Approved Brands**”). We may modify the list of Approved Brands and Approved Suppliers, and you must stop purchasing from suppliers or brands we remove from the approved list. Neither we nor our affiliates are currently Approved Suppliers or Designated Suppliers except for goods related to the Primary Assets.

From time to time, we also may modify the list of Designated Suppliers and/or Approved Suppliers, and you may not, after receipt of such modification in writing, order any Proprietary Products from a supplier who is no longer a Designated Supplier or order any Goods or Materials from a supplier who is no longer an Approved Supplier. We may approve one or more suppliers for any Goods or Materials and may approve a supplier only as to certain Goods or Materials. Approval of a supplier or vendor may be conditioned on requirements relating to the product quality, prices, consistency, reliability, financial capability, labor relations, frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by us. These criteria and standards are included in the Manual.

We and our affiliates may receive payments, rebates, or other consideration from suppliers or vendors (including Designated Suppliers and/or Approved Suppliers) based on purchases you and other franchisees make from such suppliers. We have no obligation to share these amounts with you and may use them without restriction for any purpose we deem appropriate. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of TourScale Business or any other group of businesses franchised or operated by us or our affiliates.

If you propose to purchase any Goods or Materials (that you are not required to purchase from us, an affiliate of ours or an Approved Supplier) from a supplier that we have not previously approved, you must submit to us a written request for such approval, or request the supplier to do so itself. We have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier's facilities, and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent third party designated by us for testing prior to granting approval. You must pay us a fee of up to $5,000 to cover our reasonable costs in evaluating your proposed alternative supplier. These costs may include travel expenses, video conferencing, product purchases, third-party examination fees, professional time for inspections, and testing of proposed Goods or Materials. We will notify you within 60 days of your request as to whether you are authorized to purchase such products from that supplier. We reserve the right, at our option, to re-inspect the facilities and products of any such Approved Supplier and to revoke our approval upon the suppliers' failure to continue to meet any of the foregoing criteria, which include requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, frequency of delivery, reporting capabilities, standards of service (including prompt attention to complaints), concentration of purchases, and other criteria we may establish. Our approval may be temporary pending further evaluation of such supplier by us.

We negotiate purchasing arrangements with Approved Suppliers so that, whenever possible, you can take advantage of the economies of scale offered by being a part of the System. Currently, there are no purchasing or distribution cooperatives. We may receive discounts that are not available to franchisees on the purchase of certain products. We may also receive rebates on products, supplies, and equipment that you purchase from some of our Approved Suppliers.

In the calendar year ending December 31, 2025, we received revenues of $150,657 from brokering transactions between franchisees and approved suppliers for vessels. Neither we nor our affiliates derived any other revenues from sales of goods and services to franchisees in the calendar year ending December 31, 2025, and 15.3% of our revenue was derived from the sale of the Proprietary Products, marketing materials, inventory, and supplies in the calendar year ending December 31, 2025.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional TourScale Business) based upon whether you purchase Proprietary Products from Designated Suppliers or Goods and Materials from Approved Suppliers; however, if you purchase Proprietary Products, Goods or Materials from unapproved suppliers or if you purchase unapproved Goods or Materials, we will have the right to terminate the Franchise Agreement.

We estimate that your purchases from us or Approved Suppliers, or that must conform to our specifications, will represent approximately 60% to 80% of your total purchases in establishing the TourScale Business, and approximately 60% to 80% of your total purchases in the continuing operation of the TourScale Business.

You must have a computer and smartphone meeting specifications in the Manual. We estimate these will cost $800 to $2,500 and $400 to $1,500 respectively, available from various retailers. You must have cellular service with data capability. You must obtain licenses for required software, which we estimate will cost approximately $200 per month. If you already own equipment meeting our specifications, you will not need to purchase new equipment.

You must accept payment cards as specified in the Manual and use our designated payment card processor. You must accept our gift cards, loyalty cards, and similar programs. You are generally prohibited from accepting cash payments for tours except as permitted in the Franchise Agreement and Manual.

You must obtain and maintain insurance coverage as described in Item 7 and the Franchise Agreement. You may purchase insurance from any insurance company licensed in your state that meets our specifications. We do not require you to purchase insurance from us, our affiliates, or any designated or approved insurance suppliers. However, if you fail to obtain required insurance, we may obtain it on your behalf and charge you the premiums plus a $250 administrative fee as described in Item 6.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document item
a.	Site selection and acquisition/lease	5	3, 4	11
b.	Pre-opening purchases/leases	5, 6	Not Applicable	7
c.	Site development and other pre-opening requirements	5, 6	7	11
d.	Initial and ongoing training	11	Not Applicable	11
e.	Opening	6	4	8
f.	Fees	7	2	5, 6, 7
g.	Compliance with standards and policies/ Manual	1, 10	Not Applicable	1, 8, 14
h.	Trademarks and proprietary information	13	Not Applicable	13
i.	Restrictions on products/ services offered	18	Not Applicable	8, 9, 16
j.	Warranty and customer service requirements	12	Not Applicable	11
k.	Territorial development and sales quotas	5	3, 4	12
l.	Ongoing product/service purchases	5, 18	Not Applicable	6, 7

	Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Disclosure Document item
m.	Maintenance, appearance and remodeling requirements	12	Not Applicable	8
n.	Insurance	12	Not Applicable	6, 7, 8
o.	Advertising	9	Not Applicable	6, 11
p.	Indemnification	23	14	6
q.	Owner's participation/ management/staffing	12	7	11, 15
r.	Records/reports	8	Not Applicable	6
s.	Inspections/audits	8, 12	Not Applicable	6
t.	Transfer	16	11	17
u.	Renewal	4	5	6, 17
v.	Post-termination obligations	20	10	17
w.	Non-competition covenants	18	Not Applicable	17
x.	Dispute resolution	14	19	15

ITEM 10
FINANCING

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

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

Except as listed below, TourScale is not required to provide you with any assistance.

Before you open your business, TourScale will:

- Approve your Protected Territory. Your Protected Territory will be identified and agreed upon before you sign your Franchise Agreement and will be specifically described in Schedule A of the Franchise Agreement. (Franchise Agreement, Section 3.A)

- Provide you with specifications for Primary Assets. (Franchise Agreement, Section 12.E)

- Provide you with online training that must be completed by all owners and will last approximately 4 hours. You must have a computer with web and video capabilities to complete the online training. The online training program must be completed before you attend in-person training. (Franchise Agreement, Section 11)

- Provide you with in-person training for 2 business days for a total of approximately 16 hours. The training is held at your location or one of our regional training sites. We may require additional training or refresher courses if you change, renew, or relocate your franchised business. (Franchise Agreement, Section 11)

- Provide you with access to our Operations Manual. The table of contents for the Operations Manual is included in Exhibit F. You must sign our Confidentiality Agreement (Exhibit E) before receiving access to the Operations Manual. The Operations Manual is approximately 342 pages. (Franchise Agreement, Section 10)

- Launch your location website, email account, and digital booking system. (Franchise Agreement, Section 6.C)

- Assist you with determining pricing. We may establish mandatory minimum and/or maximum prices. (Franchise Agreement, Section 12.L)

- Provide you with a Launch & Marketing Kit that includes professional photo and video shoot, 3 months of digital advertising spend with a minimum budget of $1,000 per month, marketing system onboarding, signage, uniforms, business cards, and promotional materials. (Franchise Agreement, Section 6.D)

Our Pre-opening Obligations under the Area Development Agreement

Our obligations regarding site selection assistance, training, computer hardware and software selections, and advertising for additional Locations developed under an Area Development Agreement will be governed by the form of single-unit franchise agreement you sign for each additional Location.

Protected Territory Selection

We do not own any premises that we lease to franchisees. Before you sign your Franchise Agreement, we will work with you to identify and agree on your Protected Territory, as further described below. Our approval of a proposed Protected Territory indicates only that the geographic area meets our then-current territory selection criteria, as more fully described in the Franchise Agreement.

In evaluating your proposed Protected Territory, we consider several factors including the general location and characteristics of the area, population density and demographics, the presence of suitable target customers for tour and activity services, existing competition in the area, your ability to effectively serve the territory, traffic patterns and accessibility, the economic conditions of the region, and whether the territory boundaries align with our operational requirements. We also evaluate whether the proposed territory conflicts with existing franchisee territories or our company-owned operations.

Before you sign your Franchise Agreement, we will work with you to identify and mutually agree on your Protected Territory. We evaluate proposed territories based on the criteria described below. If we cannot agree on a proposed Protected Territory, either party may elect not to proceed, and we will refund any initial franchise fee you have paid, less any costs we have actually incurred.

Except as limited by the Franchise Agreement, and provided that you are in full compliance with the Franchise Agreement, we and our affiliates will not operate, or license others to operate, a TourScale

Business under the same brand within your Protected Territory during the term of the Franchise Agreement. The Protected Territory may be limited to specific zip codes in High-Density Areas. See Item 12 for a complete description of your territorial rights and restrictions.

Your Protected Territory will be described in Schedule A to your Franchise Agreement and will be defined by specific geographic boundaries and demographic characteristics. You are not required to live in your Protected Territory, but the proximity of your residence may be a factor in our evaluation of your proposed Protected Territory.

You will also need to secure storage for your Cruisin' Tikis vessel(s), Tiki Pub vessel, or Paddle Pub vessel. You agree to follow the requirements as outlined in your Operations Manual.

We estimate the time from the date you sign the Franchise Agreement to the date you open your TourScale Business to be between two (2) to twelve (12) months. However, this time estimate will vary depending on numerous factors, including location, schedules, and financing.

Continuing Obligations

During the term of the Franchise Agreement we (or our designee) are required to provide the following assistance and services to you:

- Franchisee meetings, newsletters, updates to training programs and forms. (Franchise Agreement, Section 11.D)

- We may hold regional training seminars and/or meetings. Attendance is optional. If you attend, you will be charged a per attendee fee. (Franchise Agreement, Section 11.C)

- We will provide telephone assistance. (Franchise Agreement, Section 11.D)

- We will provide advertising and promotional materials. Some materials are included in your initial supply of marketing items. (Franchise Agreement, Section 9.B)

- Upon request, we will review your display advertisements and provide suggestions. (Franchise Agreement, Section 9.C)

- We will maintain the Advertising Fund as described under "**Advertising**" below. (Franchise Agreement, Section 9.B)

- We may establish maximum and/or minimum prices for your products and services, to the extent permitted by law. (Franchise Agreement, Section 12.L)

- We will hold an annual convention at a location we select. We will determine the topics and agenda. We may use Advertising Fund contributions for convention-related costs, including productions, programs, and materials. You must pay your own travel and attendance costs. (Franchise Agreement, Section 11.E)

Training

You must complete our online training program before attending on-site training. The online program takes approximately 4 hours. You must have a computer with web and video capabilities. You must complete the entire Initial Training Program (online and on-site) at least 30 days before opening your TourScale Business.

Kai Kaapro is the primary instructor for on-site new owner training. Kai Kaapro and/or Cal Alte are the primary instructors for training in Fort Myers Florida; Wilmington, North Carolina; San Diego, California; or at your location. Cal Alte has maritime operations experience and has overseen operations for Paddle Pub Daytona Beach and Tiki Pub Ponce Inlet. We may use substitute instructors who have at least 3 months of experience with the TourScale System and substantial operations or business experience. We may conduct training at different locations.

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

You and your managers must attend and complete to our satisfaction any refresher training courses we require. You must pay all travel, lodging, meals, and wage expenses for your personnel attending training. If we conduct training at your location, you must pay our trainers' travel and lodging expenses.

The following table describes the Initial Training Program. This training does not include operation training. Training hours may vary based on your experience and comprehension.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Hours of Online Training	Location
Technology	3	1	2	Online via video conference
Operations	3	6	0	Online via video conference and On-site at your TourScale Business or at an existing operating location we designate.
Marketing	3	2	2	Online via video conference and On-site at your TourScale Business or at an existing operating location we designate.
HR	1	2	0	On-site at your TourScale Business or at an existing

				operating location we designate.
Safety	0	2	0	On-site at your TourScale Business or at an existing operating location we designate.
Maintenance	0	2	0	On-site at your TourScale Business or at an existing operating location we designate.
Totals	**9**	**15**	**4**	

Additional training or refresher courses may be required if you renew, change, or relocate your TourScale Business. This will cause you to incur additional costs as described in the Franchise Agreement.

Technology

You must acquire the computer system and required software we specify. "Computer system" means hardware (monitor, keyboard, computer, mouse, and tablets). "Required software" means software for business management and operations, reporting to us, payment processing, communication systems (routers, modems, cables), and data backup. You must use the computer system for records management, reporting, email, and business operations software. The computer system will generate and store data including sales, labor, employee information, taxes, refunds, credits, and customer information. The Operations Manual specifies computer system requirements and approved suppliers. You are responsible for all costs to acquire, operate, maintain, and upgrade the computer system.

You must maintain a high-speed internet connection. We may require you to purchase additional equipment based on your business location and configuration.

We estimate the cost of ongoing maintenance, upgrades and or updates to be $500 or less per year. Many franchisees choose to use their existing computer equipment, but if a new computer system is purchased, the expected cost to purchase a system which meets the requirements would be between $1,200 and $4,000 depending on your choices regarding performance and features of the computer and smartphone, payable to any normal and reasonable computer and smartphone seller.

We will provide you with a website and email for your TourScale Business and you are prohibited from maintaining other separate websites or other electronic presence for your TourScale Business. We currently require that you license the booking software from our approved vendor. You will pay merchant processing fees on all revenue received from credit card transactions through your booking software. You will maintain the option to change merchant credit card processors if you desire to do so. In addition, you must obtain licenses for certain off-the-shelf software, including Quick Books Online. We anticipate the costs for this additional software are $200 per month, and this amount is not included in the Technology Fee (see Section 6 of the Franchise Agreement).

Other than as provided in this disclosure document, there are no limitations on the frequency and cost of your obligation to comply with our requirements related to the computer system and required software.

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

We will have access to information and data generated by the booking software and any replacement or additional software systems we may designate, as necessary for system-wide analytics, marketing, and operations improvement. You acknowledge that we may use aggregated and anonymized data for these purposes. We will maintain reasonable security measures to protect franchisee and customer data in accordance with applicable data privacy laws. Any personally identifiable information will be handled in compliance with applicable privacy laws and regulations, including but not limited to state data breach notification laws and consumer privacy statutes.

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

Advertising

All costs of printing or otherwise producing hard copy promotional materials are your obligation. We estimate that the costs of printing for these promotional materials will range from $250 to $500 for the new materials.

Before you use or disseminate advertising and promotional materials that were not prepared or approved by us, you must submit samples of such materials to TourScale. TourScale retains the right to require that you cease using any advertising or promotional materials that either violate any state or federal laws, rules or regulations or are considered by TourScale, in our sole discretion, to constitute an unauthorized use of the TourScale Marks.

Advertising Fund

Under the Franchise Agreement, each franchisee must contribute to the established TourScale Advertising Fund (the "**Advertising Fund**") an amount equal to 2% of Net Sales (see Section 9 of the Franchise Agreement). The Advertising Fund Contribution rate of 2% of Net Sales will remain fixed during the initial term of your Franchise Agreement and will not be increased. We will require all similarly-situated franchisees to contribute to the Advertising Fund. Company or affiliate owned TourScale Businesses, if any, will contribute to the Advertising Fund at the same percentage rate as similarly-situated franchisees.

We will account for the contributions to the Advertising Fund separately from our other revenues. We will not be obligated to make advertising expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from expenditures by the Advertising Fund.

We intend to work with national, regional, and local agencies in our discretion. It will be our responsibility to determine how the Advertising Fund monies are spent. We will not be required to use monies in the Advertising Fund to benefit any individual market, or on a pro rata or other basis. However, we will not spend any portion of these monies for advertising principally designed to solicit the sale of franchises. We did not establish the Advertising Fund during the last fiscal year, and accordingly, had no expenditures in that period.

Any unused funds in any calendar year will be applied to the following year's funds. Any interest the Advertising Fund earns will be used for advertising before we use any principal. At your request, if established, we will make available to you an annual accounting for the Advertising Fund that shows how the Advertising Fund proceeds were spent for the previous year, but these statements will not be audited.

It is our intention to solicit input on the development of advertising from franchisees who must contribute to the Advertising Fund on the development of the advertising. However, this input will be advisory only, and we will have the right to make all final decisions about how these monies are spent.

We do not intend to use the Advertising Fund to purchase advertisements or marketing designed to sell additional franchises although there may be an indirect impact on franchise sales from Advertising Fund expenditures.

In the most recent fiscal year ending in 2025, we collected $194,731 in advertising funds. In the same time period, we spent $124,972 on behalf of the franchisees from the TourScale Advertising Fund. The ending balance was $69,759.

<u>Cooperatives</u>

Currently, we do not maintain local or regional advertising cooperatives or an advertising council comprised of franchisees. If we establish an advertising cooperative, the following will apply:

(a) Membership and Contributions: All franchisees within a designated geographic area must participate in their respective local or regional advertising cooperative. Each member franchisee must contribute a percentage (not to exceed 2% of Net Sales) as determined by us or the cooperative's governing body. Our company-owned and affiliate-owned outlets within the cooperative's territory will contribute on the same basis as franchisees.

(b) Administration: Each cooperative will be administered by its members according to written governing documents that we will provide. These documents will outline voting rights, meeting requirements, and fund administration procedures. We retain the right to establish financial reporting requirements and to audit cooperative funds.

(c) Governing Documents: Upon your request or upon the establishment of a cooperative in your territory, we will provide you with copies of the cooperative's governing documents for review.

We will provide written notice at least sixty (60) days before implementing any new cooperative requirement or material change to existing cooperative arrangements.

Digital Ad Spend Requirement

You are responsible to conduct your own local digital marketing of your TourScale Business. We require you to spend the greater of (i) a minimum of $5,000 per year or (ii) 5% of your Net Sales on direct third-party digital advertising platform expenditures ("Required Digital Marketing Spend"), which shall only include actual advertising spend paid to digital advertising platforms such as Facebook, Instagram, Google Ads, and other similar platforms as approved by us in writing. You must provide us with documentation of such expenditures through original platform-generated spending reports and invoices from approved digital advertising platforms in the form and at the times we specify, but no less than quarterly. We, our affiliates or approved suppliers may periodically make available to you, for purchase, certain advertising plans and promotional materials for your use in digital advertising and promotion. We may require you to use one or more approved vendors (including our preferred vendors) for all or any portion of your Required Digital Marketing Spend, and may receive expenditure documentation from those vendors automatically. We reserve the right, upon thirty (30) days' prior written notice, to require you to pay the Required Digital Marketing Spend to us (rather than directly to third-party digital advertising platforms), in which case we will spend the Required Digital Marketing Spend on your behalf with digital advertising platforms we select. We may implement this collection on a system-wide basis or on an individual franchisee basis.

ITEM 12
TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Territory Classification. The Franchisor classifies territories into two tiers ("Tier 1" and "Tier 2") based on its proprietary market evaluation methodology. This methodology evaluates each market across six dimensions: tourism demand, waterway infrastructure capacity, market validation, demographics, regulatory environment, and multi-concept viability. The Franchisor uses a weighted scoring model to assess these factors and assign an overall market score. Each territory's tier classification is determined by the Franchisor in its sole discretion based on the results of this evaluation. The Franchisor reserves the right to update or modify the methodology and tier assignments from time to time without notice to you.

Multi-Waterway Markets. A single metropolitan area may contain multiple navigable waterways, each of which the Franchisor may designate as a separate territory. Purchasing a territory associated with one waterway does not grant any rights to operate on, or any preferential rights to acquire, any other waterway territory within the same metropolitan area. You will only have the right to operate on the specific waterway(s) identified in your Franchise Agreement. Each waterway territory is priced and classified independently based on the Franchisor's market evaluation methodology described above. The Franchisor has no obligation to offer you additional waterway territories in the same metropolitan area and may sell or operate on other waterways in the area through other franchisees, affiliates, or company-owned operations.

The "Tier 1" and "Tier 2" territory designations reflect differences in market characteristics based on the Franchisor's evaluation criteria and do not represent, warrant, or imply any level of financial performance, revenue potential, profitability, or return on investment. A higher-tier classification does not mean that a territory will generate greater sales or income than a lower-tier territory. You should not rely on the tier designation as a predictor of business success.

You will operate your TourScale Business from an approved physical location (the "**Base of Operations**") within a geographic area described in your Franchise Agreement (the "**Protected Territory").** Your Protected Territory will be identified by mutual agreement before you sign your Franchise Agreement. Protected Territory boundaries are defined by geographic features, demographics, population density, and market characteristics rather than by a fixed search area or radius, and will be specifically described in Schedule A to your Franchise Agreement. After signing, you may identify and secure a physical Base of Operations (e.g., a marina) within your Protected Territory.

The process of selecting and maintaining your Base of Operations is described below:

After signing your Franchise Agreement, you must secure an approved Base of Operations within your Protected Territory within the timeframe specified in your Franchise Agreement. If you fail to secure an approved Base of Operations within the applicable period and are not making sufficient progress, we may terminate the Franchise Agreement in accordance with its terms. We may grant written extensions in our sole discretion, subject to any applicable extension fees.

Approval of Base of Operations. Once you identify a potential Base of Operations, you must obtain our written approval before executing any lease or purchase agreement. The Base of Operations must be a marina located within your Protected Territory. We will evaluate proposed locations based on factors including: (i) visibility and accessibility; (ii) zoning and regulatory compliance; (iii) operational safety; (iv) proximity to customer traffic; (v) parking or docking capacity; (vi) market conditions; (vii) facility adequacy; and (viii) other relevant criteria we determine necessary to protect our brand, customer experience, and other franchisees.

Your Protected Territory will be defined by specific geographic boundaries (such as streets, waterways, zip codes, census tracts, cities, counties, or comparable boundaries) and/or demographic characteristics, as specifically set forth in Schedule A to your Franchise Agreement. The boundaries are determined before you sign your Franchise Agreement based on factors we consider relevant, including population density, demographics, market conditions, tourism demand, and the presence or absence of existing franchisees and company-owned locations. We are not required to pay you for soliciting or accepting orders for other TourScale Businesses within your Protected Territory.

We will not operate or authorize others to operate the same brand within your Protected Territory, except as otherwise permitted in the Franchise Agreement. However, we retain all rights not expressly granted to you, including but not limited to the right to: (i) operate or franchise other brands within your Protected Territory; (ii) sell products or services through alternative channels of distribution (including but not limited to online sales, catalogs, retail stores, wholesale accounts, third-party delivery services, or other distribution methods now existing or developed in the future) within or outside your Protected Territory, and no compensation shall be due to you for any such sales made within your Protected Territory; (iii) acquire and operate businesses using the same brand within your Protected Territory if such businesses were operating before your territory rights were granted; and (iv) modify the scope of your Protected Territory based on market conditions or your performance.

Except as noted below, as long as you are in compliance with the Franchise Agreement, we will not operate the same TourScale Business or grant to a third party the right to operate the same TourScale Business within your Protected Territory except in accordance with the Franchise Agreement.

Asset Deployment Schedule. Your Franchise Agreement will specify the total number of primary assets (vessels) you are required to deploy within your Protected Territory. You must deploy your first 2 primary asset at the time your Business opens. On occasion, we may approve you to open your Cruisin' Tiki Business with a single vessel initially.

Default and Cure for Deployment Failure. If you fail to deploy a required primary asset by the applicable deadline in the deployment schedule, the Franchisor will provide you with written notice of default. You will have thirty (30) days from the date of such notice to cure the default by acquiring or initiating the acquisition of the required primary asset (which includes, at minimum, executing a binding purchase or lease agreement for the asset). Notwithstanding the foregoing, you will not be considered in default under this provision, and the applicable deployment deadline will be automatically tolled, during any period in which your inability to deploy a primary asset by the applicable deadline is caused by (i) delays, production shortages, or other circumstances outside of your reasonable control on the part of our approved vendor or any supplier in manufacturing, producing, or delivering the required primary asset, (ii) acts of God, governmental action, shipping delays, labor disputes, or other force majeure events, or (iii) any other circumstance outside of your reasonable control, provided that you are actively and diligently pursuing the acquisition of the primary asset. We may, in our sole discretion, grant written extensions of the cure period and/or the applicable deployment deadline if our approved vendor cannot manufacture or deliver the required primary asset in a timely manner or if other circumstances warrant an extension. If you fail to cure within the thirty (30)-day cure period (as may be tolled or extended as described above), the Franchisor reserves the right, in its sole discretion, to reduce the size of your Protected Territory.

You do not need to separately pay us any compensation to solicit or accept orders within your Protected Territory. Similarly, we do not need to pay you any compensation for soliciting or accepting orders within your Protected Territory. We do not place any restrictions on solicitation of consumers outside of or within your Protected Territory by you or any other franchisees, including, the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your territory. Your Protected Territory is not an exclusive territory. You may face competition from other franchisees or competing brands, from outlets that we own, or from other channels of distribution or competitive brands that we control. These may include franchises operating under the Cruisin' Tikis, Tiki Pub, and/or Paddle Pub trademarks. Each named brand (Cruisin' Tikis, Tiki Pub, and Paddle Pub) will not overlap with another franchisee operating under the same named brand within a Protected Territory; however, franchisees of different named brands may operate within overlapping or adjacent geographic areas.In addition, we may operate or franchise businesses under other tradenames or trademarks without further notice to you.

The Franchisor reserves all rights to operate, franchise, or otherwise develop any type of TourScale Business not currently operated by Franchisee within the Protected Territory, including but not limited to Cruisin' Tikis, Tiki Pub, and Paddle Pub vessels of different passenger capacities, without any obligation to offer such rights to Franchisee or provide notice of such activities. If you enter into an Area Development Agreement, you will obtain the right to own and operate a certain number of TourScale Businesses in the Development Area where you must open each TourScale Business in compliance with the Development Schedule. The size of the Development Area will depend upon the number of TourScale Businesses you are obligated to open and will vary based on demographics and market conditions in the area. Provided you comply with the terms of the Area Development Agreement, and any Franchise Agreements signed for TourScale Businesses within the Development Area, your Development Area will be exclusive. This means we will not establish, operate, or grant franchise rights to any other person or entity to establish or operate a TourScale Business of the same type and brand that you have agreed to develop within your Development Area. This exclusivity applies to both company-owned and franchised TourScale Businesses operating under the Proprietary Marks.

You must comply with your development obligations in the Development Schedule in order to maintain your Development Area exclusivity. In the event that you fail to meet your development obligations and the Area Development Agreement is terminated, you will retain your rights to any previously owned TourScale Businesses, including the territorial rights described in the Franchise Agreement for such TourScale Businesses, provided that the Area Development Agreement was not terminated as a result of your failure to comply with the terms of your existing Franchise Agreement(s). Your rights to any TourScale Businesses for which there is no Franchise Agreement and your exclusivity in the Development Area will terminate immediately upon termination of the Area Development Agreement. Thereafter, we will have the right to develop the Development Area on our own or through third parties.

If you need to relocate your Base of Operations, you may do so within your existing Protected Territory without affecting your territory boundaries. You must complete any relocation within 12 months after closing your existing Base of Operations. We may grant a written extension in our sole discretion. If you fail to complete the relocation within this timeframe or any extended period we may grant, we may, in our sole discretion, terminate your Franchise Agreement with no refund of any fees paid to us, and you waive any claims against us arising from such termination.

Unless specifically agreed to in writing by TourScale, including through an Area Development Agreement, you have no options, rights of first refusal, preferential rights, or any similar rights to: (i) acquire any additional franchises whether in contiguous territories or elsewhere; (ii) acquire additions to your Protected Territory or Development Area; (iii) establish additional franchised outlets; or (iv) expand your franchised business in any manner. Any expansion, relocation, or establishment of additional franchised outlets, or any modification to a Development Area under an Area Development Agreement, requires TourScale's prior written approval. We may grant or withhold approval in our sole discretion based on any factors we deem relevant, including system standards, market conditions, your operational and financial performance, and compliance history.

During the franchise term we may:

(1) Sell (or authorize others to sell) services authorized for TourScale Businesses, using trade names, trademarks, service marks and commercial symbols other than the Marks (See Item 13);

(2) Operate and grant to others the right to operate TourScale Businesses that are located anywhere outside of your Protected Territory;

(3) Purchase, acquire, invest in, partner with, or otherwise become affiliated with, through merger, acquisition, joint venture or any other business arrangement, any mobile entertainment tour businesses, companies, franchisors, or other businesses which operate, distribute, provide, franchise, or have any involvement with tour businesses or related services, whether such businesses are located within or outside of the Protected Territory, without any obligation to offer you participation in such opportunities;

(4) Market, promote, sell, license, develop, or otherwise commercialize any products, services, or business concepts relating to or competitive with the TourScale Business through any channels of distribution, including but not limited to, through the Internet or worldwide web, through smart phone or other digital applications, direct marketing or through any other form of distribution channel or method from and at any location, even in the Protected Territory, using the Marks or under trade names, trademarks or service marks other than the Marks;

(5) Develop, operate, and/or grant franchises to others to develop or operate TourScale Businesses in Non-Traditional Locations within or outside the Development Area. "Non-Traditional Locations" means locations that have a captive audience or restricted access due to their operation within or in conjunction with another primary business or venue, including but not limited to: hotels, resorts, casinos, cruise ships, airports, train stations, bus terminals, sports facilities, stadiums, arenas, convention centers, military bases, government offices or facilities, educational institutions (including universities, colleges and schools), museums, amusement parks, theme parks, zoos, aquariums, shopping malls, outlet centers, retail stores, department stores, medical facilities, office buildings, corporate campuses, industrial facilities, and other similar venues or locations. We shall have the sole right to pursue, develop and/or authorize others to develop such Non-Traditional Locations, and you shall not be entitled to any compensation in connection with the operation of TourScale Businesses at Non-Traditional Locations, even if within your Territory or Development Area. For purposes of this Item 12, your "Development Area" means the collective Protected Territories that you have been granted the right to develop under your Area Development Agreement and any Franchise Agreements signed in connection with that Area Development Agreement.

(6) Be acquired (regardless of the form of transaction) by a mobile entertainment tour business or other business, even if such business operates, franchises and/or franchises competitive businesses within the Protected Territory.

ITEM 13
TRADEMARKS

TourScale grants you the right to operate a tour and experience business under the names TourScale, Cruisin' Tikis, Tiki Pub, Paddle Pub, or some combination of these names (the "**Marks**"). You may also use any authorized successor trademarks to operate your office. The term "**Marks**" includes trade names, trademarks, service marks and logos used subsequently developed and used to identify TourScale Business. The following principal Marks are registered with the United States Patent & Trademark Office ("**USPTO**") by our affiliate Kaapro & Cole Ventures, LLC ("**KCV**") and our affiliate, Cruisin' Tikis Holdings, LLC ("**CTH**").

TourScale has secured exclusive and perpetual trademark licenses through separate agreements dated January 1, 2024 (the "License Agreements") with TSE and Cruisin' Tikis Holdings, LLC ("CTH"), granting TourScale comprehensive rights to use and sublicense these trademarks. Under the License Agreements, TourScale has the right to grant sublicenses to franchisees for the TourScale Businesses. The License Agreements may be modified by mutual written agreement of the parties. The Franchisor and associated trademark owners (TSE or CTH) maintain exclusive authority to terminate their respective License Agreement at their discretion, including but not limited to circumstances where (i) TourScale commits a material breach of this agreement and fails to remedy such breach within ninety (90) days after receiving written notice thereof from Franchisor, or if (ii) TourScale (or its owners, officers, or key employees) misuses the trademarks or damages their reputation. These License Agreements will not significantly impact franchisees in the operation of their businesses ability to use TourScale's trademarks.

<u>The principal Trademarks with the United States Patent and Trademark Office are as follows:</u>

Mark	Registration / Serial Number	International Classes	Date of registration	Owner/ Register
Paddle Pub	Reg. No. 5710891	039, 041	March 26, 2019	KCV/ Principal
PADDLE PUB	Reg. No. 5746627	039, 041	May 7, 2019	KCV/ Principal
TOUR SCALE	Reg. No. 7179944	035	October 3, 2023	KCV/ Principal
TIKI PUB	Reg. No. 7317360	039, 041	February 27, 2024	KCV/ Principal
TIKI PUB	Reg. No. 7317361	039, 041	February 27, 2024	KCV/ Principal
TOURSCALE	Reg. No. 7370587	035	April 30, 2024	KCV/ Principal
CRUISIN' TIKIS	Reg. No. 7613380	039	December 17, 2024	CTH/ Principal
CRUISIN' TIKIS	Reg. No. 5272076	040	Registered: August 22, 2017 Renewed: February 3, 2024	CTH/ Principal
CRUISIN TIKIS	Reg. No. 5457293	012	Registered: May 1, 2018 Renewed: March 5, 2025	CTH/ Principal
CRUISIN TIKIS	Reg. No. 5516972	039	Registered: July 17, 2018 Renewed: October 31, 2024	CTH/ Principal

You may not use the name "TourScale" as part of your business name or in advertising your TourScale Business. "TourScale" is not a federally registered trademark.

All required renewals and affidavits of continued use have been filed and accepted for the principal Trademarks through the date of this Disclosure Document. As of the issuance date of this Disclosure Document, there are no (a) currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court; (b) pending infringement, opposition, or cancellation proceedings; or (c) pending material litigation regarding TourScale's or the trademark owners' (TSE's or CTH's) use or ownership rights in the principal Trademarks.

You must follow our rules when you use the Marks. You cannot use a TourScale name or mark as part of a corporate name or with modifying words, designs or symbols except for those which TourScale franchises to you. You may not use TourScale’s name or Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by TourScale. You may not use TourScale’s trademarks in any combination with those of another legal entity without prior written permission from TourScale. TourScale is under no obligation to grant a request to combine the Marks with those of any other legal entity. No agreements limit TourScale’s right to use or franchise the use of TourScale’s trademarks.

You must notify TourScale immediately if you learn about an infringement of or challenge to your use of the Marks. TourScale will take the action we think appropriate. TourScale has no obligation to defend or indemnify you against claims arising from your use of the trademarks. You must modify or discontinue the use of trademarks if TourScale modifies or discontinues them. In such event, you will not be entitled to any compensation for such modification or discontinuation. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of or used in business.

Franchisor and TSE have the exclusive rights to control any administrative proceedings or litigation involving a trademark licensed to Franchisee.

TourScale does not know of any infringing uses that could materially affect your use of TourScale’s trademarks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Except as disclosed below, we do not own rights in, or licenses to, patents or copyrights that are material to the System.

Through an exclusive license agreement with CTH, we have the right to use U.S. Patent No. 10589827, titled "A structure for stabilizing a barrel on a pontoon vessel." This utility patent, owned by CTH, was issued on March 17, 2020, and remains in effect until January 15, 2039. This patent is utilized in the manufacturing of our vessels pursuant to our license agreement with CTH.

Franchisor claims common law copyright protection in its Operations Manual, advertising materials, specifications, training materials, and proprietary forms and programs, although Franchisor has not registered these copyrights with the U.S. Copyright Office. The information contained in these items is proprietary and they may be used only with our permission, and at our direction. You must operate the TourScale Business in accordance with the Operations Manual.

You must notify us immediately if you learn about an infringement on our or your use of any item that may be copyrighted by us. However, we are not obligated by the Franchise Agreement, nor otherwise, to protect any rights that may be granted to you or to protect you against claims of infringement or unfair competition with respect to them.

In the event that litigation involving any items that may be copyrighted is instituted or threatened against you, you must promptly notify us. We will conduct the defense and bear the expense of such litigation, and will be entitled to settle or otherwise dispose of the litigation on terms which, in our sole discretion, we may decide. You must cooperate fully with us in defending or settling such litigation.

If we decide to add, modify or discontinue the use of a proprietary item, whether or not we claim a copyright in such item, you must also do so and we will have no obligation or liability to you as a result of any addition, modification or discontinuance of the use of a proprietary item.

Confidential Information

You must not, during the term of the Franchise Agreement, or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation, any confidential information, knowledge, or know-how concerning the methods of operation of TourScale Businesses, Paddle Pub vessels, Cruisin' Tikis vessels, or other tourism activities which may be communicated to you, including techniques, routes

, processes, procedures, designs, financial information and information contained in the Operations Manual, or of which you may be apprised by virtue of your Franchise under the terms of such Agreements (including information, knowledge or know-how concerning any recipes or formulas). We will disclose proprietary recipes and preparation methods to you necessary to operate a TourScale Business, but we are not required to disclose contents of proprietary equipment, parts, designs or manufacturing processes that are purchased from approved suppliers. You may divulge confidential information only to those of your employees who must have access to it in order to operate the TourScale Business, and you must take such precautions as we deem necessary to ensure that your employees keep such information in confidence. Any and all information, knowledge, know-how, and techniques which we designate as confidential will be deemed confidential, except information which you can demonstrate came to your attention before our disclosure of it, or which, at the time of our disclosure to you, had become a part of the public domain, through publication or communication by others, or which, after our disclosure to you, becomes a part of the public domain, through publication or communication by others. Your Operating Principal (defined in Item 15), manager and other employees may be required to enter into an agreement not to compete with TourScale Businesses under the System and an agreement not to reveal confidential information obtained in the course of their employment with you. You must not use any proprietary or confidential information or Marks, including any processes, procedures, and other know-how, for any purpose other than the operation of your TourScale Business and must take all steps necessary to prevent any other use of them.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Management structure is a crucial element in the operation of a TourScale Business. If you are an Entity, you must appoint an owner that has at least a 10% equity ownership interest in you to be responsible for overseeing and supervising the operation of your TourScale Business (the "**Operating Principal**"). The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operational matters, and the only person that we will recognize as having authority to communicate for and on your behalf. You may not change the Operating Principal without our prior written consent. You or your Operating Principal will be responsible for overseeing and supervising the operation of the TourScale Business. If your Operating Principal does not meet our qualifications and requirements regarding experience in the entertainment and tourism industry, you will be required, prior to opening your TourScale Business for business, to retain an approved manager ("**Business Manager**") that meets our qualifications and requirements.

The Operating Principal or Business Manager must be the primary manager of your TourScale Business. He or she may not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility or time commitments, or that may otherwise conflict with the Operating Principal's obligations under the Franchise Agreement. If the relationship of the Business Manager terminates or materially changes, you agree to promptly designate a replacement Business Manager, and the Operating Principal must assume all of the obligations of the Business Manager during the interim period. The initial Business Manager must successfully complete our New Owner Training Program before your TourScale Business opens for business. Any replacement Business Manager must complete our initial training program before engaging in any business pertaining to your TourScale Business. You must pay the charges that we establish for training programs furnished to any individual who replaces a previously trained Business Manager. Our Operations Manual may regulate your TourScale Business's staffing levels and employee qualifications, training, dress and appearance, and we can require the Business Manager and other employees having access to our Confidential Information to sign Confidentiality Agreements (See Item 14.). Our current form of Confidentiality Agreement is attached as Exhibit E. The Operating Principal is the only person that we will recognize as having authority to communicate on behalf of the Franchisee.

We will require that any owner of more than 5% interest in the Franchisee sign a personal guaranty undertaking to be bound by the provisions of the Franchise Agreement. The form of guaranty that your owners must sign is included in Exhibit 5 to the Franchise Agreement. Your spouse will be required to sign a personal guaranty (or acknowledge and consent to your execution of a personal guaranty).

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use your TourScale Business solely for the operation of a TourScale Business and must maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate the TourScale Business at its maximum capacity and efficiency for the minimum number of days and hours as we specify in the Operations Manual or otherwise in writing, except that in certain circumstances we will make exceptions for the observance or practice of religious holidays or bona fide religious beliefs.

You must offer and sell all of the products and services that we periodically require and only in the manner we have prescribed. You may not offer any products or perform any services that we have not authorized. You will discontinue selling and offering for sale any service or product that we disapprove in writing. All products will be offered and sold only at retail (not wholesale). Our Operations Manual may regulate required or authorized products, services and service categories and supplies. There are no limits on our right to periodically change required and/or authorized products, services, and service categories, and we may do so at our discretion.

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.

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Franchise Agreement**	**Summary**
a. Length of the franchise term	4.A	Ten (10) years from the date your TourScale Business opens.
b. Renewal or extension of the term	4.A	If you are in good standing at the expiration of the Term and first renewal term, you may extend the franchise agreement for up to two (2) additional terms of five (5) years each.
c. Requirements for you to renew or extend	4.B	(1) You must give us written notice of your election to remain a franchisee not less than 9 months, nor more than 12 months, before the end of the Initial Term or first Successor Term; (2) You must pay us a renewal fee equal to 50% of our then-current initial franchise fee; (3) You may be asked to sign an agreement with materially different terms and conditions from the original franchise agreement. (4) Neither you nor any of your affiliates are in default under the Franchise Agreement or any other agreements with us or our affiliates; (5) You must have the right to continue operating in the Protected Territory (or another location acceptable to us) for the Successor Term; (6) You must update your TourScale Business to reflect the then-current image of TourScale Businesses; (7) You must correct any existing deficiencies of your TourScale Business and satisfy our then-current System Standards including adding any new products or services that are then being offered in the System, meet our qualifications for new franchisees, and complete any additional certification and training requirements that apply to you, your Operating Principal, your managerial and training personnel and/or your staff (which may involve the payment of training fees); (8) You must sign, and your owners and all guarantors of your obligations under this Agreement must personally guarantee, our standard form of Franchise Agreement that we are then offering to new franchisees (or the standard form that we most recently offered, if we are not then offering to new franchisees); and (9) You, and your owners and guarantors of your obligations under this Agreement must sign a general release (substantially similar to the form attached hereto as Exhibit I to the FDD)

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Franchise Agreement**	**Summary**
		releasing any and all claims against us, and our affiliates, owners, officers, directors, agents and employees subject to applicable state law
d. Termination by you	19.A	(1) Upon the material default by Franchisor of one or more provisions of this Agreement provided that the Franchisee provides written notice of the default to Franchisor along with no less than sixty (60) days to cure the default. (2) without cause upon sixty (60) days' prior written notice, provided that: (a) such notice is given after the second anniversary of the date you began operating your TourScale Business; (b) you pay a Termination Fee of 50% of our then current Initial Franchise Fee in a lump sum to TourScale and all other sums due and owing under any agreements between you and us or our affiliates; (c) you comply with all post termination obligations contained in any other agreements between us or our affiliates and you, including any post termination obligations contained in any leases for Equipment; and (d) you execute and deliver a voluntary termination and separation agreement in form and substance satisfactory to us in our reasonable discretion and subject to state law.
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	19.C	We can terminate upon certain violations of the Franchise Agreement by you subject to applicable state law.
g. "**Cause**" defined - defaults which can be cured	19.C	You have 30 days to cure the defaults listed in Section 19.C.
h. "**Cause**" defined - defaults which cannot be cured	19.B	We may terminate for cause without an opportunity to cure if: (1) you default in the payment of any monies owed to us or our affiliates when such monies become due and payable and you fail to pay such monies within 5 days after receiving written notice of default or immediately if payment has not been made within 30 days of its due date, then this Agreement will terminate effective immediately upon expiration of that time, unless we notify you otherwise in writing; or (2) you have received two (2) or more notices of default within the previous 12-month period, we may send you a notice of termination upon your next default within that 12-month period without providing you an opportunity to remedy the default.
i. Your obligations on termination/non-renewal	18 & 20	Obligations include complete de-identification, payment of amounts due and return of Operations Manual, all Confidential Information, Trade Secrets, and records.
j. Assignment of contract by us	15	No restriction on our right to assign.
k. "**Transfer**" by you – definition	16.A	Includes transfer of contract or assets or ownership change.

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Franchise Agreement**	**Summary**
l. Our approval of transfer by franchisee	16.B-16.G	We have the right to approve all transfers.
m. Conditions for our approval of transfer	16.B	New franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged, release signed by you and current agreement signed by new franchisee.
n. Our right of first refusal to acquire your business	16.G	We can match any offer for your TourScale Business.
o. Our option to purchase your business	21	We may, but are not required to, purchase your Assets and other items at fair market value if your franchise is terminated.
p. Your death or disability	16.D	Your estate or legal representative must apply to us for the right to transfer to the next of kin within 90 days
q. Non-competition covenants during the term of franchise	18.A	No involvement in competing business anywhere in the world subject to applicable law during the Term of the Agreement; During the Restricted Period, these restrictions will apply within the Protected Territory; within a 5-mile radius of the outer boundaries of the Protected Territory; and within 5 miles of the outer edge of any other TourScale Business Protected Territory, in operation or under construction on the later of: (i) the date of the termination or expiration of this Agreement; or (ii) the date on which all persons restricted by Section 18.B begin to comply with Section 18.B.
r. Non-competition covenants after the franchise is terminated or expires	18	Non-competition Restricted Period shall be two (2) years from the date the Agreement expires or is terminated.
s. Modification of Franchise Agreement	24, 26	No modifications of Franchise Agreement during term generally, but Operations Manual subject to change. No previous course of dealing not specifically set forth in this Agreement will be admissible to explain, modify or contradict this Agreement. Any amendment or modification of this Agreement is invalid unless made in writing and signed by the Franchisor, the Franchisee and all Guarantors. Modifications permitted on renewal.
t. Integration/merger clause	26	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	27	Except for certain claims, all disputes must be mediated before litigation or arbitration. See Section 27 of the Franchise Agreement. (Subject to applicable state law)
v. Choice of forum	27.C	Arbitration or litigation must be conducted in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed (subject to applicable state law).
w. Choice of law	27.B	Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise, and all claims

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Franchise Agreement**	**Summary**
		arising from the relationship between you and us will be governed by the laws of the State of Arizona, without regard to its conflict of laws rules, provided, however, that: (1) the provisions of Section 18 shall be interpreted and construed under the laws of the jurisdiction in which your TourScale Business is located (subject to applicable state law). Our principal office is currently located in Charlotte, North Carolina.

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Area Development Agreement**	**Summary**
a. Length of the franchise term	3.1	Ten years for development rights depending on the agreement and the number of TourScale businesses.
b. Renewal or extension of the term	3.2	There is no renewal period. Upon expiration you may enter into our then-current area development agreement, subject to our approval.
c. Requirements for you to renew or extend	3.2	No express renewal requirements or right are provided for in the Development Agreement.
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable. (subject to applicable state law)
f. Termination by us with cause	9.1 and 9.2	We can terminate only if you commit one of several violations. (subject to applicable state law)
g. "**Cause**" defined - defaults which can be cured	9.2	You have 30 days to cure the defaults listed in Section 9.2. (subject to applicable state law)
h. "**Cause**" defined - defaults which cannot be cured	9.1	We may terminate for cause without an opportunity to cure if: (1) fail to comply with the Development Schedule; (2) purport to effect any assignment in violation of the Agreement; (3) you make, or have made, any material misrepresentation to us in connection with obtaining this Agreement, any site approval hereunder, or any franchise agreement; (4) you default in the performance of any obligation under any franchise agreement with us, provided such default results in the termination of the franchise agreement; (5) you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of any TourScale Business; (6) you, or any of your partners, if you are a partnership, or any of your

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Area Development Agreement**	**Summary**
		officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer; if you are dissolved; if execution is levied against you or your property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days; or if your real or personal property shall be sold after levy thereupon by any sheriff, marshal, or constable; (7) you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the TourScale Businesses opened; (8) you, or any shareholder or principal, fail to maintain the financial capacity and necessary skills and experience to meet the Development Requirements and timely develop and operate the TourScale Businesses required to be opened and operated under this Agreement based upon criteria established by us from time to time. (subject to applicable state law)
i. Your obligations on termination/non-renewal	10	Other than maintaining the confidentiality of our confidential information and trade secrets before and after termination, expiration or nonrenewal, the Development Agreement does not impose any separate or additional obligations upon termination, expiration or nonrenewal other than those set forth above relating to the Franchise Agreement.
j. Assignment of contract by us	11.1	We may assign the Development Agreement without limitation and the assignee or other legal successor to our interests will be entitled to all of the benefits of the Development Agreement.
k. "**Transfer**" by you – definition	11.2	The Development Agreement defines transfers by the franchisee to include assigning, transferring or encumbering the Development Agreement or the development rights provided therein.
l. Our approval of transfer by franchisee	Not Applicable	Not Applicable

THE FRANCHISE RELATIONSHIP		
Provision	**Section in Area Development Agreement**	**Summary**
m. Conditions for our approval of transfer	11.2	You cannot assign the DA.
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Our option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	Not Applicable	Not Applicable
q. Non-competition covenants during the term of franchise	12	You, or your owners, may not engage in any activity which may impair your ability to fulfil your obligations during the term of the Development Agreement without our prior written consent, which may be withheld in our sole and absolute discretion.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of Franchise Agreement	Not Applicable	Not Applicable
t. Integration/merger clause	18	Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in any franchise disclosure document we delivered to you in connection with this Agreement
u. Dispute resolution by arbitration or mediation	19	Except for certain claims and subject to applicable state law, all disputes must be mediated prior to bringing an action in court.
v. Choice of forum	19.1	Subject to applicable state law, arbitration or litigation must be conducted in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed (subject to applicable state law).
w. Choice of law	19.3	Subject to applicable state law, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of Arizona, without regard to its conflict of laws rules, provided. (subject to applicable state law) Our principal office is currently located in Charlotte, North Carolina.

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

ITEM 18
PUBLIC FIGURES

TourScale does not currently use any public figures to promote its 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.

The following financial performance representations summarize actual gross sales data collected from franchisees and company-owned operations in the TourScale franchise system. As of December 31, 2025, the system included 59 operational locations under the Cruisin' Tikis, Paddle Pub, and Tiki Pub brands. This Item 19 includes data from these 57 franchisee-owned units and 2 company-owned outlets. All data represents assets that have been in use for at least 12 months where the business operated for a full season. Sales data represents gross sales on a cash basis before deductions. There are no material financial or operational characteristics of the company-owned outlets that are reasonably anticipated to differ materially from future franchised outlets.

Brand-Level Active Locations Summary (Fiscal Year 2025)

Brand	Active Locations	2025 Total Revenue	2025 Average	2025 Median	Lowest	Highest
Cruisin' Tikis	36	$8,096,786	$224,911	$129,919	$35,369	$2,187,438
Paddle Pub	11	$1,754,558	$159,505	$112,040	$11,652	$452,993
Tiki Pub	4	$940,404	$235,101	$111,798	$50,926	$665,882
System Total	51	$10,791,748	$211,603	$120,778	$11,652	$2,187,438

Performance Threshold (per Brand)

Brand	Locations Reporting	Locations >= Avg	% at/above Avg	Total Revenue
Cruisin' Tikis	36	11	30.6%	$8,096,786
Paddle Pub	11	4	36.4%	$1,754,558
Tiki Pub	4	1	25.0%	$940,404

Cruisin’ Tikis Active Locations (FY 2025)

36 active locations. Excluded units detailed in Note 9.

Rank	Outlet	Type	Years	Assets	Lifetime Revenue	2025 Revenue
1	Cruisin’ Tikis Destin	Franchise	7	9	$12,142,598	$2,187,438
2	Cruisin’ Tikis Key West	Franchise	7	6	$4,173,383	$336,542
3	Cruisin’ Tikis Clearwater	Franchise	6	5	$4,160,039	$508,520
4	Cruisin’ Tikis Orange Beach	Franchise	6	5	$3,478,597	$729,172
5	Cruisin’ Tikis Tampa/St. Pete	Franchise	6	4	$2,771,825	$420,578
6	Cruisin’ Tikis Key Largo	Franchise	7	3	$2,703,677	$492,217
7	Cruisin’ Tikis Pittsburgh	Franchise	7	3	$2,206,425	$274,837
8	Cruisin’ Tikis Miami	Franchise	5	2	$1,819,494	$241,158
9	Cruisin’ Tikis Cape Coral	Franchise	5	2	$1,030,146	$308,954
10	Cruisin’ Tikis St. Augustine	Franchise	6	2	$1,029,513	$156,081
11	Cruisin’ Tikis Nashville	Franchise	5	4	$1,027,001	$170,862
12	Cruisin’ Tikis Charleston	Franchise	7	2	$992,940	$109,402
13	Cruisin’ Tikis Long Beach Island	Franchise	6	2	$930,799	$94,472
14	Cruisin’ Tikis Sea Isle	Franchise	6	4	$915,622	$130,301
15	Cruisin’ Tikis Sarasota	Franchise	7	2	$816,184	$92,152
16	Cruisin’ Tikis Ocean City	Franchise	5	3	$772,856	$71,662
17	Cruisin’ Tikis Panama City	Franchise	3	3	$759,057	$381,680
18	Cruisin’ Tikis Point Pleasant	Franchise	5	2	$672,522	$81,234
19	Cruisin’ Tikis Pensacola	Franchise	4	2	$665,654	$168,971
20	Cruisin’ Tikis Rehoboth Bay	Franchise	7	2	$636,897	$87,875
21	Cruisin’ Tikis Beaufort	Franchise	6	3	$570,379	$100,434
22	Cruisin’ Tikis Port Charlotte	Franchise	4	2	$519,338	$155,830
23	Cruisin’ Tikis Islamorada	Franchise	7	2	$509,013	$79,136
24	Cruisin’ Tikis Fort Myers	Franchise	3	0	$469,889	$279,904
25	Cruisin’ Tikis Space Coast	Franchise	4	2	$435,192	$99,504
26	Cruisin’ Tikis Holden Beach	Franchise	5	1	$412,448	$50,751
27	Cruisin’ Tikis Lake Ray Hubbard	Franchise	4	1	$189,634	$49,360
28	Cruisin’ Tikis Amelia Island	Franchise	4	1	$181,184	$83,735
29	Cruisin’ Tikis Solomon Islands	Franchise	3	1	$145,320	$46,127
30	Cruisin’ Tikis South Haven	Franchise	1	1	$123,536	$123,536
31	Cruisin’ Tikis Wilmington	Corporate	1	2	$101,101	$101,101
32	Cruisin’ Tikis Bay St. Louis	Franchise	3	1	$93,517	$35,369
33	Cruisin’ Tikis Colonial Beach	Franchise	2	1	$72,021	$37,208
34	Cruisin’ Tikis Huntington (Long Island)	Franchise	1	1	$62,010	$62,010
35	Cruisin’ Tikis Homossassa/Crystal River	Franchise	2	1	$59,365	$49,295

36	Cruisin’ Tikis West Palm Beach	Franchise	0	0	--	$296,019

Paddle Pub Active Locations (FY 2025)

11 active locations. Excluded units detailed in Note 9.

Rank	Outlet	Type	Years	Assets	Lifetime Revenue	2025 Revenue
1	Paddle Pub Long Island	Franchise	5	4	$2,529,947	$452,993
2	Paddle Pub San Diego	Franchise	7	2	$1,780,747	$282,978
3	Paddle Pub Connecticut	Franchise	4	2	$1,050,725	$243,858
4	Paddle Pub Fort Lauderdale	Franchise	6	1	$899,041	$164,075
5	Paddle Pub Marina Del Rey	Franchise	3	1	$511,058	$172,098
6	Paddle Pub Daytona Beach	Corporate	4	1	$383,526	$108,065
7	Paddle Pub Madison	Corporate	6	1	$375,487	$52,308
8	Paddle Pub Clearwater Beach	Franchise	4	1	$290,126	$112,040
9	Paddle Pub Lower Hudson	Franchise	2	1	$185,827	$95,969
10	Paddle Pub Myrtle Beach	Franchise	3	1	$161,389	$58,522
11	Paddle Pub Pensacola	Franchise	3	1	$25,208	$11,652

Tiki Pub Active Locations (FY 2025)

4 active locations. Excluded units detailed in Note 9.

Rank	Outlet	Type	Years	Assets	Lifetime Revenue	2025 Revenue
1	Tiki Pub Fort Myers Beach	Franchise	3	3	$1,056,672	$665,882
2	Tiki Pub Ponce Inlet	Corporate	4	1	$210,670	$81,888
3	Tiki Pub La Crosse	Franchise	4	1	$172,345	$50,926
4	Tiki Pub Destin	Franchise	1	1	$141,708	$141,708

Revenue Per Asset and Per Seat (FY 2025)

Brand	Active Units	Total Assets	Total Revenue	Avg Rev / Asset	Avg Rev / Seat	Seats per Asset
Cruisin’ Tikis	36	82	$8,096,786	$98,741	$16,457	6
Paddle Pub	11	16	$1,754,558	$109,660	$4,218	26
Tiki Pub	4	6	$940,404	$156,734	$12,597	varies (6/16/25/26)

Annual Bookings (FY 2025)

Brand	Units	Total Bookings	Avg / Unit	Median / Unit
Cruisin’ Tikis	36	28,643	796	394
Paddle Pub	11	4,017	365	296
Tiki Pub	4	3,030	758	382

Average Ticket Value (FY 2025)

Avg Ticket = Total Revenue (booking platform) / Total Bookings.

Brand	Total Revenue (booking platform)	Total Bookings	Avg Ticket	Median Ticket
Cruisin' Tikis	$8,096,786	28,643	$282.68	$286.50
Paddle Pub	$1,642,517	4,017	$408.89	$405.22
Tiki Pub	$932,287	3,030	$307.69	$305.61

Advertising Performance - Google Ads (FY 2025)

Brand	Units	Spend	Sales Closed	ROAS
Cruisin' Tikis	29	$177,355	$1,264,619	7.13
Paddle Pub	9	$62,658	$419,778	6.70
Tiki Pub	2	$15,099	$51,148	3.39

Advertising Performance - Meta Ads (FY 2025)

Brand	Units	Spend	Sales Closed	ROAS
Cruisin' Tikis	30	$79,147	$422,388	5.34
Paddle Pub	9	$41,360	$190,889	4.61
Tiki Pub	3	$10,481	$22,764	2.17

Monthly Seasonality (% of Annual Bookings, FY 2025)

Brand	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cruisin' Tikis	2.8%	5.7%	9.5%	10.7%	13.5%	14.4%	13.6%	10.7%	7.7%	5.2%	3.3%	2.9%
Paddle Pub	2.1%	3.2%	5.7%	8.2%	12.8%	16.0%	23.5%	16.7%	6.4%	2.6%	1.5%	1.3%
Tiki Pub	5.2%	8.6%	13.2%	12.4%	9.8%	11.8%	8.6%	7.2%	5.5%	7.5%	5.5%	4.7%

Notes:

1. This Item 19 includes only locations that operated for a full season in 2025 under normal operating conditions. Excluded units are listed in Note 9.
2. Sales is defined as the total of all receipts derived from services performed and products sold by Franchisee, or its affiliates. Sales include receipts from all tours, merchandise, food and beverage sales, etc., but exclude (i) sales/use taxes paid to government; (ii) pre-approved promotional or discount coupons to the extent that the Franchisee realizes no revenue; (iii) documented contributions (up to a maximum amount set by us) that the Franchisee makes to an approved not-for-profit organization in conjunction with a TourScale-approved charitable event; and (iv) tips received by the Franchisee's employees.
3. Tiki Pub's revenue pattern reflects data from a limited number of units, with December performance influenced by a high-volume Southwest Florida location during peak winter tourism.
4. The information in this Item 19 is not audited. Written substantiation will be provided upon reasonable request.
5. Location-level revenue is sourced from the master 2025 Item 19 Sales record. Bookings, average ticket value, and seasonality are computed from FareHarbor monthly export files. Advertising performance is computed from Google Ads (Conversion Value) and Meta Ads (Purchase Value) export files.

6. There are no material financial or operational characteristics of the company-owned outlets that are reasonably anticipated to differ materially from future franchised outlets.
7. All amounts are in United States Dollars (USD) on a cash basis as reported by franchisees, before deductions.
8. Outlet-Naming Convention. Outlet names follow the convention used in Exhibit H. Where the booking system splits one franchise outlet into multiple site slugs (e.g., Tampa Bay / St. Petersburg), the figures are presented under the consolidated outlet name.
9. Excluded Units. Cruisin' Tikis (6 units): Cruisin' Tikis Naples, Cruisin' Tikis Marathon, Cruisin' Tikis Treasure Coast, Cruisin' Tikis Lake Dora, Cruisin' Tikis Myrtle Beach, Cruisin' Tikis Fort Lauderdale. Paddle Pub (2 units): Paddle Pub Newport Beach, Paddle Pub CDA. Tiki Pub (1 unit): Tiki Pub Cincinnati. Excluded units are not included in summary metrics, revenue summaries, bookings, or advertising data.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kai Kaapro at 1300 South Blvd., Suite 30102, Charlotte, NC and 888-753-7507; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2023 To 2025

Business Type	Year	Businesses at Start of the Year	Businesses at End of the Year	Net Change
Franchised TourScale Businesses	2023	7	14	+7
	2024	14	17	+3
	2025	17	62	+45
TourScale Owned TourScale Business Locations	2023	5	5	0
	2024	5	4	-1
	2025	4	3	-1
Total Outlets	2023	12	19	+7
	2024	19	21	+2
	2025	21	65	+44

Note: In January 2025, we acquired the Cruisin' Tikis brand, which operated 44 franchised units.

Table No. 2
Transfers of Outlets From Franchisees To New Owners (Other Than Franchisor)
For Years 2023 To 2025

State	Year	Number of Transfers
Florida	2023	0
	2024	2
	2025	4
Total	2023	0
	2024	2
	2025	4

Table No. 3
Status Of Franchised Outlets
For Years 2023 To 2025

State	Year	Businesses at Start of Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by TourScale Franchising	Ceased Operations - Other Reason	Businesses at End of Year
AL	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
CA	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3
	2025	3	0	0	0	0	1	2
CT	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
DE	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
FL	2023	4	3	0	0	0	1	6
	2024	6	0	1	0	0	1	4
	2025	4	28	0	0	0	1	31
ID	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
MD	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

State	Year	Businesses at Start of Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by TourScale Franchising	Ceased Operations - Other Reason	Businesses at End of Year
	2025	0	3	0	0	0	0	3
MI	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
MS	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
NC	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2
NJ	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	3	0	0	0	0	3
NY	2023	2	1	0	0	0	0	3
	2024	3	3	0	0	0	0	6
	2025	6	1	0	0	0	2	5
PA	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
SC	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	2	0	0	0	0	3
TN	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
TX	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	1	1
VA	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
WI	2023	0	1	0	0	0	0	1

State	Year	Businesses at Start of Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by TourScale Franchising	Ceased Operations - Other Reason	Businesses at End of Year
	2024	1	0	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Total	2023	7	8	0	0	0	1	14
	2024	14	5	1	0	0	1	17
	2025	17	50	0	0	0	5	62

Table No. 4
Status of Company-Owned and Affiliate-Owned Outlets
For Years 2023 To 2025

State	Year	Businesses at Start of Year	Businesses Opened	Businesses Reacquired from Franchisees	Businesses Closed	Businesses Sold to Franchisees	Businesses at End of Year
CA	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0
	2025	0	0	0	0	0	0
FL	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	1	0	0	3	0
NC	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	1	0	0	0	2
OR	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0
	2025	0	0	0	0	0	0
WI	2023	2	0	0	1	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Total	2023	5	0	0	0	0	5
	2024	5	1	0	0	2	4
	2025	4	2	0	0	3	2

Table No. 5
Projected Sales and Openings As of December 31, 2025

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in Fiscal Year 2024	Projected New Company Owned Outlets In Fiscal Year 2024
California	0	1	0
Florida	0	2	0
Maine	0	1	0
North Carolina	1	1	0
Ohio	2	2	0
Puerto Rico	1	1	0
Texas	0	2	0
Total	4	10	0

Exhibit H lists the names of all franchisees and the addresses and telephone numbers of their outlets as of December 31, 2025. Exhibit H also lists franchisees who have signed franchise agreements but whose outlets were not yet operational as of December 31, 2025. Exhibit H also lists the name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the fiscal year ended December 31, 2025, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no current trademark specific franchisee organizations associated with the franchise system.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit J hereto are our audited financial statements for TourScale Franchising, LLC, for the years ended December 31, 2025, December 31, 2024, and December 31, 2023. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The following contracts are exhibits within this disclosure document:

Exhibit C Franchise Agreement (and Exhibits thereto)

- EXHIBIT 1 - FRANCHISE INFORMATION
- EXHIBIT 2 - FORM OF COLLATERAL ASSIGNMENT OF LEASE
- EXHIBIT 3 - AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
- EXHIBIT 4 - LISTING OF OWNERSHIP INTERESTS
- EXHIBIT 5 - AGREEMENT TO BE BOUND AND TO GUARANTEE

Exhibit D Area Development Agreement
Exhibit E Confidentiality Agreement
Exhibit G Addenda Required by Certain States
Exhibit I General Release
Exhibit K Compliance Questionnaire

ITEM 23
RECEIPTS

The final two pages of this disclosure document are detachable documents acknowledging your receipt of the disclosure document. If those pages, or any other pages or exhibits are missing from your disclosure document, please notify us immediately.

DIRECTORY OF FRANCHISE REGULATORS, STATE ADMINISTRATORS, AND AGENTS FOR SERVICE OF PROCESS

Federal Franchise Regulators:
Federal Trade Commission
Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W., Room 238
Washington, DC 20580
202-326-2970

List of State Administrators

CALIFORNIA:
Department of Financial Protection and Innovation
1-866-275-2677
Los Angeles
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500
Sacramento
2101 Arena Blvd.
Sacramento, CA 95834
(916) 445-7205
San Diego
1455 Frazee Road, Suite 315
San Diego, CA 92108
(619) 610-2093
San Francisco
One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559

CONNECTICUT:
The Banking Commissioner
The Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860)240-8299

HAWAII:
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS:
Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA:
Securities Commissioner
Securities Division, Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

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

MICHIGAN:
Kathryn Barron
Franchise Administrator Antitrust and Franchise Unit
Consumer Protection Division
Department of Attorney General
670 Law Building
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA:
Commissioner
Department of Commerce
85 7th Place East, Suite #280
St. Paul, MN 55101
(651) 539-1600

NEW YORK:
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Fl
New York, NY 10005
212-416-8222

NORTH DAKOTA:
North Dakota Securities Department
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

OREGON:
Div. of Finance & Corp. Securities
(608) 266-8557
Department of Consumer & Business Services, Room 410
350 Winter Street, NE
Salem, OR 97301-3881
(503) 378-4140

RHODE ISLAND:
Department of Business Regulation
Securities Division
Bldg. 69, First Floor
John O. Pasture Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9585

SOUTH DAKOTA:
Franchise Administrator
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

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

WASHINGTON:
Securities Division
Department of Financial Institutions
150 Israel Road, SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN:
Division of Securities
Bureau of Regulation & Enforcement
Department of Financial Institutions, 4th Floor
345 W. Washington Avenue
Madison, WI 53703

Exhibit B
List of Agents for Service of Process

CALIFORNIA
Commissioner of the Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento 95834
www.dfpi.ca.gov and email, Ask.DFPI@dfpi.ca.gov.

CONNECTICUT:
The Banking Commissioner
The Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860)240-8299

DELAWARE
Corporation Service Company
251 Little Falls Drive
Wilmington, Delaware 19808

HAWAII
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

INDIANA
Securities Commissioner
Indiana Secretary of State
201 State House
Indianapolis, IN 46204

MARYLAND
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020
410.576.6360

MICHIGAN
Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

MINNESOTA
Minnesota Commissioner of Commerce
85 7th Place East, Suite #280
St. Paul, MN 55101
651-539-1600

NEW YORK
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA
Securities Commissioner of North Dakota
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505

OREGON
Director of the Department of Consumer and Business Services
350 Winter Street NE, Room 410
Salem, OR 97301-3881

RHODE ISLAND
Director of Department of Business Regulation
Securities Division
John O. Pastore Center, Bldg. 69, 1st Floor
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9585

SOUTH DAKOTA
Director
Division of Insurance
Securities Regulation
124 S. Euclid Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA
Clerk, Virginia State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371.9733

WASHINGTON
Director, Securities Division
Department of Financial Institutions
150 Israel Road, SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN
Wisconsin Commissioner of Securities
Department of Financial Institutions, 4th Floor
345 W. Washington Avenue
Madison, WI 53703

TourScale Franchising, LLC

FRANCHISE AGREEMENT

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FRANCHISEE

____
DATE OF AGREEMENT

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BUSINESS ADDRESS

TOURSCALE FRANCHISE AGREEMENT

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TOURSCALE FRANCHISE AGREEMENT

THIS **FRANCHISE AGREEMENT** (this "**Agreement**") is made and entered into as of ___________________ ("**Effective Date**") by and between **TourScale Franchising, LLC**, an Arizona limited liability company ("**TourScale Franchising**," "**Franchisor**" "**we**," "**us**," or "**our**"), and ___________________________, a _____________ ("**you**" or "**your**" or "**Franchisee**").

1. PREAMBLES

A. We and our affiliates have invested considerable time, effort, and money to develop a unique system ("**System**") for the operation of mobile entertainment businesses under the names "**Cruisin' Tikis**", "**Paddle Pub**", "**Tiki Pub**", and "**TourScale**" that offer mobile entertainment and tourism experiences (the "**Primary Assets**" or "**Equipment**") and other tourism-related equipment, programming, products, and services (each a "**TourScale Business**" and collectively "**TourScale Businesses**").

B. The distinguishing characteristics of the System include, without limitation, the trademarks, tradenames, territory protection, operating handbooks and manuals, website, booking software, training, marketing systems, human resources guides, repair and maintenance schedules, customer service system, which we may change, improve and further develop from time to time.

C. We identify the System by the "**Cruisin' Tikis**", "**Paddle Pub**", "**Tiki Pub**", and "**TourScale**" names and marks and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, "**Marks**"), which we have designated, or may in the future designate, for use with the System. The Marks are owned by our affiliates, Kaapro & Cole Ventures, LLC ("**KCV**") and Cruisin' Tikis Holdings, LLC ("**CTH**"), and licensed to us for use by the System.

D. You would like to obtain a license to use the System and the Marks and to operate a franchised TourScale Business within the Protected Territory described on Exhibit 1 hereto, subject to the terms and conditions of this Agreement and in strict compliance with the high and uniform standards of quality, operations and service established by us for the System ("**System Standards**").

E. You acknowledge and agree that: (i) the importance of the System Standards and the necessity of developing and operating your TourScale Business in strict conformity with this Agreement, the System Standards and the TourScale Operations Manual (the "**Operations Manual**" or "**Manual**"), as each may be modified by us from time to time; (ii) the Manual and System Standards are confidential and proprietary to us; (iii) we have the right to add to, delete from, and otherwise modify the Manual and System Standards from time to time in our sole discretion; and (iv) you will comply with all such modifications within the time periods we specify.

F. We are willing to grant to you the opportunity to develop and operate a TourScale Business within the Protected Territory, subject to the terms and conditions of this Agreement.

2. GRANT OF FRANCHISE

A. Grant. Subject to the terms of this Agreement, we grant to you a non-exclusive Protected Territory (See Exhibit 1) and a non-exclusive, non-transferable license ("**Franchise**") to operate one TourScale Business at a location within your Protected Territory (See Exhibit 1) using the System and Marks in a manner consistent with and subject to the terms and conditions of this Agreement. This grant is personal to you and may not be assigned, transferred, or sublicensed except as expressly permitted in this Agreement. If you have not identified and received our prior written approval of the Protected Territory before you sign this Agreement, the Protected Territory will be identified and included on Exhibit 1 as described in Section 3.A, subject to our approval in our sole discretion.

B. Relocation. You may relocate your Base of Operations within your Protected Territory only with our prior written consent, which we may grant or withhold in our sole discretion based on factors including but not limited to site suitability, market conditions, and impact on the System. Such relocation will not modify your existing Protected Territory boundaries. If you cease operations at your existing Base of Operations, you must complete the relocation process and reopen within 12 months, or we may terminate this Agreement without any refund of fees paid. You may not operate your TourScale Business outside your Protected Territory without our prior written consent, which we may grant or withhold in our sole discretion. Any unauthorized operation outside your Protected Territory shall constitute a material breach of this Agreement.

C. Forms of Agreement. Over time, we have entered and will continue to enter into agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

D. Best Efforts. You agree at all times to: (i) perform your obligations under this Agreement faithfully, honestly, and diligently; (ii) use your best efforts to promote and maximize the sales and profitability of your TourScale Business and enhance the goodwill of the System and the Marks; (iii) operate your TourScale Business in strict accordance with our System Standards and all applicable laws, regulations, and ordinances; (iv) devote sufficient time, attention, and resources to the operation of your TourScale Business; and (v) maintain the highest standards of quality, service, and customer satisfaction. You acknowledge that your failure to use best efforts may result in harm to the System and other franchisees and may constitute grounds for termination of this Agreement.

3. FRANCHISE RIGHTS

A. Your Protected Territory. Except as limited by Section 3.C below, and provided that you are in full compliance with this Agreement and have met all performance standards set forth in the Manual, we and our affiliates will not operate, or license others to operate the same TourScale Business brand that you operate in your Protected Territory during the Term of this Agreement. Your Protected Territory is defined by the specific geographic boundaries and/or demographic characteristics set forth in Exhibit 1 to this Agreement (the "Protected Territory"). We reserve the right to adjust, reduce, or modify the Protected Territory at any time based on market conditions, population density, your performance, competitive factors, and other factors we deem relevant in our sole and absolute discretion. In certain high density population areas ("High-Density Areas"), such as New York City (including boroughs), Orange County (CA), Chicago, and other areas we may designate, we may limit the Protected Territory to specific zip codes or other defined geographic boundaries as we determine in our sole discretion to ensure appropriate market coverage. If you fail to meet minimum performance standards as set forth in the Manual, we reserve the right to reduce your Protected Territory or to terminate the territorial protection entirely upon ninety (90) days' written notice to you, which notice shall identify in reasonable detail the specific minimum performance standards you have failed to meet and the specific metrics used to measure your performance. You shall have the ninety (90) day notice period to cure the identified performance deficiencies. If you cure within the notice period, we will not reduce your Protected Territory or terminate your territorial protection on the basis of the identified deficiencies. Any reduction of the Protected Territory under this Section shall be made on objective, reasonable, and non-discriminatory grounds consistently applied to similarly situated franchisees.

B. No Rights to Additional Territories or Brands. You acknowledge and agree that: (i) you do not possess any right of first refusal, option, preferential right, or any similar rights to purchase, acquire, or establish additional TourScale Business franchises, territories, or locations; (ii) we retain the unrestricted and absolute right to operate, franchise, license, sell, or otherwise convey the right to operate any other brands, concepts, or business formats within or outside your Protected Territory, even if such operations directly compete with your TourScale Business; (iii) you have no right of first refusal, option, or preferential right to acquire another brand, territory, or any other business opportunity; (iv) we may offer franchise opportunities to others on terms and conditions that differ from those offered to you; and (v) you waive any claims arising from our exercise of these reserved rights.

C. Rights We Reserve. Except as expressly granted to you in this Section 3, we and our affiliates retain all rights with respect to the TourScale Business, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to the right to: (1) operate (and license others to operate) TourScale Businesses at any Non-Traditional Locations (defined as locations that have a captive audience or restricted access due to their operation within or in conjunction with another primary business or venue, including but not limited to: hotels, resorts, casinos, cruise ships, airports, train stations, bus terminals, sports facilities, stadiums, arenas, convention centers, military bases, government offices or facilities, educational institutions (including universities, colleges and schools), museums, amusement parks, theme parks, zoos, aquariums, shopping malls, outlet centers, retail stores, department stores, medical facilities, office buildings, corporate campuses, industrial facilities, and other similar venues or locations) within or outside your Protected Territory, without any compensation or consideration to you, and regardless of such Non-Traditional Location's proximity to your TourScale Business; (2) operate (and license others to operate) any type of business other than a TourScale branded business at any location inside or outside the Protected Territory; (3) operate (and license others to operate) TourScale Businesses located anywhere outside the Protected Territory regardless of proximity to your TourScale Business; (4) acquire the assets and/or ownership interests of one or more competing entertainment or tourism businesses that make use of water-based transportation equipment, vehicles, or vessels ("**Competing Businesses**") and franchising, licensing or creating similar arrangements with respect to these businesses once acquired wherever these businesses (or the franchisees or licensees of these businesses) are located or operating the Protected Territory; (5) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a person or entity that operates one or more Competing Businesses, or by another business, even if such business operates, franchises and/or licenses Competing Businesses in the Protected Territory; and (6) create, place, and/or distribute or authorize others to create, place and/or distribute any advertising and promotional materials, which may appear in media, or be received by prospective customers located, within the Protected Territory.

4. TERM

A. Initial Term. The initial term of this Agreement ("**Initial Term**") and the Franchise granted by this Agreement will begin on the Effective Date and expire at midnight on the day preceding the tenth (10^{th}) anniversary of the date your TourScale Business first opens for business, unless this Agreement is terminated at an earlier date pursuant to Section 19. We will complete and forward to you a notice to memorialize the date your TourScale Business first opened for business. The Initial Term and Successor Term(s) may be collectively referred to as the "**Term**."

B. Successor Franchise Agreement. Upon expiration of this Agreement (and the first Successor Term), you may apply for the right to remain a franchisee in the Protected Territory for up to two (2) additional terms of five (5) years each (each a "**Successor Term**"), subject to our approval and your satisfaction of all conditions set forth below. Nothing in this Agreement shall be construed as granting you any automatic right to a Successor Term. The qualifications and conditions for the Successor Term are described below:

(1) You must give us written notice of your election to remain a franchisee at the TourScale Business not less than 9 months, nor more than 12 months, before the end of the Initial Term or first Successor Term;

(2) You must pay us a successor franchise fee of 50% of our then-current Initial Franchise Fee (the "**Renewal Fee**");

(3) Neither you nor any of your affiliates are in default under this Agreement or any other agreements with us or our affiliates;

(4) You must have the right to continue operating in the Protected Territory (or another location acceptable to us within the Protected Territory) for the Successor Term;

(5) You must update your TourScale Business to reflect the then-current image of TourScale Businesses;

(6) You must correct any existing deficiencies of your TourScale Business and satisfy our then-current System Standards including adding any new products or services that are then being offered in the System, meet our qualifications for new franchisees, and complete any additional certification and training requirements that apply to you, your Operating Principal, your managerial and training personnel and/or your staff (which may involve the payment of training fees);

(7) You must sign, and your owners and all guarantors of your obligations under this Agreement must personally guarantee, our standard form of Franchise Agreement that we are then offering to new franchisees (or the standard form that we most recently offered, if we are not then offering to new franchisees); and

(8) You, and your owners and guarantors of your obligations under this Agreement must sign a general release (substantially similar to the form attached hereto as Exhibit E to the Franchise Disclosure Document) releasing any and all claims against us, and our affiliates, owners, officers, directors, agents and employees.

5. DEVELOPMENT PROCEDURES

A. Selection of Protected Territory

(1) This Section 5.A will not be applicable if your Protected Territory has been identified and approved in writing by us (and set forth in Schedule A) as of the Effective Date.

(2) Your Protected Territory is identified and agreed upon before the Effective Date and is set forth in Schedule A. After the Effective Date, you will select and secure a physical Base of Operations (which must be a marina) within your Protected Territory as described below:

Selecting a Base of Operations. You will use reasonable efforts to secure a Base of Operations (which must be a marina) within your Protected Territory. We may, in our sole discretion, grant up to two (2) three-month extensions of this p**eriod**. If you fail to secure an approved Base of Operations within the initial period or any granted extensions, we may terminate this Agreement in accordance with its terms.

Approval of Base of Operations. Once you identify a potential Base of Operations (which must be a marina) located within your Protected Territory, you must obtain our written approval before executing any lease or purchase agreement. We will evaluate the proposed location based on factors including: (i) visibility and accessibility; (ii) zoning and regulatory compliance; (iii) operational safety; (iv) proximity to customer traffic; (v) parking/docking capacity; (vi) market conditions; (vii) facility adequacy; and (viii) other relevant criteria we deem necessary to protect our brand, customer experience, or other franchisees. Our approval shall be at our sole discretion, exercised reasonably.

Your Protected Territory is defined by the specific geographic boundaries and/or demographic characteristics set forth in Schedule A to this Agreement, and is not defined by any driving radius from your Base of Operations. We and our affiliates will not operate or license others to operate the same brand within your Protected Territory. However, we reserve the right to operate or sell any other brand within your Protected Territory, and you shall have no right of first refusal to acquire another brand or territory. You may request, and we may approve, the relocation of your Base of Operations within your Protected Territory in accordance with Section 5.

(3) You assume all cost, liability and expense for locating, obtaining and developing Storage Location for your TourScale Business in accordance with the Manual. We will assist you in your site selection by providing you with our site selection guidelines and criteria, and sources to obtain demographic information on proposed sites. You must obtain our written approval of the Storage Location before you make any binding commitments related to the Storage Location. If you have not presented an approvable site during the Area Approval Period, we may, in our sole discretion, terminate this Agreement pursuant to Section 19.

(4) You are responsible for selecting the Protected Territory for your TourScale Business. You acknowledge and agree that our approval of a Protected Territory does not constitute a representation or warranty of any kind, express or implied, of the area's suitability for a TourScale Business or any other purpose. Our approval indicates only that we believe that the geographic area meets our then-current Protected Territory selection criteria. Applying criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site we approve fails to meet your expectations. You acknowledge and agree that our site-selection assistance is primarily for our benefit to assure us that we will have a minimally acceptable site upon the expiration or termination of this Agreement.

B. Lease of Storage Location.

(1) If you propose to lease or sublease a Storage Location for your TourScale Business, you must provide us with a copy of the Lease (for a term, including renewal terms, for at least the Initial Term) no less than 10 days before you intend to execute it. The Lease must not contain any covenants or other obligations that would prevent you from performing your obligations under this Agreement. Unless waived in writing by us, any Lease must contain provisions that satisfy the following requirements during the entire term of the Lease, including any renewal terms:

(a) The property owner ("**Property Owner**") consents to your use of the proprietary signs and the Marks prescribed by us, and upon the expiration or earlier termination of the Lease, consents to permit you, at your expense, to remove all such items, so long as you make repairs to the site caused by such removal.

(b) The Property Owner agrees to provide us (at the same time sent to you) a copy of all amendments, assignments, and notices of default pertaining to the Lease and the Storage Location.

(c) We will have the right to enter the Storage Location to make any modifications or alterations necessary to protect the System and the Marks, to cure, within the time periods provided by the Lease, any default under the Lease, all without being guilty of trespass or other tort, and to charge you for any related costs.

(d) The Property Owner agrees that you will be solely responsible for all obligations, debts, and payments under the Lease.

(e) The Property Owner agrees that, following the expiration or earlier termination of this Agreement, you will have the right to make those alterations and modifications to the Premises as may be necessary to clearly distinguish to the public the Storage Location from a TourScale Business and also make those specific additional changes as we reasonably may request for that purpose. The Property Owner also agrees that, if you fail to make these alterations and modifications within 10 days after the expiration or earlier termination of this Agreement, we will have the right to do so without being guilty of trespass or other tort so long as we make repairs to the Storage Location caused by such removal.

(f) The Property Owner agrees not to amend or otherwise modify the Lease in any manner that would affect any of the foregoing requirements without our prior written consent, which consent will not be unreasonably withheld.

(g) You shall have the right to assign the Lease to us or our designee with the Property Owner's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to the Property Owner.

(h) The Property Owner agrees to consent to you collaterally assigning the Lease to us or our designee, granting us the option, but not the obligation, to assume the Lease from the date we take possession of the Premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the Property Owner. Our current form of Collateral Assignment of Lease is attached to this Agreement as Exhibit 2.

6. LAUNCHING YOUR TOURSCALE BUSINESS

A. Storage Location Approval.

(1) Franchisee will submit to TourScale a map showing the address of the Storage Location and pick up/drop off locations.

(2) TourScale will review and approve all proposed Storage Locations.

B. Development of your TourScale Business. You agree to do the following, at your own expense, to develop your TourScale Business in your Protected Territory:

(1) secure all financing required to develop and operate your TourScale Business;

(2) procure insurance coverage for your activities under this Agreement as required by Section 12.I and the Manual;

(3) obtain all required building, slip, utility, sign, health, sanitation, occupancy, business, and other permits and licenses;

(4) procure any necessary federal, state, county and city permits or licenses to be able to operate your business.

C. Technology System. Prior to opening your TourScale Business, you must set up and be onboarded with our booking software and associated software (the "**Technology System**"). You must also pay us a monthly Technology Fee for ongoing maintenance and support services for the Technology System (See Section 7.C).

D. Opening your TourScale Business. Subject to your compliance with the conditions set forth in this Section 6.D or as we may otherwise approve, you agree to open your TourScale Business no later than six (6) months after the Effective Date of this Agreement ("**Opening Deadline**"), provided that Franchisor may extend the Opening Deadline, in our reasonable discretion, by up to twelve (12) months.

(1) We will not authorize the opening of your TourScale Business unless all of the following conditions have been met:

(a) You have hired and trained a staff as required by Section 11.B;

(b) You have received all required state and local government certifications, permits, and licenses necessary for the operation of a TourScale Business;

(c) You (or your Operating Principal as defined in Section 14.D), your management personnel, and your training personnel (if any) have satisfactorily completed and become certified in our Initial Training Program;

(d) You have paid the Initial Franchise Fee (as defined in Section 7) and any other amounts then due to us;

(e) You have signed all agreements required prior to opening, including, but not limited to, the Agreement, the electronic funds transfer documents described in Section 7.H, and any software license agreement(s);

(f) Neither you nor any of your affiliates are in default under or in violation of any agreements with us, any of our affiliates or any suppliers; and

(g) You have provided to us copies of certificates for all insurance policies required by Section 12.I or such other evidence of insurance coverage and payment of premiums as we reasonably may request.

7. FEES

A. Initial Franchise Fee. At the same time that you sign this Agreement, you must pay to us an initial franchise fee (the "**Initial Franchise Fee**"). The Initial Franchise Fee depends on the tier classification of your Protected Territory as determined by Franchisor's proprietary market evaluation methodology. A "Tier 1 Territory" requires an Initial Franchise Fee of $69,900, and a "Tier 2 Territory" requires an Initial Franchise Fee of $49,900. The Initial Franchise Fee is paid in a lump sum upon execution of this Agreement and is not refundable under any circumstances except as may be required by applicable law. The Initial Franchise Fee is uniformly imposed on all similarly situated franchisees.

B. Multi-Territory Discount. When you purchase more than one territory at the time of the initial execution of this Agreement, each additional territory is discounted by $20,000 (the "**Multi-Territory Discount**"). For example, if you simultaneously purchase two Tier 1 Territories, the first territory's Initial Franchise Fee is $69,900 and each subsequent territory's Initial Franchise Fee is $49,900 (reflecting the $20,000 discount). Similarly, if you simultaneously purchase two Tier 2 Territories, the first territory's Initial Franchise Fee is $49,900 and each subsequent territory's Initial Franchise Fee is $29,900 (reflecting the $20,000 discount). The Multi-Territory Discount applies only to territories purchased simultaneously at the initial execution of this Agreement and does not apply to territories purchased at any later date. The Multi-Territory Discount is not refundable and is uniformly imposed on all similarly situated franchisees.

C. Ongoing Royalty Fee. You agree to pay to us, in the manner provided below (or as the Manual otherwise prescribes), a nonrefundable and continuing royalty fee ("**Royalty**") of six percent (6%) of Net Sales of your TourScale Business for the right to use the System and the Marks. You must transmit the Royalty to us in the manner we specify in the Manual (which may include, as provided for in <u>Section 7.H</u> an automatic, electronic debit of funds).

D. Technology Fee. You agree to pay to us, in the manner provided below (or as the Manual otherwise prescribes), a nonrefundable and continuing Technology, Software License, and Support Fee ("**Technology Fee**"). The Technology Fee includes access to and use of required application, software, maintenance and support, web development, hosting, data services, e-mail service, reputation management, and other technology services that we determine, in our sole discretion, to provide to you. We will charge you a Technology Fee upon execution of this Agreement and then monthly upon the opening of your TourScale Business. The Technology Fee is currently $200 per month per TourScale Business. We reserve the right to increase the Technology Fee, in our sole discretion, from time to time upon thirty (30) days written notice to you. Any such increase will be effective for all payments due after the expiration of the notice period.

E. Launch & Marketing Fee. You agree to pay to us, in the manner provided below (or as the Manual otherwise prescribes), a nonrefundable Launch & Marketing Kit fee ("**Launch & Marketing Kit**"). The Launch & Marketing Kit fee includes the following items and services: (i) Professional Photo and Video Shoot, including editing services and related travel expenses; (ii) Three (3) months of digital advertising spend with a minimum budget of One Thousand Dollars ($1,000) per month; (iii) Marketing and AI System Onboarding; (iv) One (1) Sandwich Board with Inserts; (v) Ten (10) Staff Uniforms; (vi) Five (5) Owner/Manager Polos; (vii) One Thousand (1,000) Business Promotional Cards; and (viii) Twenty-Five (25) QR Code Review Stickers. We will charge you a Launch & Marketing Kit fee upon execution of this Agreement. The Launch & Marketing Kit fee is currently $10,000.

F. Definition of "**Net Sales**". As used in this Agreement, the term "**Net Sales**" means the total of all receipts derived from the operation of your TourScale Business, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. Net Sales include receipts from all sales, service, labor, etc. related to the operation of the Franchisee's TourScale Business including, without limitation, sales of merchandise <u>but excluding</u> (i) the amount of any sales or similar tax imposed by any federal, state, municipal or other governmental authority, provided that the amount of any such tax is shown separately and in fact paid by the Franchisee to the appropriate governmental authority; (ii) pre-approved promotional or discount coupons to the extent that the Franchisee realizes no revenue; (iii) documented contributions (up to a maximum amount set by us) you make to an approved not-for-profit organization in conjunction with a TourScale-approved charitable event; and (iv) tips received by your employees. Net Sales will be deemed received by the Franchisee when payment is received by Franchisee or when the obligation to pay arises, whichever occurs first. For credit card, debit card, and other electronic payment transactions, Net Sales shall be deemed received on the date of the transaction, regardless of when funds are actually deposited into Franchisee's account. Net Sales consisting of property or services will be valued at the retail prices applicable and in effect at the time that they are received.

G. Advertising Fund Contributions and Expenses. You shall spend and/or contribute for advertising the amounts we specify. The exact amount of the advertising dollars you must spend and contributions you must make to our Advertising Fund (as defined in Section 9.B) are set forth in Section 9.

H. Late Report Fee. We may charge a late report fee of $200 for each week following the due date that you do not submit any report to us that is required by Section 8. We will electronically debit your business checking account automatically for any late report fee.

I. Interest. All amounts which you owe us for any reason, will bear interest accruing as of their original due date at 20% per annum or the highest commercial contract interest rate the law allows, whichever is less. We may electronically debit your business checking account automatically for any past-due amounts and interest. You acknowledge that this Section 7.H is not an agreement to accept any payments after they are due or a commitment to extend credit to, or otherwise finance your operation of, your TourScale Business. Our acceptance of late payments with interest shall not constitute a waiver of our right to declare you in default or to exercise any other remedies available under this Agreement or applicable law.

J. Insufficient Funds. If (i) any payment you attempt to make is returned or rejected for insufficient funds, uncollected funds, closed account, or any other reason, or (ii) any automatic debit or electronic funds transfer we initiate against your designated bank account for any amounts due under this Agreement is rejected, returned, or fails for insufficient funds or any other reason, you will pay us: (a) an Insufficient Funds fee of $100 for each such failed, rejected, or returned payment or attempted debit; (b) all bank charges and fees we incur as a result of the failed payment or attempted debit; and (c) any late fees applicable to the underlying payment. You acknowledge that this fee is not a penalty but rather represents a reasonable estimate of the costs we incur in processing rejected payments and debits. Multiple attempts to process the same payment or debit that fail shall each constitute a separate incident subject to the Insufficient Funds fee.

K. Partial Payments. No payment by you or acceptance by us of any monies under this Agreement for a lesser amount than due will be treated as anything other than a partial payment on account. Notwithstanding any designation by you, we will have sole discretion to apply any payments by you to any of your past-due indebtedness to us.

L. Non-Compliance Fee. In the event you are, at any time during any rolling twelve (12) month period during the term of this Agreement, found to not be in compliance with the material terms of this Agreement and/or the System Standards and have failed to cure such failure within the stated cure period provided herein (or immediately if no cure period is provided), you agree to pay to us, as liquidated damages for our costs of monitoring, investigating, and addressing such non-compliance (which costs the parties agree are difficult to calculate precisely), five hundred dollars ($500) for the first instance of non-compliance; one thousand dollars ($1,000) for the second instance of non-compliance; and one thousand five hundred dollars ($1,500) for the third and any subsequent instances of non-compliance within such twelve (12) month period. The count shall reset at the beginning of each new twelve (12) month period. Our election to impose non-compliance fees shall not waive or limit any other rights or remedies we may have under this Agreement, including but not limited to our right to later terminate this Agreement for the same or different breaches. If your non-compliance is monetary in nature and remains uncured for more than fifteen (15) days after the expiration of any applicable cure period, we reserve the right to notify any credit union, bank, or other financial institution that issued a loan or line of credit for your TourScale Business of your material breach of this Agreement. You hereby authorize us to communicate with your lenders regarding your performance under this Agreement and waive any claims against us arising from such communications made in good faith. You agree that such fee and banking notification is in addition to any other rights or remedies we may have under this Agreement or at law. We may, in our sole and absolute discretion, choose to grant you an opportunity to cure the non-compliance prior to imposing the Non-Compliance Fee or pursuing other remedies, but we have no obligation to do so and our choice to grant a cure opportunity in one instance does not require us to do so in any other instance. We shall have the right to require any form of verification to determine non-compliance, with or without cause, including but not limited to documentation, photos, video tours, etc. You shall be required to furnish such verification within seventy-two (72) hours of our request. We have the right to make personal visits without notice to your TourScale Business.

M. Asset Graphic Fee. You agree to pay to us, in the manner provided below (or as the Manual otherwise prescribes), a nonrefundable asset graphics installation fee ("**Asset Graphic Installation Fee**") for installation of required graphics on your Cruisin' Tikis vessel or Paddle Pub vessel. The Asset Graphic Installation Fee is currently \$2,500-\$3,500 per Cruisin' Tikis vessel or Paddle Pub vessel, with the specific amount within the range to be determined by us based on the size, complexity, and specifications of the particular vessel. We reserve the right to adjust these fees upon thirty (30) days' prior written notice to you to reflect changes in our costs, provided that any increase shall not exceed fifteen percent (15%) in any twelve (12) month period. The Asset Graphic Installation Fee is payable on installation of required graphics on your Equipment.

N. Method of Payment

(1) You must comply with all of our payment policies, procedures, and requirements, as described in the Operations Manual. Currently, you will pay the Royalty, Advertising Fund contributions, and other ongoing fees on a monthly basis (on or before the 7th day of each calendar month) based upon Net Sales from the preceding calendar month. You will pay us in a manner consistent with Section 7.K(2) below.

(2) You must sign and deliver to us the documents we require to authorize us to electronically debit your business checking account automatically for the Royalty, Advertising Fund contributions and other amounts due under this Agreement and for your purchases from us and/or our affiliates ("**Electronic Depository Transfer Account**" or "**EDTA**"). Our current form of EDTA document is attached as Exhibit 3. We will debit the EDTA for these amounts on or after their due dates, and may attempt to debit the EDTA multiple times if any debit is rejected or fails for any reason. You agree to ensure that funds are available in the EDTA to cover our withdrawals. We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic, electronic debit (e.g., by check) whenever we deem appropriate, and you agree to comply with our payment instructions. If we supply products to you, we may require pre-payment or cash on delivery depending on our then-current policies and your payment record with us.

(3) If you fail to timely report the Net Sales of your TourScale Business for any period, we may, in addition to any other rights and remedies available to us, debit your EDTA for one hundred twenty percent (120%) of the highest monthly combined Royalty and Advertising Fund

contribution that we previously debited from your EDTA during the preceding twelve (12) months (or if your TourScale Business has been operating for less than twelve months, the highest amount during the period of operation). Once we determine the amount you actually owe to us, we will debit the EDTA the difference, or we will apply a credit towards your next month's Royalty and/or Advertising Fund contribution.

8. RECORDKEEPING AND REPORTS

A. Recordkeeping. You must keep and maintain, in accordance with any procedures that we prescribe in the Manual or otherwise, complete and accurate books and records pertaining to your TourScale Business sufficient to fully report to us. We reserve the right to require that you maintain a fiscal year different than the calendar year and one that is consistent with our fiscal year. You agree to use computerized cash and data capture and retrieval systems that meet our specifications and to record electronically all sales at or from your TourScale Business. You must use our then-current franchise management software system for maintaining customer records for your TourScale Business.

B. Reports and Financial Statements. You must, at your expense, submit to us, in the form prescribed by us, financial and operational reports and records at the times and in the manner specified in the Manual. You also must submit to us, in the form prescribed by us, a profit and loss statement and balance sheet for your TourScale Business within 60 days after the end of each fiscal year (as defined by us from time to time). You must sign each report attesting that it is true, correct and complete and, with respect to the profit and loss statement, uses accounting principles applied on a consistent basis that accurately and completely reflect your financial condition. We may disclose data derived from your reports, however, upon receipt of a written request from you or if required by law, we will not disclose your identity in any materials that we circulate publicly. If, in our reasonable judgment, your reports are deficient in substance or presentation, we may require that you submit to us year-end financial statements prepared by an independent accountant and/or copies of your federal, state and local income tax returns.

C. Public Filings. If you are or become a publicly-held entity in accordance with other provisions of this Agreement, you must, at your expense, submit to us copies of all reports (including responses to comment letters) or schedules that you may file with the U.S. Securities and Exchange Commission (certified by your chief executive officer to be true, correct, complete and accurate) and copies of any press releases you may issue, within 3 days of the filing of those reports or schedules or the issuance of those releases.

D. Our Right to Audit

(1) We have the right at all reasonable times, both during and after the Term of this Agreement, to inspect, copy and audit your books, records, sales and income tax records and returns, and such other forms, reports, information and data as we reasonably may designate, applicable to the operation of your TourScale Business (an "**Audit**"). If any Audit discloses an understatement of Net Sales of your TourScale Business, you agree to pay to us, within 10 days after receiving the Audit report, the Royalty and Advertising Fund contributions due on the amount of the understatement, plus any interest on the understated amounts from the date originally due until the date of payment. If any Audit discloses that you have not expended greater than the required amount

of your Net Sales on Local Store Marketing (which amount may be modified by us from time to time in accordance with Section 9.A), you shall contribute to the Advertising Fund any amounts that you should have expended to reach the local advertising requirement within 30 days after completion of our audit of your TourScale Business. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of your Royalty or Advertising Fund contribution (when a percentage of Net Sales is required), that exceeds 3% of the amount that you actually reported to us for the period examined; then: (a) you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees; and (b) we may require you to provide us with periodic audited statements. If our examination reveals an understatement of the Net Sales of your TourScale Business for any period by 3% or more 3 or more times during any 3-year period, or by more than 5% on any one occasion, then in addition to your obligations in Subsection (a) above, we may immediately terminate this Agreement without an opportunity to cure. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

(2) If you fail to give us, on a timely basis, the records, reports, and other information required by this Agreement or, upon our request, copies of the same, we or our designee will have access at all reasonable times (and as often as necessary) to your books and records (including those contained on the Technology System) for the purpose, among other things, of preparing the required records, reports and other information. You promptly will reimburse us or our designee for all costs and expenses associated with our obtaining and/or preparing such records, reports or other information.

9. MARKETING

A. Marketing Contributions and Expenditures. During the Term, you must (1) contribute to the Advertising Fund pursuant Section 9.B, (2) make Digital Ad expenditures pursuant to Section 9.C We have the right to periodically re-allocate and/or increase the amount you contribute to the Advertising Fund and the amount you spend for Digital Ads.

B. Advertising Fund

(1) We have established an advertising and marketing fund ("**Advertising Fund**") for the enhancement and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs and materials as we deem appropriate. Your required Advertising Fund contribution is two-percent (2%) of Net Sales per fiscal period, which shall remain fixed and shall not be increased during the term of this Agreement. The Advertising Fund contribution will be payable in the same manner as the Royalty. TourScale Business operated by us, and our affiliates also will contribute to the Advertising Fund on the same basis as comparable franchisees. From time to time, we or our suppliers may deposit into the Advertising Fund rebates or similar allowances paid to us by our suppliers although we have no obligation to do so.

(2) We will have sole discretion to use the Advertising Fund, and the monies in the Advertising Fund, for any purpose that we designate that we believe will enhance and protect the System and Marks and will improve and increase public recognition and perception of the System

and Marks. We will direct all programs that the Advertising Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. You agree to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Advertising Fund. We will use the Advertising Fund to develop marketing and advertising programs that benefit the TourScale brand and to offset our costs of administering the Advertising Fund, including salaries and overhead in administering the Advertising Fund. This means we may use monies in the Advertising Fund for any purpose that promotes the TourScale name, we will not be obligated to make advertising expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from expenditures by the Advertising Fund. Among the programs, concepts, and expenditures for which we may utilize the Advertising Fund monies are: (a) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and promotional materials; (b) creative development, preparation, production and placement of video, audio, and written materials and electronic media; (c) media placement and buying, including all associated expenses and fees; (d) administering regional and multi-regional marketing and advertising programs; (e) market research and customer satisfaction surveys, including the use of secret shoppers; (f) the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or nonprofit events; (g) creative development of new program offerings for TourScale Business; (h) creative development of signage, posters, and individual TourScale Business décor items including wall graphics; (i) recognition and awards events and programs; (j) System recognition events, including periodic national and regional conventions and meetings; (k) Website, extranet and/or intranet development and maintenance (in this Agreement, "website" means one or a group of World Wide Web pages usually containing hyperlinks to each other and made available online by an individual, company, educational institution, government, or organization); (l) development, implementation, and maintenance of an electronic commerce Website and reservation system and/or related strategies; (m) retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and (n) public relations and community involvement activities and programs.

(3) We will account for the Advertising Fund separately from our other funds, however, will not be required to segregate any Advertising Fund monies from our other monies. We will not use the Advertising Fund for any of our general operating expenses. We and our affiliates may be reimbursed by the Advertising Fund for administrative expenses directly related to the Advertising Fund's marketing programs, including without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Advertising Fund. We may use the Advertising Fund to pay the administrative costs of the Advertising Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Advertising Fund, and we may use the Advertising Fund to pay the reasonable salaries and benefits of personnel (including our personnel and our affiliates' personnel) who manage and administer the Advertising Fund. We may use the Advertising Fund to pay for other administrative costs, travel expenses of personnel while they are on Advertising Fund business, meeting costs, overhead relating to Advertising Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Advertising Fund and its programs.

(4) The Advertising Fund will not be our asset. Although the Advertising Fund is not a trust, we will hold all Advertising Fund contributions for the benefit of the System, and use contributions only for the purposes described in this Section 9.B. We do not owe any fiduciary obligation to you for administering the Advertising Fund or for any other reason. The Advertising Fund may spend in any fiscal year more or less than the total Advertising Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Advertising Fund contributions to pay for the administrative costs of the Advertising Fund before using the Advertising Fund's other assets.

(5) Upon your written request, we will prepare an annual, unaudited statement of Advertising Fund collections and expenses within 90 days after our fiscal year end. We may also, in our sole discretion, prepare such financial statements. We may have the Advertising Fund audited annually, at the Advertising Fund's expense, by an independent certified public accountant. We may incorporate the Advertising Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 9.B.

(6) We intend the Advertising Fund to maximize and enhance public, franchisee, and employee recognition of the System and the Marks. Although we may use the Advertising Fund, or portions of the monies in the Advertising Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand enhancement activities that will benefit all TourScale Business, we cannot and do not ensure that Advertising Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Advertising Fund contributions by TourScale Business operating in that geographic area. We do not guarantee or assure that you, your TourScale Business or any TourScale Business will benefit directly or in proportion to your Advertising Fund contribution from the brand enhancement activities of the Advertising Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

(7) We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Advertising Fund contributions at the Advertising Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Advertising Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to the Advertising Fund. We have the sole right to enforce the obligations of franchisees who contribute to the Advertising Fund, and neither you nor any other franchisees who contribute to the Advertising Fund will be deemed a third party beneficiary with respect to the Advertising Fund obligations of other franchisees or have any right to enforce the obligation of any franchisee to contribute to the Advertising Fund.

(8) We may at any time defer or reduce contributions of a TourScale Business franchisee to the Advertising Fund and, upon 30 days' prior written notice to you, reduce or suspend Advertising Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, subsequently reinstate) the Advertising Fund. If we terminate the Advertising Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective Advertising Fund contributions during the preceding 12-month period.

C. Digital Ad Spend.

(1) You are responsible to conduct your own local digital marketing of your TourScale Business. You must spend the greater of (i) $5,000 per year or (ii) 5% of your Net Sales on direct third-party digital advertising platform expenditures ("Required Digital Marketing Spend"), which shall only include actual advertising spend paid to digital advertising platforms such as Facebook, Instagram, Google Ads, and other similar platforms as approved by us in writing. You must provide us with documentation of such expenditures through original platform-generated spending reports and invoices from approved digital advertising platforms in the form and at the times we specify, but no less than quarterly. We reserve the right, upon thirty (30) days' prior written notice, to require you to pay the Required Digital Marketing Spend to us (rather than directly to third-party digital advertising platforms), in which case we will spend the Required Digital Marketing Spend on your behalf with digital advertising platforms we select. We may implement this collection on a system-wide basis or on an individual franchisee basis. We may require you to use one or more approved vendors (including our preferred vendors) for all or any portion of your Required Digital Marketing Spend, and may receive expenditure documentation from those vendors automatically.

(2) Your digital marketing and promotion, including all Required Digital Marketing Spend, must follow our guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our Website's domain name in the manner we designate. We may specify third parties that you must use for the design and development of your local marketing and promotional materials. You may not develop, maintain, or authorize any Website that mentions or describes you or your TourScale Business or displays any of the Marks without our prior written consent. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

(3) We, our affiliates, or approved suppliers may periodically make available to you, for purchase, certain advertising plans and promotional materials for your use in digital advertising and promotion, provided however that any costs associated with such materials shall not count toward your Required Digital Marketing Spend. If you purchase these materials from us, in addition to paying the invoice cost of the materials, you must pay any related shipping, handling, and storage charges. If purchased from a source other than us or our affiliates, these materials must comply with federal and local laws and regulations and with the guidelines for advertising and promotion promulgated from time to time by us and must be submitted to us or our designee at least 10 days prior to first use for approval (except with respect to prices to be charged by you), which we may grant or withhold in our sole discretion. If we do not approve your submission within 10 days after the day we received the materials, we will be deemed to have not approved the materials.

(4) In no event will your advertising and promotional materials contain any statement or material which, in our sole discretion, may be considered: (a) in bad taste or offensive to the public or to any group of persons; (b) defamatory of any person or an attack on any competitor; (c) to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or (d) inconsistent with our public image of that of the System. You acknowledge and agree that any and all copyright in and to advertising and promotional materials

developed by you or on your behalf will be our sole property, and you must execute such documents (and, if necessary, require your independent contractors to execute such documents) as may be deemed reasonably necessary by us to give effect to this provision.

(5) You must actively participate in all marketing and advertising programs designated by us or the Advertising Fund including social media programs (e.g., Facebook, Twitter, and Instagram) and comply with all guidelines set forth by us regarding the use of these programs as set forth in the Manual.

10. MANUAL

A. We will loan you during the Term of this Agreement, or make available to you via other means (i.e., the Internet) one copy of our Manual, which may include information distributed electronically and/or written materials or allow you access to the Manual. The Manual contains the System Standards, which include mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating a TourScale Business and information on your other obligations under this Agreement. We may modify the Manual periodically to reflect changes in System Standards.

B. You agree to keep your copy of the Manual and/or any passwords and/or log-in information with respect to web-based or electronic copies thereof current and in a secure location at your TourScale Business. If there is a dispute over the contents of the Manual, our master copy of the Manual controls. You agree that the contents of the Manual are confidential and that you will not disclose the Manual to any person other than employees of your TourScale Business who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual. If your copy of the Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy from us, for which we may charge you our then applicable printing or copying charge. This charge is for our direct costs, and is not related to any value that we place on the Confidential Information (defined in Section 18.A below).

C. At our option, we may post some or all of the Manual on a restricted Website (intranet or extranet) to which you will have access. If we do so, you agree to monitor and access the Website for any updates to the Manual or System Standards. Prior to accessing any online training instructional system, you must agree to abide by our terms of use, which we may revise from time to time. Any passwords or other digital identifications necessary to access the Manual on a website, intranet, extranet or other online training instructional system will be deemed to be part of the Confidential Information.

11. TRAINING AND ASSISTANCE

A. Initial Training Program. Before you open your TourScale Business, you (or the Operating Principal of Franchisee if Franchisee is an entity) and your Business Manager must complete, to our satisfaction and certification, the online training program and the New Owner Training Program (collectively the "**Initial Training Program**"), which will address the material aspects of operating a TourScale Business. If you obtain an operating TourScale Business by transfer from another TourScale franchisee, you must complete the Initial Training Program before you begin operating that business as a TourScale Business.

(1) Online Training Program. The online training program must be completed by all TourScale Business owners and will last approximately 9 total hours. You must have a computer with web and video capabilities to complete the online training program. The online training program must be completed prior to you attending "**New Owner Training**."

(2) New Owner Training. We will provide the New Owner Training for two business days for a total of approximately 16 hours. New Owner Training is held at your location or one of our regional training sites as determined by TourScale from time to time. Training dates are scheduled as they are needed. Your New Owner Training will be scheduled after you sign your Franchise Agreement. You will be responsible pay your travel and living expenses while attending the training sessions if conducted at a location other than your location. You must complete the New Owner Training within 90 days of signing your Franchise Agreement. Failure to complete the New Owner Training within this timeframe shall constitute a material breach of this Agreement and may result in termination pursuant to Section 19. You may not commence operations until you have completed the New Owner Training program to our satisfaction.

(3) Initial Training Program Fee. We charge a fee of $1,000 per person attending the Initial Training Program (the "**Initial Training Program Fee**"). If any individual who is required to receive our certification fails to successfully complete the Initial Training Program and receive our certification to our sole satisfaction, then that individual may, at our discretion, repeat the program, or you may send a substitute to complete the next available Initial Training Program. We reserve the right to charge you an Initial Training Program Fee for providing the Initial Training Program to these individuals or for training any of your substitute personnel.

B. Training by You

(1) You must conduct such initial and continuing training programs for the staff of your TourScale Business as we may require from time to time, including those training programs required in order for your staff members to be certified for the position(s) for which each staff member was hired. We will authorize you to open your TourScale Business only after an adequate number of your staff members, as determined by us in our sole discretion, have attended and received certification in the Initial Training Program to our satisfaction. Our determination of adequacy shall be final and binding.

(2) We may periodically visit your TourScale Business to ensure that your training personnel continue to meet our standards. If we determine, in our sole discretion, that your training personnel are not adequately training your staff, then your training personnel and staff members designated by us must attend and successfully complete our Initial Training Program. We may, in our sole discretion, determine that you are no longer qualified to train your own staff members. In that event your staff members will be required to attend the Initial Training Program prior to beginning to work at your TourScale Business. You will be required to pay our then-current tuition fee for your training personnel and staff who we require to attend our training program in addition to paying all travel, living and other expenses incurred by your employees while attending the training program. We reserve the right to modify such tuition fees upon thirty (30) days' written notice to you.

C. Ongoing Training

(1) We may, in our sole discretion, require you and your personnel to attend and complete various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. You shall be responsible for all costs associated with such attendance, including registration fees, travel, lodging, meals, and wages.

(2) We may require that your replacement training personnel satisfactorily complete our training programs, to our sole satisfaction, within 90 days of being designated as training personnel. Failure to comply with this requirement shall constitute a material breach of this Agreement. Replacement training personnel may: (a) attend the next training program offered by us; or (b) be trained by your training personnel, however, they must be reviewed by our field personnel and receive our certification prior to managing your TourScale Business or training your staff. The then-current fees associated with the training of replacement personnel, as set forth in the Manual or as otherwise communicated to you in writing, shall apply to each person participating in the training program. We reserve the right to modify such fees upon thirty (30) days' written notice to you. You agree to pay all travel and living expenses incurred by you and your employees and/or our employees during all training courses and programs.

(3) We may also require you and/or your managers and employees to complete additional training if we determine, in our sole discretion, that you require additional training to operate your TourScale Business to our standards ("**Remediation Training**") as described in the Manual. Remediation Training will occur, in our discretion, either at your TourScale Business, at a TourScale Business selected by us, or at our corporate headquarters in Charlotte, North Carolina. The then-current cost of Remediation Training, as set forth in the Manual or as otherwise communicated to you in writing, shall apply on a per person per day basis plus all travel expenses (including but not limited to airfare, ground transportation, lodging, and meals) incurred by our employees if we are required to travel in connection with providing the Remediation Training. We reserve the right to modify such fees upon thirty (30) days' written notice to you.

D. General Guidance. We will provide ongoing advice and consultation to you regarding the operation of your TourScale Business through the Manual, bulletins or other written materials, electronic media, telephone, and in person.

E. Annual Convention. We shall, at our discretion, hold an annual convention at a location to be selected by us (the "Annual Convention"). We will determine the topics and agenda for such conference to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding TourScale Business operations and programs, and recognizing franchisees for their achievements. We require you to attend the Annual Convention, for a duration designated by us, and to pay our then-current registration fee if we choose to charge a registration fee. All expenses, including your and your employees' transportation to and from the Annual Convention, lodging, meals, salaries, and any other costs incurred in connection with attendance at the Annual Convention, are your sole responsibility. Failure to attend the Annual Convention as required shall constitute a material breach of this Agreement. We may use Advertising Fund Contributions for purposes related to the Annual Convention, including costs related to productions, programs, and materials.

12. SYSTEM STANDARDS

A. Compliance with System Standards

(1) You acknowledge that each and every detail of the appearance, layout, décor, cleanliness, safety standards, services, location and operation of your TourScale Business, including your Base of Operations, is essential to us and to other TourScale Business franchisees to preserve the goodwill of the Marks and all TourScale Business. You agree to cooperate with us by selecting, establishing, operating and maintaining your TourScale Business and Base of Operations safely and securely and according to all of our System Standards (whether contained in the Manual or another written communication to you), as we periodically modify and supplement them. You agree that System Standards we prescribe in the Manual, or otherwise communicate to you in writing or another tangible form (for example, via a website, intranet, extranet, email, or electronic portal), are part of this Agreement as if fully set forth within its text and are binding upon you. We may modify System Standards at any time in our sole discretion, and such modifications shall be effective immediately upon notice to you unless we specify a different effective date.

(2) We periodically may modify the System (including System Standards and Base of Operations requirements) in our sole discretion and these modifications may obligate you to invest additional capital in your TourScale Business and/or incur higher operating costs. You acknowledge and agree that we have no obligation to provide financial assistance for such modifications and that the cost of compliance with all System modifications shall be borne solely by you. We may require you to integrate new, updated services and products into your TourScale Business. You agree to accept, integrate, and use or display in your TourScale Business any such changes or modifications to the System as if they were a part of the System at the time this Agreement was executed, and you agree to make such expenditures as the changes or modifications in the System may reasonably require. This includes but is not limited to refurbishing or remodeling the Primary Assets, Base of Operations, Storage Location, uniforms, marketing materials, or any other aspect of your TourScale Business, hiring additional personnel, buying new equipment, adding new services and products, or otherwise modifying the nature of your operations, as if those changes or modifications were part of the System as of the Effective Date.

(3) If you or your owners, employees, designees, or independent contractors develop any new processes, services, products, best practices or asset improvements relating to the System, you promptly shall notify us and provide us with all information regarding the new services, products, processes or asset improvements all of which shall become our property and which may be incorporated into the System as a "**work made for hire**" without any payment to you or your owners, employees, designees or independent contractors. If any designee or independent contractor develops any new concepts, processes or improvements relating to the System on your behalf, you shall obtain covenants that you own (as a "**work made for hire**") such concepts, processes or improvements (and all components) and have the right to transfer to us such concepts, processes or improvements. You, at your own expense, promptly shall take all actions deemed necessary or desirable by us to vest in us ownership of such concepts, processes or improvements. To the extent that any item does not qualify as a "**work made-for-hire**" for us, by this Section you assign

ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item. We will make no payment to you for any such item, or for our subsequent use (or our franchisees' subsequent use) of such item.

B. Approved Products, Services, Distributors and Suppliers

(1) You acknowledge that the reputation and goodwill of TourScale Business are based upon, and can only be maintained by, the delivery of high quality services and products under the Marks. You agree that you will at your TourScale Business: (a) provide all services and products that we specify from time to time and only in the manner we prescribe; (b) not provide any services or products we have not approved; (c) offer for sale and sell all products only at retail price and in the Protected Territory and you will not transfer ownership of products to any other business or other business not operating under the System; and (d) you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing, provided, however, that you may continue to sell discontinued products for up to 3 months after their discontinuance unless we determine that they are a public hazard or are detrimental to the public image of our System. You will also immediately stop using any Primary Asset or product, or providing any service if we determine that it is a public hazard or detrimental to the public image of our System.

(2) We have developed and may continue to develop certain proprietary or branded products that will be prepared by or for us or our affiliates according to our proprietary designs (collectively "**Proprietary Products**"). We also have developed standards and specifications for other products, materials and supplies incorporated or used in providing services and the packaging and delivery of products authorized for sale at TourScale Business. You agree that you will: (a) purchase those Proprietary Products only from us or a third party designated and licensed by us to prepare and sell such products (collectively "**Designated Suppliers**"); and (b) purchase from manufacturers, distributors, vendors and suppliers approved by us (collectively "**Approved Suppliers**") all other goods, products, materials and supplies (collectively "**Goods**") associated with operating your TourScale Business (collectively "**Materials**") that meet the standards and specifications promulgated by us from time to time. We have the right to require that you use only certain brands (collectively "**Approved Brands**") and to prohibit you from using other brands. We may from time to time modify the list of Approved Brands, and you will not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand.

(3) We may from time to time modify the list of Designated Suppliers and/or Approved Suppliers, and you must not, after receipt of such modification in writing, order any Proprietary Products from a supplier who is no longer a Designated Supplier or order any Goods or Materials from a supplier who is no longer an Approved Supplier. We may approve one or more suppliers for any Goods or Materials and may approve a supplier only as to certain Goods or Materials. We reserve the right to charge Designated Suppliers a license fee for the right to manufacture Proprietary Products for use in a TourScale Business.

(4) From time to time, we and our affiliates may receive payments from suppliers (including Designated Suppliers and Approved Suppliers) on account of such suppliers' dealings with you and other franchisees, and may use any amounts received without restriction and for any

purpose we and our affiliates deem appropriate. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of TourScale Business or any other group of businesses franchised or operated by us or our affiliates. Approval of a supplier may be conditioned on requirements relating to the product quality, prices, consistency, reliability, financial capability, labor relations, frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by us.

(5) We and our affiliates disclaim all express or implied warranties concerning any approved goods, materials or services, including, without limitation, any warranties as to merchantability, fitness for a particular purpose, availability, quality, pricing or profitability. You acknowledge that we and our affiliates may, under appropriate circumstances, receive fees, commissions, rebates, royalties, or other consideration from suppliers based on sales to you and we may use any amounts received without restriction and for any purpose we and our affiliates deem appropriate. We may charge non-approved suppliers reasonable testing or inspection fees as set forth in the Franchise Disclosure Document.

C. Technology Systems

(1) You agree to purchase from us, a Designated Supplier, or Approved Supplier, and use the Technology System we specify, which includes booking software, digital waiver service, and digital accounting software. You must provide all assistance required by us to bring the Technology System on-line with the computer system or website designated by us and maintained by us or our affiliates. You agree that we have the free and unfettered right to retrieve any data and information from your Technology System as we, in our sole discretion, deem appropriate, including electronically polling the sales and other data of your TourScale Business. You must maintain and use a TourScale Business email address that we assign to you.

(2) You agree that we or our affiliates may condition any license of software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the Term of this Agreement.

D. Non-Cash Payment Systems.

(1) You must accept debit cards, credit cards, stored value, loyalty cards, gift cards or other non-cash payment systems specified by us or as set forth in the Manual to enable customers to purchase authorized products and services and must obtain all necessary hardware and/or software used in connection with these non-cash payment systems. **<u>You may not accept cash payments for tours and must only accept payment through franchisor-approved payment methods, which currently include debit cards, credit cards, stored value cards, loyalty cards, gift cards and checks</u>**. Franchisor reserves the right to modify approved payment methods upon

written notice. You may accept cash for merchandise and other products through a POS system where all sales are tracked provided that you provide a monthly report of all such sales.

(2) You must participate in and honor the terms of any discount, loyalty or promotional program (including gift card, loyalty, and discount programs that are applicable to TourScale Businesses as a whole, specific markets, or certain TourScale Business only) that we offer to the public on your behalf and shall be responsible for the fees payable in conjunction with the operation of these programs. You agree that you will take all action necessary (including the supply to us of all information and the purchase of any supplies, equipment or services) to participate in any discount or promotional programs.

(3) You must comply with all Payment Card Industry ("**PCI**") standards and requirements, and you must use our designated vendor for the provision of services that are designed to enable you to comply with PCI requirements and standards. You must pay our Designated Supplier or Approved Supplier, if applicable, a monthly PCI Compliance service fee.

E. Condition and Appearance of your Vessels.

(1) You must routinely maintain and continuously operate your TourScale Business and all Primary Assets, other equipment, signs, fixtures, including the visual appearance of the Primary Assets, and all ongoing necessary maintenance, care, improvements, remodeling, redecorating, refurbishing, and repairs in accordance with the requirements of the System. In that regard, you agree to undertake, without limitation, the following actions during the Term of this Agreement: (a) frequent safety inspection of the Primary Assets as outlined in the Manual; (b) thorough cleaning, repainting, and redecorating of the interior and exterior of the Primary Assets at intervals specified in the Manual; (c) regular repair and maintenance of the Primary Assets; and (d) prompt repair or replacement of damaged, worn out, obsolete, or unsafe equipment.

(2) If, at any time in our reasonable judgment, the general state of repair, condition, appearance or cleanliness of the Primary Assets of your TourScale Business does not meet our System Standards, we have the right to notify you, specifying the action you must take to correct the deficiency. You will have 30 days to make these corrections. If you do not initiate action to correct such deficiencies within this 30-day period, we have the right, in addition to all other remedies, to enter the Storage Location and do any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand for any expenses we incur in that connection. If we make a reasonable determination that the continued operation of your TourScale Business by you will result in imminent danger to public health or safety, we may terminate this Agreement pursuant to Section 19.B(8) or, in our sole discretion, we may require you to close your TourScale Business temporarily to make the necessary repairs or alterations.

F. Maximum Operation of your TourScale Business.

(1) During the Term of this Agreement, you must adequately staff each shift with qualified employees and continuously operate your TourScale Business at its maximum capacity and efficiency. As of the Effective Date, your TourScale Business must be open and available for tours seven days a week and take customer service calls and emails at least six days per week except in the case when operating would conflict with your bona fide religious observations or beliefs.

(2) You must immediately resolve customer complaints regarding the quality or condition of the Primary Assets, services, products, and/or cleanliness of your TourScale Business or similar complaints. When customer complaints cannot be immediately resolved, you must use best efforts to resolve the customer complaints as soon as practical and you must, whenever feasible, give the customer the benefit of the doubt. If we, in our sole discretion, determine that our intervention is necessary or desirable to protect the System or goodwill associated with the System, or if we, in our sole discretion, believe that you have failed to adequately address or resolve any customer complaints, we may, without your consent, resolve any complaints and charge you an amount sufficient to cover our reasonable costs and expenses in resolving the customer complaints, which amount you must pay to us immediately on demand.

(3) Your Franchise Agreement will specify the total number of primary assets (vessels) you are required to deploy within your Protected Territory as set forth in Exhibit 1. You must deploy your first primary asset at the time your TourScale Business opens. You must deploy your second primary asset no later than eight (8) months after the opening date. If this Agreement requires additional primary assets beyond two, you must deploy each additional primary asset at successive eight (8)-month intervals following the deployment of the prior asset.

(4) If you fail to deploy a required primary asset by the applicable deadline in the deployment schedule, the Franchisor will provide you with written notice of default. You will have thirty (30) days from the date of such notice to cure the default by acquiring or initiating the acquisition of the required primary asset (which includes, at minimum, executing a binding purchase or lease agreement for the asset). Notwithstanding the foregoing, you will not be considered in default under this provision, and the applicable deployment deadline will be automatically tolled, during any period in which your inability to deploy a primary asset by the applicable deadline is caused by (i) delays, production shortages, or other circumstances outside of your reasonable control on the part of our approved vendor or any supplier in manufacturing, producing, or delivering the required primary asset, (ii) acts of God, governmental action, shipping delays, labor disputes, or other force majeure events, or (iii) any other circumstance outside of your reasonable control, provided that you are actively and diligently pursuing the acquisition of the primary asset. We may, in our sole discretion, grant written extensions of the cure period and/or the applicable deployment deadline if our approved vendor cannot manufacture or deliver the required primary asset in a timely manner or if other circumstances warrant an extension. If you fail to cure within the thirty (30)-day cure period (as may be tolled or extended as described above), the Franchisor reserves the right, in its sole discretion, to reduce the size of your Protected Territory.

G. Compliance with Laws and Good Business Practices. You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of your TourScale Business and any other licenses applicable to your management and personnel. You must operate your TourScale Business in full compliance with all applicable laws, ordinances, and regulations, including, without limitation, government regulations relating to occupational hazards, health, worker's compensation, and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. You must notify us in writing within five (5) business days of the commencement of any proceeding, investigation, or inquiry by any governmental authority, or the issuance of any decree, order, citation, or notice of violation of any court or government agency that may adversely affect the operation of your TourScale Business, your financial condition, your reputation, or give rise to liability or a claim against you or us. Such notification must include all relevant documentation and correspondence related to such proceeding or decree. You must follow and abide by the crisis management information contained in the Manual.

H. Management and Staffing of your TourScale Business.

(1) Your TourScale Business must at all times be under the direct, on-site supervision of you or your Operating Principal, Business Manager, or a manager of your TourScale Business that we have approved in writing and who has successfully completed the Initial Training Program to our satisfaction. You must keep us informed at all times of the identity of any supervisory employee(s) acting as managers of your TourScale Business. Your managerial personnel must devote their best efforts to the management and supervision of your TourScale Business.

(2) You, your Operating Principal, and/or Business Manager must manage and provide general oversight of your TourScale Business. You or your Operating Principal must remain actively engaged in the day-to-day oversight and management of your TourScale Business operations, including, without limitation, conducting regular inspections and evaluations of your TourScale Business at least weekly, maintaining sufficient and timely communications with us as we may reasonably require, and ensuring that the operations of your TourScale Business comply with all System Standards as set forth in the Manual or as otherwise communicated to you in writing or orally.

(3) Your TourScale Business must, at all times, be operated by the number of staff members and managerial personnel that we designate or as required by any applicable government regulations. You must hire all employees of your TourScale Business and be exclusively responsible for the terms of their employment and compensation, and for the proper training of such employees in the operation of your TourScale Business, in human resources and customer relations. You must establish a training program for all employees that meets our standards.

(4) You must conduct thorough due diligence and background checks on all employees and independent contractors of your TourScale Business, in accordance with our standards set forth in the Manual, to confirm that such individuals meet the high ethical and professional standards necessary for working in the tourism and activity industry and representing the TourScale brand. You must maintain records of all such background checks and make them available to us upon request. You must comply with all state and local laws and regulations regarding the staff and management of personnel including, but not limited to, any required licenses and any regulations dealing with providing professional tourism and activity experiences. You must employ only persons of good character and reputation who will at all times conduct themselves in a competent and courteous manner in accordance with the image and reputation of TourScale and the System and, while on duty, comply with the dress attire, personal appearance and hygiene standards set forth in the Manual.

I. Insurance.

(1) You will be solely and exclusively responsible for all losses, damages, costs, expenses, and liabilities of any kind arising from or related to the development and operation of your TourScale Business, and for all demands, claims, actions, or proceedings with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever arising in connection with

or allegedly arising in connection with the development and/or operation of your TourScale Business, regardless of the cause and whether or not such claims are meritorious. You must obtain from a licensed broker or carrier, and maintain in full force and effect throughout the Term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of your TourScale Business, which shall include, at a minimum, the following:

(a) Comprehensive general liability insurance written on an occurrence form, including coverage for general liability, personal injury, advertising injury, in an amount not less than $1,000,000 per occurrence, 2,000,000 general aggregate, and $5,000 medical expense (any one person). The general liability coverage shall include a waiver of subrogation endorsement in favor of us and shall not limit or exclude contractual liability.

(b) hull insurance written to fair market value of the vessel and marine protection and indemnity insurance not less than $1,000,000.

(c) Property insurance coverage to include coverage for replacement costs of all Franchisee-owned contents and tenant improvements at each location.

(d) Workers' compensation with statutory limits complying with the laws of the applicable state. Such insurance shall include a waiver of subrogation endorsement in favor of us. This policy is not required for the crew of a vessel under a longshoreman's policy if the proper endorsement is obtained; and

(e) Such other insurance as may be required by us from time to time or by the Property Owner of the TourScale premises at, and by the state or locality in, which the TourScale is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

(f) The insurance policies described above must: (i) have a deductible no greater than $10,000; and (ii) include a waiver of subrogation endorsement in favor of Franchisor; (iii) shall not exclude contractual liability.

(2) All insurance policies must be written by an insurance company that is licensed in the state where your TourScale Business is located, that has an A.M. Best rating of "**A**" or better, and that is in accordance with the standards and specifications set forth in the Manual or otherwise provided to you in writing. We may periodically increase the minimum required coverage and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. You will receive written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits.

(3) These insurance policies must name us and any affiliates, subsidiaries, and related entities that we designate and our and their respective officers, directors, shareholders, members, managers, employees, and agents as additional insureds (not merely additional named insureds) and provide for at least thirty (30) days' prior written notice to us (or ten (10) days' notice in the case of non-payment of premium) of a policy's modification, cancellation, non-renewal, or

expiration. Such notice must be sent to us by the insurance carrier via certified mail, return receipt requested. Each insurance policy shall be specifically endorsed to provide that the coverage shall be primary, and that any insurance carried by any additional insured shall be excess and non-contributory.

(4) At least ten (10) days prior to first operating your TourScale Business and annually thereafter, you must submit to us a copy of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and your TourScale Business on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus an administrative fee of two hundred fifty dollars ($250) for our time incurred in obtaining such insurance.

J. Notification of Claims. You must notify us in writing within five (5) days of receipt of notice of any health or safety violation, 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, or occurrence of any accident or injury which may adversely affect the operation of your TourScale Business or your financial condition or give rise to liability or a claim against you or us.

K. Right to Inspect your TourScale Business. You acknowledge and agree that we have the right upon reasonable notice to you, to inspect your TourScale Business (the "**Inspection**"). Our right to inspect your TourScale Business shall include the right to conduct reasonable inspections of your operations, marketing, safety systems and programs, financial systems, maintenance and necessary repairs of your TourScale Business. A report and score may be generated as part of the Inspection. A copy of the report and score will be provided to you as well as to the TourScale Franchising corporate office. A failing score on an Inspection shall be a default of the Agreement and, subject to the terms of Section 19.C, be grounds for termination of the Franchised Agreement.

L. Pricing. We may periodically impose a maximum or minimum price that you may charge for services or products. If we impose such a maximum or minimum price for any service or product, you may charge any price for the product or service up to and including the maximum price we impose and no less than the minimum price we impose.

13. MARKS

A. Ownership and Goodwill. Your right to use the Marks is derived only from this Agreement and is limited to your operating your TourScale Business in the Protected Territory according to this Agreement and all System Standards we prescribe during the Term of this Agreement. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your TourScale Business under this Agreement). You may not at any time during or the Term contest or assist any other person in contesting the validity, or our ownership, of the Marks.

B. Limitations on Your Use of Marks.

(1) You agree to use the Marks as the sole identification of your TourScale Business, except that you agree to identify yourself as its independent operator in the manner we prescribe. Unless you obtain our prior written consent, you may not use any Mark, any derivatives of the Marks or similar mark: (a) as part of any corporate or legal business name; (b) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (c) in selling any unauthorized services or products; or (d) in any other manner that we have not expressly authorized in writing.

(2) You may not use any Mark in advertising the transfer, sale, or other disposition of your TourScale Business or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at your TourScale Business and on forms, advertising, supplies, and other materials we designate. You must ensure that the Marks bear the "®", "™", or "SM" symbol, as we prescribe from time to time. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

C. Use of Marks on Internet. You may not use the Marks on any Internet domain name, e-mail address, Internet Website, or any other online presence without our prior written consent. You may use the Marks on social media or other websites without consent as long as the content meets the guidelines set forth in the Manual.

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

E. Discontinuance of Use of Marks. If it becomes advisable at any time, for any reason, for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute Marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing your TourScale Business' signs or any printed collateral, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark.

F. Indemnification for Use of Marks. We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and you have used the Mark(s) in compliance with this Agreement, the Manual, and any other directives from us. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

14. YOUR ORGANIZATIONAL STRUCTURE

A. Representations.

(1) If you are a corporation, a limited liability company or a partnership ("**Entity**"), you make the following representations and warranties: (a) you are duly organized and validly existing under the laws of the state of formation; (b) you are qualified to do business in the state, county, and city in which your TourScale Business is located; (c) execution of this Agreement and the development and operation of your TourScale Business is permitted by your governing documents; (d) unless waived in writing by us, your Articles of Incorporation, Articles of Organization or written partnership agreement must at all times provide that your activities are limited to the development and operation of TourScale Business and other businesses operated by you that are franchised by us or our affiliates; and (e) all interests in you are owned as set forth in attached Exhibit 4; (f) each person owning 5% interest in Franchisee has executed a guaranty agreement (Exhibit 5) undertaking to be bound by the provisions of the Agreement.

(2) If you are an individual, a group of individuals, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (a) each individual has signed this Agreement; (b) each individual will be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement; and (c) notwithstanding any transfer for convenience of ownership, each individual will continue to be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement.

B. Governing Documents. If you are an Entity, then you must provide to us copies of your organizational and governing documents ("**governing documents**"). When any of these governing documents are modified or changed, you must promptly provide copies to us. You must maintain a current list of all of your owners, members or partners (and the percentage ownership of each owner, member or partner). You must comply with Section 16.B prior to any change in ownership interests and sign and deliver to us a revised Exhibit 4 to reflect any permitted changes in the information that Exhibit 4 now contains. If you are an Entity, you must maintain stop -transfer instructions against the transfer on your records of any voting securities, membership interests or ownership interests. If you are a publicly-held corporation, these requirements will apply only to the stock owned by your shareholders who have an ownership interest in you in excess of 10%.

C. Personal Guaranty. Each of your owners who hold an ownership interest in you of more than 5% at any point during the Term of this Agreement must sign a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is attached as Exhibit 5.

D. Operating Principal.

(1) If you are owned by more than one individual or you are an Entity, you must designate and retain an individual (which may be one of your owners) to serve as your Operating

Principal. The Operating Principal as of the date of this Agreement is identified in Exhibit 4. The Operating Principal, at all times, must have at least a 10% equity ownership interest in you and must be responsible for overseeing and supervising the operation of your TourScale Business. The Operating Principal will be the person with whom we will communicate on all major policy, financial, management, and operational matters, and the only person that we will recognize as having authority to communicate for and on your behalf. You may not change the Operating Principal without our prior written consent.

(2) If the Operating Principal does not meet our qualifications and requirements regarding experience in the industry, you will be required, prior to opening your TourScale Business for business, to retain a Business Manager that meets our qualifications and requirements. Our qualifications and requirements are identified in our Confidential Operations Manual.

(3) The Operating Principal and Business Manager must successfully complete the Initial Training Program and any additional training that we require. The Operating Principal or Business Manager must be the primary manager of your TourScale Business. He or she may not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility or time commitments, or that may otherwise conflict with the Operating Principal's obligations under the Franchise Agreement.

(4) If the relationship of the Business Manager terminates or materially changes, you agree to promptly designate a replacement Business Manager, and the Operating Principal must assume all of the obligations of the Business Manager during the interim period. The initial Business Manager must successfully complete our New Owner Training Program before your TourScale Business opens for business. Any replacement Business Manager must complete our initial training program before engaging in any business pertaining to your TourScale Business. The Operating Principal must maintain his or her primary residence within fifty (50) miles of your TourScale Business.

(5) If the Operating Principal no longer qualifies as such, you must designate another qualified person to act as Operating Principal within 30 days after the date the prior Operating Principal ceases to be qualified. Your designee to become the Operating Principal must successfully complete the Initial Training Program and any additional training we require within 30 days after being designated as your Operating Principal.

15. TRANSFER BY US. We have the absolute, unrestricted right, exercisable at any time, to change our ownership or form and/or transfer and assign all or any part of our rights and obligations under this Agreement to any person or legal entity without your consent. After our transfer or assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

16. TRANSFER BY YOU

A. Transfer Generally. You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual or Entity which directly or indirectly controls you may sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in you, this Agreement, the Franchise, your TourScale Business, the Primary Assets of your TourScale Business, the Protected Territory, any leases for Primary Assets or any other assets pertaining to your operations under this Agreement (collectively "**Transfer**") without our prior written consent. Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having our prior written consent will have no effect with regard to us and will constitute a material breach of this Agreement, for which we may terminate this Agreement without providing you an opportunity to cure the breach.

B. Conditions for Approval of Transfer.

(1) You must advise us in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, a copy of all contracts and all other agreements or proposals, and all other information requested by us, relating to the proposed Transfer. Along with that required information, you must pay to us a transfer fee described below in Section 16.B (2) equal to 50% of our then current Initial Franchise Fee ("**Transfer Fee**"). The Transfer Fee is non-refundable, however, if the proposed transfer transaction does not close, then we shall apply the Transfer Fee against the transfer fee for any subsequent transfer that you close within the 12-month period following your initial transfer application. If we do not exercise our right of first refusal (as set forth in Section 16.G), the decision as to whether or not to approve a proposed Transfer will be made by us in our sole discretion and will include numerous factors deemed relevant by us. These factors may include, but will not be limited to, the following:

(a) the proposed transferee meets our then-current standards for new franchisees and has sufficient business experience, aptitude, and financial resources to operate your TourScale Business;

(b) you have paid all amounts owed to us, our affiliates, and third party vendors and suppliers, have submitted all required reports and statements, and are not in violation of this Agreement;

(c) neither the proposed transferee nor its owners or affiliates have an ownership interest (direct or indirect) in or perform services for a Competing Business (as defined in Section 3.C);

(d) the proposed transferee (or its Operating Principal) satisfactorily completes the Initial Training Program (and any other required training programs we require) and pays any then-current training fees;

(e) the proposed transferee has demonstrated an ability to obtain possessory rights in the Protected Territory;

(f) you have corrected any existing deficiencies of your TourScale Business and Base of Operations of which we have notified you, and/or the proposed transferee agrees to upgrade, renovate, and refurbish your TourScale Business and Base of Operations in accordance with our then current requirements and specifications for TourScale Business within the time period we specify following the effective date of the Transfer (we will advise the proposed transferee before the effective date of the Transfer of the specific actions that are required and the time period within which such actions must be taken);

(g) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your TourScale Business are subordinate to the transferee's obligation to pay Royalties, Advertising Fund contributions, and other amounts due to us, our affiliates, and third party suppliers and vendors and otherwise to comply with this Agreement; and

(h) you (and your transferring owners) must sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees, and agents.

(i) you modify and/or upgrade certain fixtures, equipment, features, and computer hardware or software to our then current standards prior to the closing of the proposed transfer.

(2) If we approve a proposed Transfer, prior to the Transfer becoming effective:

(a) you or the proposed transferee must pay to us the balance of the nonrefundable Transfer Fee, to reimburse us for reasonable expenses associated with reviewing the Transfer. The Transfer Fee will be waived if the proposed transferee: (1) is an Entity formed by you for the convenience of ownership as set forth in <u>Section 16.C</u>; or (2) has obtained your TourScale Business as a result of your death or permanent incapacity as provided in <u>Section 16.D</u>;

(b) if the franchise candidate for the Transfer comes through the investigation process with a franchise sales broker that we have retained, then the transferee must pay our then-current Initial Franchise Fee. This enables us to pay the additional costs we incur, including the payment of the broker's commission.

(c) you and the proposed transferee must sign, at our election, either an assignment agreement and any amendments to this Agreement deemed necessary or desirable by us to reflect the Transfer or our then-current standard form of franchise agreement for a term ending on the expiration date of the Initial Term or Successor Term, as the case may be, of this Agreement. In either event, if the proposed transferee is an Entity, the transferee must complete <u>Exhibit 4</u> as required by <u>Section 14.B</u> and all individuals who hold or will hold an ownership interest in Franchisee of more than 5% must sign the guaranty attached as <u>Exhibit 5</u>;

(d) the proposed transferee must sign our then-current license agreements or service agreements related to the Technology System; and

(e) you (and all of your owners) must, at our request, sign a written guaranty pursuant to which you will remain liable for all obligations to us incurred before the date of the Transfer.

(3) Following the effective date of the Transfer:

(a) you and your transferring owners agree not to engage in any of the activities proscribed Section 18.B below, for the Restricted Period in the Restricted Area; and

(b) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other TourScale Business you own and operate) identify yourself or themselves or any business as a current or former TourScale Business or as one of our franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a TourScale Business in any manner or for any purpose; utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us; or make any representations or statements, whether written or oral, that could reasonably be interpreted as implying a continuing relationship with us or our affiliates.

C. Transfer for Convenience of Ownership. If you are an individual or a partnership and you would like to Transfer this Agreement to a corporation or limited liability company formed exclusively for the convenience of ownership, the requirements of Section 16.B will apply to such a Transfer; however, you will not be required to pay a Transfer Fee. Our approval also will be conditioned on the following: (1) the corporation or limited liability company must be newly organized and formed solely for the purpose of holding the franchise; (2) prior to the Transfer, we must receive a copy of the documents specified in Section 14.B and the transferee must comply with the remaining provisions of Section 16; (3) you must own all voting securities of the corporation or membership interests of the limited liability company or, if you are owned by more than one individual, each person must have the same proportionate ownership interest in the corporation or the limited liability company as prior to the Transfer; (4) you and your owners must agree to remain personally liable under this Agreement as if the Transfer to the corporation or limited liability company did not occur; (5) the organizational documents of the transferee entity must contain provisions restricting the transfer of any ownership interests without our prior written consent and must provide that this Agreement and our consent rights are binding on all owners; and (6) all owners of the transferee entity must execute our then-current form of guaranty and assumption of obligations.

D. Transfer upon Your Death or Permanent Incapacity. If the Transfer is a transfer of ownership interests in you following the death or permanent incapacity (as reasonably determined by us) of one of your owners, that person's executor, administrator, trustee, or other personal representative must apply to us in writing within 90 days after death or declaration of disability for consent to Transfer this person's interest to a third party that we have approved. During the period between death or incapacity and completion of the Transfer, the estate or representative must designate an interim operator acceptable to us who meets our qualifications for an Operating Principal. We do not charge a Transfer fee under this Section 16.D. That Transfer must be completed within a reasonable time, not to exceed 6 months from the date of death or disability, and is subject to all of the terms and conditions in this Section 16. A failure to Transfer your interest in this Agreement or the Operating Principal's ownership interest in you within this time period will constitute a breach of this Agreement.

E. No Rights to Grant a Security Interest. You may not grant any security interest in your business entity, your TourScale Business, the Base of Operations, the Protected Territory or the Primary Assets without our prior written approval, which approval may be withheld in our sole discretion. Our approval will be conditioned on the written agreement by the secured party, in a form satisfactory to us, that: (a) in the event of a default by you under any agreement related to the security interest, we will have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of the fair market value of the secured assets; (b) the secured party will provide us with written notice of any default by you and a reasonable opportunity to cure such default; (c) the secured party will not foreclose on or exercise any remedies with respect to the collateral without first providing us with at least 60 days' prior written notice and an opportunity to cure or purchase the secured party's interest; and (d) any foreclosure sale or transfer to the secured party will be subject to all provisions of Section 16 of this Agreement.

F. Effect of Consent to Transfer. Our consent to any Transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your TourScale Business' or the transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand your and your transferee's full compliance with this Agreement.

G. Our Right of First Refusal.

(1) We have the right, exercisable within 10 days after receipt of the notice specified in Section 16.B(1) to send written notice to you that we intend to purchase the interest proposed to be transferred. We may assign our right of first refusal to someone else either before or after we exercise it. Our right of first refusal will not apply with regard to Transfers for Convenience of Ownership under Section 16.C. If the Transfer is proposed to be made pursuant to a sale, we or our designee may purchase the interest proposed to be transferred on the same economic terms and conditions offered by the third-party. Closing on our purchase must occur within 60 days after the date of our notice to the seller electing to purchase the interest. If we cannot reasonably be expected to furnish the same consideration as the third-party, then we may substitute the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, we will designate, at our expense, an independent appraiser, and the appraiser's determination will be final. Any material change in the terms of the offer from a third party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer.

(2) If a Transfer to which our right of first refusal applies is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within 30 days after our notice to the transferor of the appraisers' determination of fair market value.

(3) If we elect not to exercise our rights under this Section 16.G, the transferor may complete the Transfer after complying with this Section 16. Closing on the Transfer must occur within 60 days of our election (or such longer period as applicable law may require); otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal. The Transfer is conditional upon our determination that the Transfer was completed on terms substantially the same as those offered to us. You must provide to us, within 10 days of closing, copies of all fully-executed agreements and any other information we request relating to the Transfer, including but not limited to closing statements, promissory notes, security agreements, and evidence of consideration paid. Your failure to provide such documentation will constitute a material breach of this Agreement.

H. Public Offering. Securities or partnership interests in you may be sold, by private or public offering, only with our prior written consent (whether or not our consent is required under any other provision of this Section), which consent will not be unreasonably withheld. In addition to the requirements of Section 16.B, prior to the time that any public offering or private placement of securities or partnership interests in you is made available to potential investors, you at your expense, must deliver to us a copy of the offering documents. You, at your expense, also must deliver to us an opinion of your legal counsel and an opinion of one other legal counsel selected by us (both of which shall be addressed to us and in a form acceptable to us) that the offering documents properly use the Marks and accurately describe your relationship with us and/or our affiliates. The indemnification provisions of Section 23 shall also include any losses or expenses incurred by us and/or our affiliates in connection with any statements made by or on behalf of you in any public offering or private placement of your securities.

17. GENERAL RELEASE. You (on behalf of yourself and your subsidiaries and affiliates), all individuals who execute this Agreement and all guarantors of your obligations under this Agreement (collectively "**Franchisee Releasors**") freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**TourScale Franchising Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "**Claims**"), which you or any Franchisee Releasor now own or hold or may at any time have owned or held, including, without limitation, Claims arising under federal, state and local laws, rules and ordinances, and Claims arising out of, or relating to this Agreement and all other agreements between you or any Franchisee Releasor and any TourScale Franchising Releasee, the sale of a franchise to you or any Franchisee Releasor, the development and operation of your TourScale Business and the development and operation of all other TourScale Business operated by you or any Franchisee Releasor that are franchised by any TourScale Franchising Releasee. This General Release does not release any claims arising from representations made in the Franchise Disclosure Document we provided to you or its exhibits, or otherwise impair or affect any claims arising after the date of this Agreement. Notwithstanding the foregoing, this release shall apply to all claims that could have been brought as of the date of this Agreement, whether or not the Franchisee Releasors knew of such claims or suspected their existence. You (on behalf of the Franchisee Releasors) expressly agree that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived, to the extent applicable. That Section reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

18. COVENANTS

A. Confidential Information. During and after the Term, you may not communicate, divulge or use for any purpose other than the operation of your TourScale Business any confidential information, knowledge, trade secrets or know-how which may be communicated to you or which you may learn by virtue of your relationship with us ("**Confidential Information**"). You may divulge Confidential Information only to your professional advisers and to your employees who must have access to the information to operate your TourScale Business. All Confidential Information, relating to us, our business plans, or the System are deemed confidential for purposes of this Agreement, except information that you can demonstrate came to your attention by lawful means prior to our disclosure; or which, at the time of our disclosure to you, had become a part of the public domain. You must require your Operating Principal and key employees and any other person or entity you wish to disclose any Confidential Information to sign agreements, in a form acceptable to us, that they will maintain the confidentiality of the disclosed information. The agreements must identify us as a third-party beneficiary with the independent right to enforce the agreements.

B. Restrictions.

(1) You acknowledge and agree that: (a) pursuant to this Agreement, you will have access to the Confidential Information; (b) the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; (c) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) we would be unable to adequately protect the System and the Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among TourScale Business if our franchisees were permitted to hold interests in "**Competing Businesses**" (defined in Section 3.C), unless you already owned and operated such business activity prior to joining the franchise and disclosed such prior operations to us in writing. Such prior operations shall not be deemed Competing Businesses provided that you disclosed such business activity in writing to us prior to executing this Agreement and we provided our written acknowledgment that such specific business activity shall not be deemed a Competing Business. You acknowledge that restrictions on your right to hold interests in, or perform services for Competing Businesses will not hinder your activities. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the restrictions contained in this Section will not deprive you of your personal goodwill or ability to earn a living.

(2) You therefore agree that, during the Term of this Agreement and for the "**Restricted Period**" following the expiration or earlier termination of this Agreement, you and your owners (and any entity controlled by you or your owners) will not, either directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, limited liability company, or other entity:

(a) own, maintain, operate, engage in, franchise or license, advise, help, make loans to, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in any Competing Business; or

(b) divert or attempt to divert, by direct or indirect inducement or otherwise, any actual or potential business or customer of any TourScale Business to a Competing Business.

(3) For purposes of this Agreement, the term "**Restricted Period**" shall be two (2) years from the date the Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Agreement expires or is terminated.

(4) During the Term of this Agreement, there is no geographical limitation on the restrictions contained in this Section 18.B. During the Restricted Period, these restrictions will apply in the Protected Territory; within a 5-mile radius of the outer boundaries of the Protected Territory; and within 5 miles of the outer edge of any other TourScale Business Protected Territory existing as of the date of termination or expiration, in operation or under construction on the later of: (i) the date of the termination or expiration of this Agreement; or (ii) the date on which all persons restricted by Section 18.B begin to comply with Section 18.B (the "**Restricted Area**").

(5) If, at any time during the Restricted Period, you or your owners fail to comply with your obligations contained in this Section 18.B, that period of noncompliance will not be credited toward the satisfaction of your obligations under this Section 18.B. These restrictions also apply after Transfers, as provided in Section 16.B(3) above. Equity ownership of less than 2% of a Competing Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 18.B.

(6) If any restriction in this Section 18.B is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

(7) You agree to obtain similar covenants from the personnel and persons we specify, including your officers, directors, managers and other employees who attend our training programs or have access to Confidential Information and your immediate family members (which include spouses and domestic partners and such other persons as we may specify following our review of your franchise application and proposed operations and ownership structure). We have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights.

19. TERMINATION

A. Termination by You. Franchisee may terminate this Agreement:

(1) upon the material default by Franchisor of one or more provisions of this Agreement provided that the Franchisee provides written notice of the default to Franchisor along with no less than sixty (60) days to cure the default. If the default outlined in Franchisee's notice of default cannot be cured within sixty (60) days and Franchisor is making commercially reasonable efforts to cure the default, the cure period shall be extended for an additional sixty (60) days. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 20 and all other obligations that survive the expiration or termination of this Agreement; or

(2) without cause upon sixty (60) days' prior written notice, provided that:

(a) such notice is given after the second anniversary of the date you began operating your TourScale Business;

(b) you pay a "Termination Fee" equal to 50% of our then current Initial Franchise fee;

(c) you comply with all post termination obligations contained in any other agreements between us or our affiliates and you, including any post termination obligations contained in any leases for Equipment; and

(d) you execute and deliver a voluntary termination and separation agreement in form and substance satisfactory to us in our reasonable discretion.

B. Termination by Franchisor Without Cure Period. In addition to the grounds for termination that may be stated elsewhere in this Agreement, we may terminate this Agreement and the rights granted by this Agreement, upon written notice to you without an opportunity to cure upon the occurrence of any of the following events:

(1) you do not (i) secure a Base of Operations within the timeframe specified herein or any approved extension thereof, or (ii) open your TourScale Business within the time period prescribed in Section 6.D after securing your Base of Operations;

(2) you abandon or fail actively to operate your TourScale Business for a period of three (3) or more consecutive weeks, unless you close your TourScale Business: (i) due to a reason we approve in writing; (ii) because of Force Majeure, as defined in Section 25.C; (iii) due to bona fide concern that operation of your TourScale Business will result in the spread of disease or exacerbation of a declared epidemic or pandemic, or other, similar health crisis; or (iv) due to historical seasonal demand fluctuations, such as those experienced during winter months in certain cold weather climates;

(3) you become insolvent; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your TourScale Business is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your TourScale Business is not vacated within 30 days following the order's entry;

(4) there is a material breach by you of any covenant or obligation set forth in Section 18;

(5) any Transfer that requires our prior written approval occurs without your having obtained that prior written approval;

(6) we discover that you made a material misrepresentation or omitted a material fact in the information that you provided to us in connection with our decision to grant a Franchise to you;

(7) you knowingly falsify any report required to be furnished to us; make any material misrepresentation in your dealings with us; or fail to disclose any material facts to us;

(8) we make a reasonable determination that continued operation of your TourScale Business by you will result in an imminent danger to public health or safety;

(9) you lose the right to operate from your Base of Operations and you are unable to relocate within your Protected Territory or secure a new Base of Operations within twelve (12) months;

(10) you, the Operating Principal, your Business Manager or any of your owners are convicted of, or plead no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect us, our affiliates, the goodwill associated with the Marks, or the System;

(11) you, or your Operating Principal, do not satisfactorily complete the Initial Training Program (after we provide a second opportunity as provided in Section 11.A(3));

(12) you understate the Net Sales of your TourScale Business for any period by 3% or more 3 or more times during any 3-year period, or by more than 5% on any one occasion,

(13) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; you or your owners: (a) remain in default beyond the applicable cure period under, or we terminate, any other agreement with us or our affiliates (provided that, if the default is not by you, we will provide to you written notice of the default and a 30-day period to cure the default); (b) remain in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to your TourScale Business; (c) remain in default beyond the applicable cure period under any material contract with any Designated Supplier, Approved Supplier, or other vendor or supplier to your TourScale Business, where the default results in a material adverse effect on the operation of your TourScale Business or our System; or (d) fail to pay when due any taxes or assessments relating to your TourScale Business or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization;

(14) you engage in conduct that (i) tortiously interferes with our contractual or business relations with other franchisees or third parties, (ii) constitutes a material and willful breach of your obligations under this Agreement, or (iii) materially and adversely affects our ability to operate or grant franchises under our System; or

(15) you materially breach any representation or warranty set forth in Section 30.

(16) You fail to maintain all insurance policies required by Section 12.I of this Agreement and/or you allow or communicate your intent to allow any policy of insurance required by this Agreement to expire, lapse, cancel or terminate; provided, however, that in the event that an insurance carrier drops you from coverage, you must cease operations and will be given ninety (90) days to seek and obtain replacement insurance coverage and resume operations.

C. Termination Following Expiration of Cure Period

(1) Except for those items listed in preceding Section 19.B or 19.C(2), you will have 30 days after written receipt of notice of default from us within which to remedy any default and provide evidence of that remedy to us. If any default is not cured within that time, this Agreement will terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, you will have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that you promptly begin taking the actions necessary to correct the default during the 30-day cure period and diligently and in good faith pursue those actions to completion. You will be in default under this Section 19.C(1) for any failure to materially comply with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith.

(2) Notwithstanding the provisions of preceding Section 19.C(1), if you default in the payment of any monies owed to us or our affiliates when such monies become due and payable and you fail to pay such monies within 5 days after receiving written notice of default or immediately if payment has not been made within 30 days of its due date, then this Agreement will terminate effective immediately upon expiration of that time, unless we notify you otherwise in writing.

(3) If you have received two (2) or more notices of default within the previous 12-month period, we may send you a notice of termination upon your next default within that 12-month period without providing you an opportunity to remedy the default.

D. Termination Following Inspection. We (or our designee) may periodically conduct inspections of your TourScale Business to evaluate your compliance with the System and this Agreement. Following each Inspection, we will provide to you an Inspection report and Inspection score on the Inspection and those conditions at your TourScale Business that must be rectified. If you fail to achieve a passing score on an Inspection, the Inspection report will constitute a notice of default. If you fail to achieve a passing score on the next Inspection (which we will conduct at least 30 days after your receipt of the Inspection report for the prior Inspection), we may terminate this Agreement, without opportunity to cure, by providing you written notice of termination along with the Inspection report.

20. OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Your Obligations. Upon termination or expiration of this Agreement:

(1) The rights granted to you in the Protected Territory immediately will terminate, and we will have the right to operate, or license others to operate, TourScale Business anywhere in the Protected Territory;

(2) You and your owners must continue to abide by the covenants in Section 18;

(3) Within 15 days, or on any later date that we determine the amounts due to us and our affiliates, you must pay to us and our affiliates all sums due and owing to us and our affiliates;

(4) You must immediately discontinue all use of the Marks in connection with your TourScale Business and of any and all items bearing the Marks; remove the Marks from your TourScale Business and from clothing, signs, materials, motor vehicles and other items owned or used by you in the operation of your TourScale Business; cancel all advertising for your TourScale Business that contains the Marks; and take such action as may be necessary to cancel any filings or registrations for your TourScale Business that contain any Marks. You must comply with this Section 20.A before any items bearing the Marks are offered for sale or auction by you or your Franchisors or lienholders;

(5) You must immediately cease using any of our Confidential Information (including the Technology System or similar technology and digital passwords and identifications that we have licensed or loaned to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us the Technology System, your client list, your telephone numbers, your email addresses, your social media pages, all copies of the Manual, and any other confidential materials that we have loaned you;

(6) Within 30 days, you must deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark, or otherwise identifying or relating to a TourScale Business that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the Base of Operations and remove these items from TourScale Business;

(7) You agree to promptly notify the telephone company, all telephone directory publishers, and all domain name registries, social media platforms, and internet service providers of the termination or expiration of your right to use any telephone numbers, facsimile numbers, URLs and domain names, or other numbers, names and telephone directory listings associated with any Mark; to authorize the transfer of these numbers, names and directory listings to us or to a third party, at our direction; and/or to instruct the telephone company, domain name registries and internet service providers to forward all calls, e-mails and electronic communications made to your names, numbers or addresses to names, numbers or addresses we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events;

(8) If we do not have or do not exercise an option to purchase the Assets (as defined in Section 21) of TourScale Business under Section 21 below, you agree promptly (within 10 business days after termination or expiration) and at your own expense to make the alterations we specify in our Manual (or otherwise in writing) to distinguish your TourScale Business clearly from its former appearance and from other TourScale Business in order to prevent public confusion. If you fail to make these alterations and modifications within the specified timeframe, we will have the right (at your expense, to be paid upon your receipt of an invoice from us, with interest accruing at the rate specified in Section 5.C from the date of the invoice) to do so without being guilty of trespass or other tort, and you hereby grant us an irrevocable license to enter the premises for such purpose; and

(9) If you are a party to any lease agreements for any Equipment from us or any of our affiliates, you agree to return all Equipment promptly in accordance with such lease agreements and comply with all other obligations contained therein.

B. Evidence of Compliance. You must furnish to us, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by you or by your chief executive officer if you are a corporation; by your manager, if you are a limited liability company; or by your general partner, if you are a partnership, under penalty of perjury) satisfactory to us of your compliance with Section 20.A. Failure to provide such evidence within the specified timeframe shall constitute a material breach of this Agreement and shall entitle us to seek injunctive relief and recover all costs and expenses, including reasonable attorneys' fees, incurred in enforcing this provision. You further agree to provide us with reasonable access to inspect your former TourScale Business location and records to verify compliance.

C. Prohibition from Engaging in Future Conduct. Upon termination or expiration of this Agreement and your satisfaction of the covenants set forth in Section 18, you agree that you will not, except with respect to a business franchised by us or our affiliates which is then open and operating pursuant to an effective franchise agreement: (1) operate or do business under any name or in any manner that might tend to give the public the impression that you are connected in any way with us or our affiliates or have any right to use the System or the Marks; (2) make, use or avail yourself of any of the materials or Confidential Information furnished or disclosed by us or our affiliates under this Agreement or disclose or reveal any such materials or Confidential Information or any portion of those materials or Confidential Information to anyone else; (3) assist anyone not licensed by us or our affiliates to construct or equip a business substantially similar to a TourScale Business; or (4) directly or indirectly solicit, recruit, hire, or attempt to hire any person who is at the time of such solicitation, or was within the six (6) months immediately preceding such solicitation, employed by us, our affiliates, or any other TourScale Business franchisee. You acknowledge that violation of any provision of this Section 20.C shall cause us irreparable harm and that we shall be entitled to injunctive relief and recovery of all costs and expenses, including reasonable attorneys' fees.

D. Continuing Obligations. All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding the expiration or termination and until the obligations are satisfied in full or by their nature expire.

E. No Exclusive Remedy. No right or remedy conferred upon or reserved to us in this Section 20 is exclusive of any other right or remedy provided or permitted by law or equity.

21. OUR OPTION TO PURCHASE CERTAIN ASSETS OF YOUR TOURSCALE BUSINESS

A. Scope. Upon the expiration or termination of this Agreement for any reason, we will provide written notice to you, within 30 days after the effective date of termination or expiration, if we intend to exercise our option to purchase from you some or all of your Assets used in your TourScale Business. As used in this Agreement, the term "**Assets**" means and includes, without limitation, leasehold improvements, equipment, vessels, furnishings, fixtures, signs and inventory (non-perishable products, materials and supplies) used in your TourScale Business, real or personal property leases, and any licenses necessary to operate your TourScale Business. We will have the unrestricted right to assign this option to purchase the Assets. We or our assignee will be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to: (1) ownership, condition and title; (2) liens and encumbrances; (3) environmental and hazardous substances; and (4) validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise.

B. Purchase Price. The purchase price for the Assets ("**Purchase Price**") will be their fair market value, determined as of the effective date of purchase in a manner that accounts for customary depreciation and condition of the Assets. Further, the Purchase Price for the Assets will not contain any factor or increment for any of the Marks, or other trademarks, service marks or commercial symbols used in connection with the operation of your TourScale Business nor any goodwill or "**going concern**" value for your TourScale Business. If this Agreement was terminated due to your default, we may, in our sole discretion, reduce the Purchase Price by up to twenty percent (20%) to account for the costs and risks associated with acquiring assets from a defaulting franchisee. We may exclude from the Assets purchased in accordance with this Section any equipment, vessels, furnishings, fixtures, signs, and inventory that are not approved as meeting then-current standards for a TourScale Business or for which you cannot deliver a Bill of Sale in a form satisfactory to us.

C. Certified Appraisers. If we and you are unable to agree on the fair market value of the Assets within 30 days after your receipt of our notice of our intent to exercise our option to purchase the Assets, the fair market value will be determined by two professionally certified appraisers, one selected by you and one selected by us. If the valuations set by the two appraisers differ by more than 10%, the two appraisers will select a third professionally certified appraiser who also will appraise the fair market value of the Assets. The Appraiser shall consider, among other things: (1) the ownership, condition and title of the Assets; (2) liens and encumbrances on the Assets; (3) environmental and hazardous substances at or upon the Base of Operations; and (4) the validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise. The average value set by the appraisers (whether two or three appraisers as the case may be) will be conclusive and will be the Purchase Price. The appraisers will be given full access to your TourScale Business, the Base of Operations and your books and records during customary business hours to conduct the appraisal and will value the Assets to be purchased in accordance with the standards of this Section 21. The appraisers' fees and costs will be borne equally by you and us.

D. Exercise of Option. Within 10 days after the Purchase Price has been determined, we may exercise our option to purchase the Assets by so notifying you in writing ("**Purchase Notice**").

The Purchase Price will be paid in United States Dollars. You will give us and our representatives access to your TourScale Business and the Base of Operations at all reasonable times for the purpose of conducting inspections of the Assets; provided that such access does not unreasonably interfere with your operations of your TourScale Business. Prior to the end of the Due Diligence Period, we will notify you in writing of any objections that we have to any finding disclosed in any title search, lien search, survey, environmental assessment or inspection. If you cannot or elect not to correct any such title defect, environmental objection, defect in the working condition of the Assets or any other objection, we will have the option to either accept the condition of the Assets as it exists or rescind our Purchase Notice, on or before the Closing.

E. Site Leases. If a storage unit or area, storefront, or slip is leased, you agree to use reasonable efforts to effect a termination of the existing lease. If the lease is assigned to us or we sublease the site from you, we will indemnify and hold you harmless from any ongoing liability under the lease from the date we assume possession of the site, and you will indemnify and hold us harmless from any liability under the lease prior to and including that date.

22. RELATIONSHIP OF THE PARTIES

A. Independent Contractors. You and we agree and acknowledge that this Agreement is intended solely to create an independent contractor relationship between us. Nothing in this Agreement will be deemed or construed to create a joint venture, partnership, or agency relationship between you and us for any purpose.

B. Except as otherwise explicitly set forth herein, you and we do not have any authority to bind or commit the other to any agreement, commitment, or obligation. You and we agree and acknowledge that you and only you shall possess and/or exercise substantial direct and immediate control over the essential terms and conditions of employment of your employees. You are, subject to compliance with applicable local, state, and federal laws, solely responsible for: (1) setting the wages, benefits, and related compensation of your employees; (2) setting the work schedules and hours requirements for your employees; (3) assigning work duties to your employees; (4) establishing, communicating, and enforcing rules, directions, means and methods of performance, and employee discipline to your employees; (5) hiring and firing your employees; and (6) establishing and maintaining safety standards for your employees. You shall defend, indemnify, and hold us harmless against any and all damages, costs, fees, expenses, settlements, payments, or liabilities incurred by us as a result of or in connection with claims, investigations, demands, suits, actions, inquiries, or allegations made by one or more of your employees, contractors, or subcontractors, or by a governmental authority that we are, in any manner for any purpose, an employer or joint employer of one or more of your employees, contractors, or subcontractors.

C. Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your TourScale Business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us. If we pay any of these taxes on your behalf, you must reimburse us for the full amount of such taxes plus an administrative fee of $250 for each tax payment we make on your behalf.

23. INDEMNIFICATION

A. You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, members, owners, managers, directors, officers, employees, agents, successors, and assignees ("**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of your TourScale Business, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those claims alleged to be or found to have been caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our own gross negligence, fraud or willful misconduct, or pursuant to strict liability, in a final, unappealable ruling issued by a court with competent jurisdiction.

B. For purposes of this Section 23, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. We have the right to designate attorneys that you must retain to defend any claims subject to this Section 23.

C. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this Section 23. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 23.

24. SEVERABILITY AND CONSTRUCTION

A. Severability. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

B. Alteration to Agreement by Rule of Law. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

C. No Third Party Beneficiaries. Except as otherwise provided in Section 23, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than us and you as the parties to this Agreement and our affiliates and such of our heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

D. Interpretation. No provision of this Agreement should be interpreted in favor of, or against any party because of the party that drafted this Agreement.

E. Our Discretion. Whenever we have expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests. This also applies if we are deemed to have a right and/or discretion. Our judgment of what is in the best interests of the System, at the time our decision is made or its right or discretion is exercised, can be made without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; (2) our decision or the action taken promotes our financial or other individual interest; (3) our decision or the action taken applies differently to you and one or more other franchisees or our company-owned or affiliate-owned operations; or (4) our decision or the action taken is adverse to your interests. We will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations under this Agreement.

25. CONSENTS, APPROVALS AND WAIVERS

A. Consents. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us for that approval or consent, and any approval or consent received, in order to be effective and binding upon us, must be obtained in writing and be signed by one of our authorized officers.

B. Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice. We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the expiration of its Term) because of: any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other TourScale Business; the existence of agreements for other TourScale Business which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction.

C. Variance by Reason of Force Majeure. If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by reasonable commercial measures, the parties will be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure must give prompt written notice of such Force Majeure event to the other party by setting forth the nature of the Force Majeure and an estimate as to its duration. As used in this Agreement, the term "**Force Majeure**" means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby; provided, however, that an epidemic, disease, or pandemic (including but not limited to COVID-19) will constitute Force Majeure only to the extent that (i) applicable governmental authorities have issued mandatory orders closing or materially restricting your TourScale Business or your operating area, or (ii) the circumstances render operation of your TourScale Business unsafe or infeasible under prevailing public health guidance. Inability to obtain financing (regardless of the reason) does not constitute Force Majeure.

26. ENTIRE AGREEMENT. We and you acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, you and we will deal with each other in good faith. This Agreement and its attachments, the Manual, and the documents referred to in this Agreement constitute the entire, full and complete agreement between the parties concerning your rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and its attachments, the Manual, and the documents referred to in this Agreement (including our Franchise Disclosure Document). No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by you and us and executed in writing. Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

27. ENFORCEMENT

A. Mediation. Before you or we may bring an action in court, against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. Notwithstanding anything to the contrary, this Section 27.A will not bar you or us from obtaining judicial or injunctive relief for claims that are based solely on demands for monies owed, or from obtaining injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks. The mediation proceeding will be conducted within 30 miles of our then-existing principal business location.

B. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of Arizona, without regard to its conflict of laws rules, provided, however, that: (1) the provisions of Section 18 shall be interpreted and construed under the laws of the jurisdiction in which your TourScale Business is located.

C. Consent to Jurisdiction and Venue. You and we agree that, to the extent any disputes cannot be resolved directly between us, you will file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business, where your TourScale Business is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

D. Waiver of Certain Damages and Rights. You and we waive, to the fullest extent permitted by law, any right or claim of any punitive or exemplary damages against each other and agree that, in the event of a dispute between us, we each will be limited to the recovery of actual damages sustained. You and we waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits and the right to trial by jury.

E. Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you agree to reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

F. Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 27 shall survive the expiration or earlier termination of this Agreement.

G. Limitations of Claims. Any and all claims and actions arising out of or relating to this Agreement, the relationship between you and us, or your operation of your TourScale Business, must be brought or asserted before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; (2) 1 year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) 2 years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions will be irrevocably barred. Our claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification will be subject only to the applicable state or federal statute of limitations.

H. Injunctive Relief. You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, your failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us will be in addition to, and not in lieu of, all remedies and rights that you otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

28. MISCELLANEOUS

A. Gender and Number. All references to gender and number will be construed to include such other gender and number as the context may require.

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

C. Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original.

D. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted will be the day or month of the designated action, event or notice. Days will be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically will be extended to the next day that is not a Saturday, Sunday or national holiday.

E. Delegation of Performance. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

F. Compliance with Anti-Terrorism Laws. You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, the rules, orders and guidelines promulgated by the Office of Foreign Assets Control ("**OFAC**") and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, will constitute good cause for immediate termination of this Agreement, as provided in Section 19.B(13) above.

29. NOTICES AND PAYMENTS. No notice, demand, request or other communication to the parties will be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and: (A) if to us, is sent to 1300 South Blvd., Suite 30102 Charlotte, NC 28203(Attn: Legal Department); or (B) if to you, is sent to the address and to the individual specified on Exhibit 4 or is sent to the Base of Operations of your TourScale Business. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices will be deemed effective: (i) upon receipt if delivered personally or by confirmed facsimile or electronic mail; (ii) one business day after sending if sent by overnight courier; (iii) three business days after mailing if sent by certified mail, return receipt requested; or (iv) in all cases, upon first refusal of delivery and may be: (1) delivered personally; (2) transmitted by facsimile or electronic mail to the e-mail address(es) or number(s) set forth above (or in Exhibit 4) with electronic confirmation of receipt; (3) mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or (4) mailed via overnight courier.

30. ACKNOWLEDGMENTS. You represent, acknowledge and warrant to us (and you agree that these representations, acknowledgements and warranties will survive termination of this Agreement) that:

A. you have independently investigated the TourScale Business franchise opportunity, have conducted your own due diligence, and recognize that, like any other business, the nature of the business of TourScale Business may, and probably will, evolve and change over time, and that we have the right to modify the System, System Standards, and operational requirements in our sole discretion;

B. an investment in a TourScale Business involves business risks that could result in the loss of a significant portion or all of your investment;

C. your business abilities and efforts are vital to your success;

D. attracting customers for your TourScale Business will require you to make consistent marketing efforts in your community through various methods, including media advertising, and direct mail advertising;

E. you must maintain a high level of customer service, and adhere strictly to the System and our System Standards, and that you are committed to maintaining System Standards;

F. you have not received from us or any person or entity representing or claiming to represent us, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a TourScale Business, and that any financial information that may appear in our Franchise Disclosure Document is not a representation or guarantee as to potential volume, sales, income, or profits that you may achieve at a TourScale Business;

G. you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the rights under this Agreement;

H. you have read this Agreement and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each TourScale Business, and to protect and preserve the goodwill of the Marks;

I. we have not made any representation, warranty, or other claim regarding this franchise opportunity, other than those expressly made in writing in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including by consulting with your own business professionals and advisors, including legal counsel and accountants, and that you have had adequate time and opportunity to conduct such evaluation;

J. you have been afforded a full and adequate opportunity to ask any and all questions you have and to review any and all materials of interest to you concerning the TourScale Business franchise opportunity, that we have answered all questions you have asked to your satisfaction, and that we have not refused to answer any reasonable questions, inquiries, or requests;

K. you have been afforded an opportunity, and have been strongly encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney of your choice and have either done so or voluntarily chosen not to do so, and that if you chose not to consult an attorney, such decision was made freely and without any pressure from us; and

L. we may modify the offer of our franchise opportunity to other franchisees in any manner and at any time, and these offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

TOURSCALE FRANCHISING, LLC	**FRANCHISEE**
________________________________	________________________________
By:____________________________	By:____________________________
Title: ________________________	Title: ________________________
Date: _________________________	Date: _________________________

EXHIBIT 1
TO THE TOURSCALE BUSINESS FRANCHISE AGREEMENT

FRANCHISE INFORMATION

1. **The Protected Territory (Sections 3.A).** Franchisor will not operate or authorize another person or entity to operate a TourScale Business in the following geographic area: _____________
____
____

2. **Base of Operations**. The TourScale Business will have a Base of Operations located at:
____
____

3. **Maps; Discrepancies.** The Protected Territory is reflected on maps attached to this Exhibit 1. If there is any discrepancy between the written geographic area description in this Exhibit 1 and the maps attached hereto, the written description in this Exhibit 1 shall control. You acknowledge that the maps are provided for illustrative purposes only and may not be to scale or reflect precise boundaries.

4. **The Initial Franchise Fee (Section 7.A):** $__________.

5. **The Multi-Territory Discount applied (Section 7.B):** $_________.

5. **Brand to be Operated**: _____ Tiki Pub _____ Paddle Pub _____ Cruisin' Tikis

FRANCHISEE:

____
Signature

____
By

____
Its

____
Date

PROTECTED TERRITORY

Your rights in the Protected Territory are subject to the limitations described in Section 3.A and 3.C.

[Franchisee's Protected Territory is depicted in the map or list below]

FRANCHISEE	**TOURSCALE FRANCHISING, LLC**
____________	____________
Initials:	**Initials:**

EXHIBIT 2
TO THE TOURSCALE BUSINESS FRANCHISE AGREEMENT

FORM OF COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE ("**Assignment**") is entered on ______, 20___ between TourScale Franchising, LLC, an Arizona limited liability company ("**Franchisor**"), and ___________________________ ("**Franchisee**") located at __________________________________, and __________________________ ("**Landlord**"), located at______________________________.

Subject to the provisions of this Assignment, Franchisee, to secure its obligations to Franchisor to affect various provisions of the Agreement dated ____________ between Franchisor and Franchisee ("**Franchise Agreement**"), and for other reasons, hereby assigns, transfers and sets over unto Franchisor and/or such person(s)/entity(ies) as Franchisor may from time-to-time designate, all of Franchisee's right, title and interest, whether as tenant or otherwise, in, to, and under that certain lease dated _________, ___, ("**Lease**"), as attached to this Assignment for the Base of Operationslocated at ____________________, between Franchisee and Landlord, respecting that property commonly known as the TourScale Business ("**TourScale Business**"). Franchisor shall have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) until and unless Franchisor, in its reasonable discretion, takes possession of the TourScale Business pursuant to the terms hereof and expressly (and in writing) assumes the rights and obligations of Franchisee under the Lease, Franchisor only being responsible for those obligations accruing after the date of such assumption.

Franchisor will not take possession of the TourScale Business until and unless: (i) Franchisee defaults under, and/or receives notice of default under, the Lease, any sublease, the Franchise Agreement, or any other agreement with Franchisor or its affiliates; (ii) there is a termination, cancellation, expiration, or rescission of Franchisee's rights under the Lease, any sublease, or the Franchise Agreement; (iii) Franchisee abandons or ceases operations at the TourScale Business; or (iv) any other event occurs that would permit Franchisor to terminate the Franchise Agreement. In such event, Franchisor (or its designee) shall have the right (but not the obligation) to take possession of the TourScale Business, expel Franchisee from the TourScale Business, and, in such event, Franchisee shall have no further right, title or interest in or under the Lease or to the TourScale Business, all such rights thereby passing to Franchisor or its designee, in each case without Landlord's further consent. Franchisee agrees to do all acts necessary or appropriate to accomplish such assignment on Franchisor's request.

Franchisee agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor. Throughout the Term of the Agreement, Franchisee agrees that it shall elect and exercise all options to extend the Term of, or renew or assume in bankruptcy, the Lease not less than 30 days prior to the last day that any option must be exercised, unless Franchisor otherwise agrees in writing. If Franchisee fails to extend, renew, or assume the Lease, Franchisee hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise such options for the sole purpose of effecting any extension, renewal or assumption, in each case for the account of Franchisee and without any liability or obligation of Franchisor.

Franchisor's failure to exercise any remedy hereunder shall not be construed or deemed a waiver of any of its rights hereunder. The rights and remedies of Franchisor under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Franchisor shall have under or by virtue of the Agreement or otherwise. The terms, covenants, and conditions contained herein shall bind Franchisee, and inure to the benefit of Franchisor, and their respective successors and assigns. In the event of any dispute between the parties regarding this Assignment, or any matter related in any way to it, the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Agreement between Franchisor and Franchisee shall apply. If there is more than one Franchisee, their obligations hereunder will be joint and several.

This document may be recorded by, and at the expense of, Franchisor.

TOURSCALE FRANCHISING, LLC

Signature: ____________________________

By: _________________________________

Its: _________________________________

Date:________________________________

FRANCHISEE:______________________

Signature____________________________

By:_________________________________

Its: _________________________________

Date: _______________________________

LANDLORD:________________________

Signature____________________________

By:_________________________________

Its: _________________________________

Date: _______________________________

[ATTACH COPY OF EXECUTED LEASE]

EXHIBIT 3
TO THE TOURSCALE BUSINESS FRANCHISE AGREEMENT

EDTA FORM

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

____ (Name of Person or Legal Entity)

____ (FEIN Number)

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes TourScale Franchising, LLC and/or TourScale Enterprises, LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions. A voided check to the Depositor's account must be included with this EDTA form.

______________________	______________________	
Bank	Branch	
______________________	____________	____________
City	State	Zip Code
______________________	______________________	
Routing Number	Account Number	

This authority is to remain in full and force and effect until 60 days after Franchisor has received written notification from Franchisee of its termination or expiration.

____

Depositor

By:_________________________________

Name:_______________________________

Title:________________________________

Date:________________________________

Attach a voided check to Depositor's account here.

EXHIBIT 4
TO THE TOURSCALE BUSINESS FRANCHISE AGREEMENT
LISTING OF OWNERSHIP INTERESTS

Effective Date: This Exhibit 4 is current and complete as of ______________________________

1. Form of Ownership.

(a) Individual Proprietorship. Your owner(s) (is) (are) as follows:
____

(b) Corporation, Limited Liability Company, or Partnership. You were incorporated or formed on ______________________, under the laws of the State of _____________. The following is a list of your directors, if applicable, and officers as of the Effective Date shown above:

Name of Each Director/Officer	Position(s) Held
____________________________________	____________________________________
____________________________________	____________________________________

2. Owners. The following list includes the full name of each person who is one of your owners (as defined in the Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Owner's Name	Percentage/Description of Interest
____________________________________	______________________________%
____________________________________	______________________________%

3. Contact Information of Person to Receive Notice for You

Name:____
Address:____
Email Address:____
Phone Number:____

4. Operating Principal. Your Operating Principal is ________________________________

5. Business Manager. If applicable, your Business Manager is ________________________

FRANCHISEE:

____

By:_________________________________

Title:_______________________________

Date: _______________________________

EXHIBIT 5
TO THE TOURSCALE BUSINESS FRANCHISE AGREEMENT
AGREEMENT TO BE BOUND AND TO GUARANTEE

This Agreement to Be Bound and to Guarantee ("**Guaranty**"), dated as of the date stated at the end of this Guaranty, executed by the guarantors identified in Section 19 of this Guaranty (each a "**Guarantor**") in favor of **TourScale Franchising, LLC** ("**Franchisor**").

WHEREAS, as an inducement for Franchisor to execute and deliver, and to perform its obligations under, that certain Franchise Agreement ("**Franchise Agreement**"), dated as of the date stated in Section 19 of this Guaranty, by and between Franchisor and the Franchisee identified in Section 19 of this Guaranty ("**Franchisee**"), Guarantor has agreed to jointly and severally guarantee the obligations of Franchisee to Franchisor and its affiliates (including, without limitation, obligations under the Franchise Agreement (and any equipment leases or leases between Franchisee and Franchisor or any of Franchisor's affiliates, if applicable) and to be bound by certain of the provisions contained in the Franchise Agreement.

WHEREAS, Guarantor owns, directly or indirectly, a 5% or greater equity interest in Franchisee.

WHEREAS, Guarantor acknowledges and agrees that Franchisor will materially rely upon Guarantor's obligations under this Guaranty.

NOW, **THEREFORE**, in consideration of the foregoing and the execution and delivery of the Franchise Agreement by Franchisor, and the performance of Franchisor's obligations thereunder, Guarantor agrees, for the benefit of Franchisor and its affiliates, as follows:

1. Guaranty. Guarantor unconditionally guarantees and promises to pay to Franchisor and/or its affiliates and to perform, for the benefit of Franchisor and/or its affiliates, on demand, any and all obligations and liabilities of Franchisee in connection with, with respect to or arising out of the Franchise Agreement as well as any other agreements executed by Franchisee in conjunction with the Franchise Agreement, if applicable and including but not limited to any equipment lease or similar agreements with any affiliate of Franchisor, executed in connection therewith and/or any other agreement with Franchisor or its affiliates.

2. Confidentiality.

A. Guarantor acknowledges that Franchisor is engaged in a highly competitive business, the success of which is dependent upon, among other things, trade secrets and other confidential and proprietary information, processes, materials and rights relating to the development, promotion and operation of the TourScale Business (as defined in the Franchise Agreement), including, without limitation, Franchisor's Confidential Operations Manual, method of operation, processes, techniques, formulae, procedures, customer lists, supplier information, pricing strategies, marketing plans, financial information, and business strategies (collectively, the "Proprietary Information"). Guarantor further acknowledges that the Proprietary Information constitutes valuable trade secrets and that unauthorized disclosure or use of such Proprietary Information would cause immediate and irreparable harm to Franchisor for which monetary damages would be an inadequate remedy.

B. Guarantor agrees not to use for any purpose, or disclose or reveal (and must cause all of Franchisee's directors, officers and employees not to use for any purpose, or disclose or reveal), during the Term of this Guaranty or forever thereafter, to any person any contents of Franchisor's Confidential Operations Manual, any Proprietary Information or any other information relating to the operation of the TourScale Business. Guarantor must fully and strictly comply with all security measures prescribed by Franchisor for maintaining the confidentiality of all Proprietary Information.

C. Guarantor acknowledges that to breach his or her obligations under this Section 2 would cause immediate and irreparable damage to Franchisor and to Franchisor's other franchisees for which monetary damages would be an inadequate remedy, and that Guarantor would be liable for all such damages, including but not limited to actual damages, consequential damages, and Franchisor's costs and attorneys' fees incurred in enforcing this provision.

D. Notwithstanding the foregoing, Guarantor may disclose Proprietary Information to a person who is bound by the confidentiality obligations to Franchisor and the covenants contemplated by Section 18 of the Franchise Agreement, to the extent that that disclosure is necessary in connection with that person's capacity with Franchisee.

E. Notwithstanding the foregoing, the following will not be subject to the provisions of this Section 2:

(1) Information which is in the public domain as of the date of receipt by Franchisee;

(2) Information which is demonstrably known to Franchisee prior to the date of receipt by Franchisee, as evidenced by written records predating such receipt;

(3) Information which becomes known to the public without a breach of the provisions of this Section 2 of the Guaranty or any other agreement executed in connection with the Franchise Agreement; and

(4) Information which is required by law, regulation, or valid court order to be disclosed or revealed, provided that Guarantor provides Franchisor with prompt written notice of such requirement and cooperates with Franchisor in seeking a protective order or other appropriate remedy, and only strictly to the extent required by law, regulation, or court order.

3. Covenant Not to Compete. Guarantor acknowledges and agree that: (1) pursuant to this Guaranty, you will have access to the Confidential Information; (2) the System and the opportunities, associations and experience established by us and acquired by you under this Guaranty are of substantial and material value; (3) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (4) we would be unable to adequately protect the System and the Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among TourScale Business if our franchisees were permitted to hold interests in "**Competing Businesses**" (which are defined in Section C). Guarantor acknowledges that restrictions on his or her right to hold interests in, or perform services for, Competing Businesses will not unreasonably hinder his or her activities. Guarantor expressly

acknowledges that he or she possesses skills and abilities of a general nature and has other opportunities for exploiting these skills. Consequently, Franchisor's enforcing the restrictions contained in this Section 3 will not deprive Guarantor of the ability to earn a living and are reasonable and necessary to protect Franchisor's legitimate business interests. Guarantor therefore agrees that, during the Term of the Guaranty and for the "**Restricted Period**" following the expiration or earlier termination of this Guaranty, Guarantor will not, either directly or indirectly, for himself or herself, or through, on behalf of, or in conjunction with, any person, persons, firm, partnership, corporation, limited liability company, or other entity:

A. own, maintain, operate, engage in, be employed by, franchise, license, advise, assist, help, make loans to, invest in, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise), or be or perform services as a shareholder, partner, director, officer, manager, member, employee, consultant, independent contractor, representative, agent, or advisor in or for any Competing Business;

B. directly or indirectly employ, seek to employ, recruit, solicit, or encourage any person who is then employed by Franchisor, its affiliates, or any TourScale franchisee, or who was employed by Franchisor, its affiliates, or any TourScale franchisee within the six (6) months immediately preceding such action, or otherwise directly or indirectly induce such person to leave his or her employment; or

C. divert or attempt to divert, by direct or indirect inducement or otherwise, any actual or potential business or customer of any TourScale Business to a Competing Business.

D. For purposes of this Guaranty, the term "**Restricted Period**" shall be two (2) years from the date the Guaranty expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Guaranty expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Guaranty expires or is terminated.

E. During the Term of the Guaranty, there is no geographical limitation on the restrictions contained in this Section 3. During the Restricted Period, these restrictions will apply in the Protected Territory; within a 5-mile radius of the outer boundaries of the Protected Territory; and within 5 miles of any other TourScale Business in operation or under construction on the later of: (i) the date of the termination or expiration of this Guaranty; or (ii) the date on which you begin to comply with Section 3 (the "**Restricted Area**").

F. If, at any time during the Restricted Period, you fail to comply with your obligations contained in this Section 3, that period of noncompliance will not be credited toward the satisfaction of your obligations under this Section 3. These restrictions also apply after Transfers, as provided in the Franchise Agreement. Equity ownership of less than 2% of a Competing Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 3.

G. If any restriction in this Section 3 is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

4. Use of Name and Likeness. Franchisor will be entitled to use the name, likeness and voice of Guarantor for purposes of promoting the franchise, Franchisor and its products, including, without limitation, all photos and audio and video recordings, and Guarantor hereby irrevocably consents thereto. Guarantor acknowledges that Franchisor will own all right, title and interest, to the extent allowed by law, in all rights of integrity, disclosure and publication and any other rights that may be known as or referred to as moral rights, artist's rights, publicity rights or the like associated with such photos and audio and video recordings, and assigns and transfers unto Franchisor the full and exclusive right, title, and interest to such publicity rights.

5. Innovations. Guarantor may conceive, invent, create, design and/or develop various ideas, techniques, methods, processes and procedures, services, equipment, formulae, products, packaging or other concepts and features relating to the manufacturing, production, marketing and sale of products or services in connection with the TourScale Business (the "**Innovations**"). Guarantor assigns any and all of its rights, title and interest in the Innovations, including, without limitation, any intellectual property rights, to Franchisor, and also agrees to cooperate with Franchisor and its counsel in the protection of the Innovations, including, without limitation, the perfecting of title thereto.

6. Copyrights; Works-for-Hire; Solicitation. All advertising and promotional materials generated by or for Franchisee or its officers, managers or employees for the TourScale Business will be deemed a work-made-for-hire, and all ownership rights, including, without limitation, any copyrights, in such advertising and promotional materials are hereby assigned to Franchisor. In addition, Guarantor will cooperate in the protecting any items or materials suitable for copyright protection by Franchisor. Guarantor must not solicit other franchisees or Franchisees, or use the lists of franchisees and Franchisees, for any commercial or other purpose other than purposes directly related to the operation of the TourScale Business.

7. Guaranty of Payment. This is a guaranty of payment and not of collection. This Guaranty will remain in full force and effect until all amounts payable by Guarantor shall have been validly, finally and irrevocably paid in full and all obligations to be performed by Guarantor shall have been validly, finally and irrevocably performed in full.

8. Waiver. Guarantor waives: (a) Any right to require Franchisor to (i) proceed against any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Franchisor may exercise or not exercise any right or remedy it has against Franchisee or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting Guarantor's liability hereunder; (b) any defenses from disability or other defense of Franchisee or from the cessation Franchisee's liabilities; (c) any setoff, defense or counterclaim against Franchisor; (d) any defense from the absence, impairment or loss of any right of reimbursement or subrogation or any other rights against Franchisee. Until Franchisee's obligations (except inchoate indemnification obligations) to Franchisor have been paid in full, Guarantor has no right of

subrogation or reimbursement or other rights against Franchisee; (e) Any right to enforce any remedy that Franchisor has against Franchisee; (f) any rights to participate in any security held by Franchisor' (g) any demands for performance, notices of nonperformance or of new or additional indebtedness incurred by Franchisee to Franchisor. Guarantor is responsible for being and keeping itself informed of Franchisee's financial condition; (h) the benefit of any act or omission by Franchisor which directly or indirectly results in or aids the discharge of Franchisee from any of the obligations by operation of law or otherwise; (i) the benefit of California Civil Code Section 2815 permitting the revocation of this Guaranty as to future transactions and the benefit of California Civil Code Sections 2809, 2810, 2819, 2839, 2845, 2848, 2849, 2850, 2899 and 1432 with respect to certain suretyship defenses.

9. Subrogation. Guarantor hereby agrees that he will not exercise any rights of subrogation which he may acquire due to any payment or performance of the obligations of Franchisee pursuant to this Agreement unless and until all amounts payable to Franchisor or its affiliates, and all obligations for the benefit of Franchisor or its affiliates, shall have been validly, finally and irrevocably paid and performed in full.

10. Reasonable Restraints; Remedies. Guarantor acknowledges that the covenants contained in this Guaranty (including, without limitation, the territorial and time restraints) are reasonable and necessary and agrees that her failure to adhere strictly to the restrictions contained herein will cause substantial and irreparable damage to Franchisor, Franchisee and to Franchisor's other franchisees. In the event of any breach by Guarantor of any of the terms of this Guaranty, Franchisor and/or Franchisee will be entitled to institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Guaranty and to pursue any other remedy to which Franchisor and/or Franchisee may be entitled. Guarantor agrees that the rights conveyed by this Guaranty are of a unique and special nature and that Franchisor's and Franchisee's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision hereof, without the necessity of posting bond therefor or proof of actual damages.

11. Enforceability. If the scope of any restriction contained in this Guaranty is too broad to permit the enforcement of such restriction to its fullest extent, then such restriction will be enforced to the maximum extent permitted by law, and Guarantor hereby consents and agrees that such scope may be judicially limited or modified accordingly in any proceeding brought to enforce such restriction. Each covenant contained in this Guaranty is independent and severable and, to the extent that any such covenant shall be declared by a court of competent jurisdiction to be illegal, invalid or unenforceable, such declaration will not affect the legality, validity or enforceability of any other provision contained herein or the legality, validity or enforceability of such covenant in any other jurisdiction.

12. No Waiver. No failure or delay on the part of Franchisor or its affiliates in exercising its rights hereunder will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be effective unless given in writing, specifying with particularity the nature of the waiver. No waiver of any such right will be deemed a waiver of any

other right hereunder. The rights provided for herein are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.

13. Attorneys' Fees. Guarantor will pay reasonable attorneys' fees and expenses and all other costs and expenses that may be incurred by Franchisor or its affiliates in connection with enforcing this Guaranty.

14. Arizona law to Govern; Jurisdiction; Right to Jury Trial and Class Action Waived; Certain Damages Waived; Statute of Limitations.

A. This Guaranty will be governed by, and construed and enforced in accordance with, the law of Arizona, regardless of any conflict-of-law provisions to the contrary. Each party agrees that any litigation between the parties will be commenced and maintained only in the courts located in Phoenix, Arizona, and each party consents to the jurisdiction of those courts; provided, however, that Franchisor may seek to obtain injunctive relief in any court that Franchisor may select.

B. GUARANTOR HEREBY WAIVES THE RIGHT TO A JURY TRIAL, WAIVES THE RIGHT TO INITIATE OR PARTICIPATE IN A CLASS ACTION IN ANY FORUM, INCLUDING, WITHOUT LIMITATION, ARBITRATION, AND WAIVES THE RIGHT TO SEEK OR COLLECT PUNITIVE, CONSEQUENTIAL AND SPECIAL DAMAGES IN ANY FORUM, INCLUDING, WITHOUT LIMITATION, ARBITRATION. NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, GUARANTOR AGREES THAT ANY CLAIMS UNDER, ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE BROUGHT WITHIN TWO YEARS OF THE DATE ON WHICH THE UNDERLYING CAUSE OF ACTION ACCRUED, AND GUARANTOR HEREBY WAIVES ANY RIGHT TO BRING ANY SUCH ACTION AFTER SUCH TWO-YEAR PERIOD.

15. Binding Nature of Agreement. This Guaranty will be binding upon Guarantor and her respective successors, heirs and assigns and will inure to the benefit of Franchisor, its affiliates and their respective successors and assigns.

16. Joint and Several. If more than one person signs this Guaranty as a Guarantor, her, her or its obligation will be joint and several.

17. Entire Agreement; Amendment. This Guaranty contains the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. This Guaranty may not be modified or amended other than by an agreement in writing signed by each of the parties. The provisions of Section 18 are not intended to, nor will they, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE

Date of Franchise Agreement: ____

Printed Name(s) of Guarantor(s):____

____

____

Name of Franchisee: ____

GUARANTORS

Signature:______________________________
Name: _________________________________
(Print Name)
Date___________________________________
Address: _______________________________
____

Signature: ____________________________
Name: ________________________________
(Print Name)
Date__________________________________
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(Print Name)
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Name: ________________________________
(Print Name)
Date__________________________________
Address: ______________________________
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EXHIBIT D
AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("**Agreement**") is made and entered into effective on the date set forth in Attachment "A" of this Agreement between **TourScale Franchising, LLC**, an Arizona limited liability company (**"TourScale Franchising", "Franchisor",** "**we**", "**us**" or "**our**"), and ___________________________, a _____________ (hereinafter "**you**," "**your**" or "**Area Developer**"). If more than one person or entity is listed as Area Developer, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

PREAMBLES

We and our affiliates have invested considerable time, effort, and money to develop a unique system ("**System**") for the operation of mobile entertainment businesses under the names "**Cruisin' Tikis**", "**Tiki Pub**", "**Paddle Pub**", and "**TourScale**" that offer mobile entertainment and tourism experiences using motorized water-based vessels (the "**Primary Assets**" or "**Equipment**") and other tourism-related equipment, programming, products, and services (each a "**TourScale Business**" and collectively "**TourScale Businesses**").

We identify the System by the "**Cruisin' Tikis**", "**Paddle Pub**", "**Tiki Pub**", and "**TourScale**" names and marks and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, "**Marks**"), which we have designated, or may in the future designate, for use with the System. The Marks are owned by our affiliates, Kaapro & Cole Ventures, LLC ("**KCV**") and Cruisin' Tikis Holdings, LLC ("**CTH**"), and licensed to us for use by the System.

You wish to obtain certain development rights to open and operate TourScale Businesses operating under the Marks under the System within the Development Area described in this Agreement; and

In addition to this Agreement, we and you have entered into a franchise agreement on the same date ("Initial Franchise Agreement") for the right to establish and operate the first TourScale Business to be developed by you under this Agreement ("Initial Business").

SECTION 1: GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Agreement, certain development rights ("**Development Rights**") to establish and operate the number of TourScale Businesses identified in Attachment "A", and to use the System solely in connection therewith at specific locations to be designated in separate franchise agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment "C" of this Agreement ("**Development Schedule**"). Each TourScale Business developed hereunder shall be located within the "Development Area," which is defined by the specific geographic boundaries and/or demographic characteristics set forth in Attachment "B" of this Agreement and is comprised of the collective Protected Territories that you have been granted the right to develop under this Agreement and the Franchise Agreements signed in connection herewith.

1.2 The Initial Franchise Agreement shall be executed and delivered, concurrently with the execution and delivery of this Agreement. Each subsequent TourScale Business for which a Development Right is granted hereunder shall be established and operated pursuant to the form of franchise agreement then being used, which is to be entered into between you and us in accordance with Section 3 hereof. You acknowledge that the then-current form of franchise agreement may differ from the Initial Franchise Agreement, except that each shall have the same royalty rate as the Initial Franchise Agreement.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a TourScale Business in the Development Area during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a franchise agreement and does not grant to you any right to use the Marks or System unless a franchise agreement is in effect.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

SECTION 2: DEVELOPMENT FEE

In consideration of the Development Rights granted herein, you shall pay to us a development fee ("**Development Fee**") in the amount set forth in Attachment "A" of this Agreement, depending on the total number of TourScale Businesses you have agreed to develop. The Development Fee is payable in a lump sum upon execution of this Agreement and is fully earned upon receipt. The Development Fee is not refundable under any circumstances, including but not limited to your failure to open any TourScale Businesses, termination of this Agreement for any reason, or your abandonment of the development rights granted herein.

SECTION 3: SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 You shall assume all responsibility and expense for locating potential sites for TourScale Businesses. You shall obtain our written acceptance of any proposed site for the TourScale Business in accordance with our procedures, which acceptance will not be unreasonably withheld. Unless we provide our specific written acceptance of your proposed site, which may be withheld in our reasonable discretion, the site shall be deemed rejected. Our silence or failure to respond shall not constitute acceptance of any proposed site.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Development Schedule in a timely manner. Your failure to adhere to the Development Schedule, will constitute a material event of default under this Agreement for which we may exercise its rights under Section 9.1 and 9.2 of this Agreement. Under no circumstances, however, may you open a TourScale Business unless and until there is a fully executed franchise agreement in place for such TourScale Business and you have complied with all requirements under the franchise agreement for opening such TourScale Business.

3.3 You shall exercise each Development Right granted herein only by executing a franchise agreement for each TourScale Business at a site accepted by us in the Development Area. The Initial Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The franchise agreement for each additional Development Right exercised hereunder shall be the then-current franchise agreement. We will have the number of days listed in the franchise agreement after we receive all needed information to accept or reject your proposed site for each TourScale Business. For each accepted TourScale Business site, you must execute the then-current franchise agreement and return it to us within fourteen (14) days after your receipt of said franchise agreement. In the event we do not receive the properly executed franchise agreement within said fourteen (14) days from delivery thereof to you, our acceptance of the site shall be void, you shall have no rights with respect to said site and you shall be in default under this Agreement.

3.4 You acknowledge that our acceptance of a particular site for a TourScale Business by us shall not be deemed to be an assurance or guaranty that the TourScale Business will operate successfully or at a profit from such site.

SECTION 4: DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of TourScale Businesses within the Development Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement. You acknowledge and agree that: (i) the Development Area may already include existing TourScale Businesses; (ii) you may not develop a TourScale Business that infringes on the territorial rights of any then-existing TourScale Businesses; and (iii) your Development Rights are subject to and must not interfere with any pre-existing franchise agreements, development agreements, or other contractual rights granted by Franchisor prior to the effective date of this Agreement.

4.3 Upon the termination or expiration of this Agreement: (a) you shall have no further right to construct, equip, own, open or operate additional TourScale Businesses which are not, at the time of such termination or expiration, the subject of a then-existing franchise agreement between you and us, which is then in full force and effect; and (b) we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, TourScale Businesses within the Development Area subject only to the territorial rights granted to you with respect to TourScale Businesses operated by you pursuant to the franchise agreements.

4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to TourScale Businesses, the Marks and the sale of any goods and services, anywhere in the world, including in Non-Traditional Locations (as defined below) within or outside the Development Area, and including, without limitation, the right:

4.4.1 to offer and sell and to grant others the right to offer and sell the products and services offered at TourScale Businesses, within or outside the Development Area, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

4.4.2 to own, franchise, establish and license to others to establish or operate TourScale Businesses at any location outside the Development Area and on any terms and conditions we deem appropriate and regardless of proximity to your TourScale Businesses;

4.4.3 to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Development Area. This includes, but is not limited to, other channels of distribution such as catalog sales, fairs, expos and the like, telemarketing or other direct marketing sales or over the Internet (together, the "**Alternative Distribution Channels**"). You may not use Alternative Distribution Channels to make sales outside or inside your Development Area and you will not receive any compensation for our sales through Alternative Distribution Channels;

4.4.4 to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, whether franchised or corporately owned, including a business that competes directly with your TourScale Businesses, wherever located; provided that in such situations, the newly acquired businesses may not operate under the Marks in the Development Area;

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

4.4.6 to develop, operate, and/or grant franchises to others to develop or operate TourScale Businesses in Non-Traditional Locations within or outside the Development Area. "Non-Traditional Locations" means locations that have a captive audience or restricted access due to their operation within or in conjunction with another primary business or venue, including but not limited to: hotels, resorts, casinos, cruise ships, airports, train stations, bus terminals, sports facilities, stadiums, arenas, convention centers, military bases, government offices or facilities, educational institutions (including universities, colleges and schools), museums, amusement parks, theme parks, zoos, aquariums, shopping malls, outlet centers, retail stores, department stores, medical facilities, office buildings, corporate campuses, industrial facilities, and other similar venues or locations. We shall have the sole right to pursue, develop and/or authorize others to develop such Non-Traditional Locations, and you shall not be entitled to any compensation in connection with the operation of TourScale Businesses at Non-Traditional Locations, even if within your Development Area; and

4.4.7 to engage in any other business activities not expressly prohibited by the Agreement, both within and outside your Development Area.

We are not required to pay you if we exercise any of the rights specified above within the Development Area. We do not pay compensation for soliciting or accepting orders inside the Development Area.

SECTION 5: RENEWAL

This Agreement contains no automatic renewal rights. Upon expiration of this Agreement, Franchisor retains absolute and unconditional discretion regarding any future development agreements. You may submit a request to enter into our then-current area development agreement, which Franchisor may accept or reject for any reason or no reason, in its sole business judgment. Any such new agreement shall be subject to Franchisor's then-current terms, conditions, and fees, which may differ substantially from this Agreement.

SECTION 6: TERM

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the earlier of: (a) the termination date listed on Section 2 of Attachment “C”; or (b) completion of the obligations of the Development Schedule.

SECTION 7: YOUR OBLIGATIONS

7.1 You acknowledge and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of TourScale Business and to submit the same to us for our acceptance in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any TourScale Businesses within the Development Area. You shall obtain the license to use such additional rights at each TourScale Business upon the execution of each franchise agreement by both you and us and only in accordance with the terms of each franchise agreement.

7.1.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof. The provisions of this Section 7.1.2 shall not restrict you from transferring an open and operating TourScale Business in compliance with the assignment provisions contained in such TourScale Business’ franchise agreement.

7.1.3 You have sole responsibility for the performance of all obligations arising out of the operation of your TourScale Businesses developed under this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.4 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your TourScale Business and that the operations of said TourScale Business are separate and distinct from the operation of your business as an area developer.

7.1.5 You shall, at all times, preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.6 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.7 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.8 In no event shall any TourScale Business be opened for business unless and until a franchise agreement for such TourScale Business has been fully executed, all applicable fees (including, but not limited to, the initial franchise fee for such TourScale Business) have been paid, and you have complied with all of the requirements under the franchise agreement for opening such TourScale Business.

SECTION 8: OUR SERVICES

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for acceptance thereof.

8.2 Provide you with standard specifications and layouts for the interior and exterior design, improvements, equipment, furnishings, décor and signs identified with the TourScale Businesses as we make available to all area developers and franchisees from time to time.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and design specifications of the System, upon our receipt of your written request for acceptance thereof.

8.4 Provide on-site evaluations as we deem necessary, and such other resources and assistance as may hereafter be developed and offered by us to our other area developers in our sole discretion.

SECTION 9: DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement immediately shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to comply with the Development Schedule.

9.1.2 If you shall purport to effect any assignment in violation of Section 11 of this Agreement.

9.1.3 If you make, or have made, any material misrepresentation to us in connection with obtaining this Agreement, any site approval hereunder, or any franchise agreement.

9.1.4 If you default in the performance of any obligation under any franchise agreement with us, provided such default results in the termination of the franchise agreement.

9.1.5 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of any TourScale Business developed under this Agreement, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.6 If you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against you or your property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if your real or personal property shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.7 If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the TourScale Businesses opened pursuant to the terms of this Agreement.

9.1.8 If you, or any shareholder or principal, fail to maintain the financial capacity and necessary skills and experience to meet the Development Requirements and timely develop and operate the TourScale Businesses required to be opened and operated under this Agreement based upon criteria established by us from time to time

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective franchise agreement.

9.2.2 If you, or persons controlling, controlled by or under common control with you, shall have any interest, direct or indirect, in the ownership or operation of any Competitive Business (as defined in Section 12 below).

9.2.3 If you shall fail to remit to us any payments pursuant to Section 2 when same are due.

9.2.4 If you shall begin work upon any TourScale Business at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you open any TourScale Business for business before a franchise agreement for such TourScale Business has been fully executed and the payments due to us pursuant to Section 2 have been paid.

9.2.7 If you default in the performance of any other obligation under this Agreement.

SECTION 10: OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish TourScale Businesses.

10.1.2 To cease immediately to hold yourself out in any way as an area developer of ours or to do anything which would indicate a relationship between you and us.

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

SECTION 11: TRANSFER OF INTEREST

11.1 We shall have the absolute right to transfer or assign all or any part of our rights or obligations hereunder to any person or legal entity which assumes our obligations under this Agreement. Upon such transfer or assignment and assumption of obligations, we shall be released from any and all further liability to you. You acknowledge that such transfer or assignment may include, without limitation, a sale of assets, stock sale, merger, consolidation, or reorganization of Franchisor.

11.2 Area Developer may not assign this Agreement or any rights to the Development Area. Notwithstanding the foregoing, (a) Area Developer may transfer this Agreement to an entity owned and controlled by Area Developer or its owners for convenience of ownership purposes, subject to our prior written consent (which we will not unreasonably withhold); (b) in the event of Area Developer's death or permanent disability (or, if Area Developer is an entity, the death or permanent disability of its principal owner), Area Developer's estate, personal representative, or next of kin may apply to transfer this Agreement in accordance with the procedures set forth in Section 16.D of the form of Franchise Agreement; and (c) Area Developer may request our consent to any other proposed assignment, which consent we will not unreasonably withhold subject to reasonable transfer conditions (including the assignee's financial capacity, operational experience, and execution of our then-current form of area development agreement). The provisions of this Section shall not restrict Area Developer from transferring an open and operating TourScale Business in compliance with the assignment provisions contained in such TourScale Business' franchise agreement.

SECTION 12: COVENANTS

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of TourScale Businesses, the terms of this Agreement, the TourScale Business franchise operations manual, and graphic designs and other intellectual property. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you and persons controlling, controlled by or under common control with you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

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

12.1.2 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any business other than a TourScale Business (including any TourScale Business operated by you prior to entry into this Agreement), which business operates or engages in entertainment or tourism activities that make use of pedal-powered transportation equipment, vehicles, or vessels, or any business which grants franchises or licenses to others to operate such a business (a "**Competitive Business**").

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within five (5) miles of any TourScale Business in the System.

12.3 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

12.4 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.5 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.6 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive and other equitable relief, without the need of bond, and without first requesting mediation or arbitration against you, from any state or federal court within Arizona, or in any other state or federal district court of competent jurisdiction. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise. You consent to the exercise of personal jurisdiction over you by these courts, and to the propriety of venue in these courts with respect to the entry of these temporary and permanent injunctions.

12.7 At our request, you shall require and obtain the execution of covenants similar to those described in this Section 12 (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons:

12.7.1 All managers of yours who have received training from us;

12.7.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of you and of any entity directly or indirectly controlling you, if you are a corporation or limited liability company; and

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

Each covenant required by this Section 12.8 shall be in a form satisfactory to us, including, without limitation, specific identification of us as a third-party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 12.7 shall constitute a default under Section 9 hereof.

12.8 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any TourScale Business in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

SECTION 13: NOTICES

No notice, demand, request or other communication to the parties will be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is delivered by: (1) personal delivery; (2) electronic mail to the e-mail address(es) set forth herein with electronic confirmation of receipt; (3) United States mail, postage prepaid, certified mail, return receipt requested; or (4) overnight courier. Notices will be effective upon receipt (or first refusal of delivery).

Notices to Franchisor: TourScale Franchising, LLC
1300 South Blvd., Suite 30102
Charlotte, NC 28203

Notices to you: Notice Address set forth in Attachment "A" of this Agreement

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

SECTION 14: INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify, defend and hold harmless us and our affiliates, and our respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "**Indemnified Parties**") from and against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, obligations and damages directly or indirectly arising out of the business you conduct under this Agreement, your violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander or any other form of defamation by you, or your breach of this Agreement. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced.

Each Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at your expense, and you may not settle any claim or take any other remedial, corrective or other actions relating to any claim without our consent. Additionally, an Indemnified Party may, at any time, settle any claim against it for which it is entitled to seek indemnity, and you shall reimburse the Indemnified Party for any amount that the Indemnified Party paid under the settlement terms. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you.

SECTION 15: APPROVALS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guaranties upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

SECTION 16: NON-WAIVER

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

SECTION 17: SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

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

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in triplicate, or such other number as is required, and each copy of the executed Agreement shall be deemed an original.

SECTION 18: ENTIRE AGREEMENT; APPLICABLE LAW

This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the State of Arizona without regard to the application of Arizona conflict of law rules, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located in the State of Arizona.

SECTION 19: DISPUTE RESOLUTION

19.1 Before you or we may bring an action in court against the other, you and we must first meet to mediate the dispute (except as otherwise provided in this Agreement). Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. The parties shall share equally the costs of mediation, including any fees charged by the mediator; provided, however, that each party shall bear its own attorneys' fees and other expenses in connection with the mediation. Notwithstanding anything to the contrary, this Section 19.1 will not bar you or us from obtaining judicial or injunctive relief for claims that are based solely on demands for monies owed, or from obtaining injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including then applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks. The mediation proceeding will be conducted within 30 miles of our then-existing principal business location.

19.2 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Area Development rights, and all claims arising from the relationship between you and us will be governed by the laws of the State of Arizona, without regard to its conflict of laws rules, provided, however, that: (1) the provisions of Section 18 shall be interpreted and construed under the laws of the jurisdiction in which your TourScale Business is located.

19.3 You and we agree that, to the extent any disputes cannot be resolved directly between us, you will file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business, where your TourScale Business is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

19.4 You waive, to the fullest extent permitted by law, any right or claim of any punitive or exemplary damages against us and agree that, in the event of a dispute between us, you will be limited to the recovery of actual damages sustained. You waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits and the right to trial by jury. We reserve all rights and remedies available to us under applicable law.

19.5 If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you agree to reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

19.6 No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 27 shall survive the expiration or earlier termination of this Agreement.

19.7 Any and all claims and actions arising out of or relating to this Agreement, the relationship between you and us, or your operation of your TourScale Business, must be brought or asserted before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; (2) 1 year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) 2 years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions will be irrevocably barred. Our claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification will be subject only to the applicable state or federal statute of limitations.

19.8 You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, your failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us will be in addition to, and not in lieu of, all remedies and rights that you otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

SECTION 20: TIMELY PERFORMANCE

You hereby acknowledge that your timely development of the TourScale Businesses in the Development Area in accordance with the Development Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open TourScale Businesses within the Development Area in accordance with the Development Schedule, to operate such TourScale Businesses pursuant to the terms of the franchise agreements applicable thereto, and to maintain all such TourScale Businesses in operation continuously. We agree to act upon any request of or approval from you within a commercially reasonable time period. However, any delay in your ability to meet the Development Schedule, regardless of cause, may constitute a default hereunder unless we expressly agree otherwise in writing. In the event that you are unable to comply with the Development Schedule due to act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, fire or other catastrophe, act of any government or other third party and any other cause not within your control ("**Force Majeure**"); provided, however, that an epidemic, disease, or pandemic (including but not limited to COVID-19) will constitute Force Majeure only to the extent that (i) applicable governmental authorities have issued mandatory orders closing or materially restricting your TourScale Business or your operating area, or (ii) the circumstances render operation of your TourScale Business unsafe or infeasible under prevailing public health guidance. Inability to obtain financing (regardless of the reason) does not constitute Force Majeure, then upon notice to us, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed 90 days. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the event, nor does that event affect any obligation to pay money owed under this Agreement or any franchise agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect your obligations to comply with any restrictive covenants in this Agreement during or after the Force Majeure event.

SECTION 21: ACKNOWLEDGMENTS

21.1 YOU ACKNOWLEDGE THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL BUSINESS RISKS AND WILL BE TOTALLY AND COMPLETELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON. WE EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE NOT HAVING RECEIVED, ANY WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

21.2 YOU ACKNOWLEDGE HAVING RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT, THE ATTACHMENTS ATTACHED HERETO AND AGREEMENTS RELATING HERETO, IF ANY, AND THE DISCLOSURE DOCUMENT DELIVERED SIMULTANEOUSLY HEREWITH; AND WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL RISKS OF ENTERING INTO THIS AGREEMENT.

21.3 YOU ACKNOWLEDGE THAT YOU RECEIVED THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED OR ANY PAYMENT WAS MADE TO US OR OUR AFFILIATES, AND THAT YOU HAVE HAD THE OPPORTUNITY TO REVIEW IT WITH COUNSEL OF YOUR CHOOSING.

21.4 YOU AND EACH OF YOUR PRINCIPALS, IF A CORPORATE ENTITY, EXPRESSLY ACKNOWLEDGE THAT NEITHER YOU NOR THEY HAVE RELIED UPON ANY EARNINGS CLAIMS, SUCH AS ORAL OR WRITTEN STATEMENTS OR SUGGESTIONS, MADE BY ANY REPRESENTATIVE OF OR ANY OTHER PERSON PURPORTING TO BE ACTING ON OUR BEHALF REGARDING THE POTENTIAL FUTURE SALES, REVENUES OR PROFITS WHICH MAY BE DERIVED FROM OPERATION OF TOURSCALE BUSINESSES OR DEVELOPMENT OF THE DEVELOPMENT AREA.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, effective on the effective date specified in Attachment "A" of this Agreement.

TOURSCALE FRANCHISING, LLC

By: ________________________________

Name: ______________________________

Title: _______________________________

AREA DEVELOPER

____

By: ________________________________

Name: ______________________________

Title: _______________________________

ATTACHMENT "A"
DATA SHEET

1. Effective Date. The effective date of the Area Development Agreement set forth in the introductory Paragraph of the Area Development Agreement is: ___________________________.

2. Area Developer. The Area Developer set forth in the introductory Paragraph of the Area Development Agreement is: ____

3. Area Developer's Principal Address: The Area Developer's principal address set forth in the introductory Paragraph of the Area Development Agreement is :

Attn: ______________________
____
____
____

4. Notice Address. The notice address for Area Developer, as set forth in Section 13 of the Area Development Agreement is:

Attn: ______________________
____
____
____

5. Development Fee. The Development Fee, as set forth in Section 2 of the Area Development Agreement, is as follows:

Development Fee	Select
Fee for two TourScale Businesses: [_____]	
Fee for three TourScale Businesses: [_____]	
Fee for four TourScale Businesses: [_____]	
Fee for five TourScale Businesses : [_____]	

(Signature Page Follows)

AREA DEVELOPER	**TOURSCALE FRANCHISING, LLC**
________________________________	
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________

ATTACHMENT "B"

DEVELOPMENT AREA

The Development Area set forth in Section 1.1 of this Agreement shall be the geographic area described below and/or as depicted on the following map:

AREA DEVELOPER	**FRANCHISOR**
___________________________________	**TOURSCALE FRANCHISING, LLC**
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________

ATTACHMENT "C"
DEVELOPMENT SCHEDULE

1. The total number of TourScale Businesses to be developed under this Agreement (including the Initial Business): _______.

2. The termination date of this Agreement ("Development Term") shall be the earlier of: (i) the date Area Developer completes the Development Schedule to Franchisor's satisfaction; or (ii) _________________, 20__ ("Development Term End Date"), unless earlier terminated pursuant to this Agreement.

3. Development Schedule:

TourScale Franchise	Development Period Ending Date	Franchise Agreement Execution Deadline
1		Date of execution of Area Development Agreement
2		
3		
4		
5		

AREA DEVELOPER

____

By: _________________________________

Name: _______________________________

Title: _______________________________

FRANCHISOR

TOURSCALE FRANCHISING, LLC

By: _________________________________

Name: _______________________________

Title: _______________________________

ATTACHMENT "D"
STATEMENT OF OWNERSHIP

Effective Date: This Attachment D is current and complete as of ______________________.

1. Form of Ownership.

(a) **Individual Proprietorship**. Your owner(s) (is) (are) as follows:

(b) **Corporation, Limited Liability Company, or Partnership**. Area Developer was incorporated or formed on ______________________, under the laws of the State of _____________ ("Formation State"). Area Developer represents and warrants that it is duly organized, validly existing and in good standing under the laws of the Formation State. The following is a complete and accurate list of Area Developer's directors, if applicable, and officers as of the Effective Date shown above:

Name of Each Director/Officer	Position(s) Held
______________________	______________________
______________________	______________________

2. Owners. Area Developer represents and warrants that the following list includes the full name and information of each person or entity who is: (i) one of Area Developer's owners (as defined in the Agreement), (ii) an owner of one of Area Developer's owners, or (iii) has any direct or indirect equity or voting interest in Area Developer, and fully describes the nature and percentage of each owner's interest (attach additional pages if necessary). Area Developer shall promptly notify Franchisor in writing of any changes to this information.

Owner's Name	Percentage/Description of Interest
______________________	______________________%
______________________	______________________%
______________________	______________________%
______________________	______________________%

AREA DEVELOPER

____

By: ______________________

Name: ______________________

Title: ______________________

CONFIDENTIALITY AGREEMENT

THIS AGREEMENT is made as of ________________, ("**Effective Date**"), by and between TourScale Franchising, LLC, an Arizona limited liability company ("**TourScale Franchising**") and ___________________, __________________________ ("**Franchise Applicant**") and certain of Franchise Applicant's employees identified below ("**Employees**") in favor of and for the benefit of TourScale Franchising.

RECITALS

As a result of the expenditure of considerable time, skill, effort and money, TourScale Franchising and its affiliates have developed and own a unique system ("**System**") for the development and operation of a mobile entertainment and tourism business under the names "**Cruisin' Tikis**", "**Paddle Pub**", and "**TourScale**" that offers water-based entertainment and tourism services and related products ("**TourScale Businesses**").

Franchise Applicant has expressed interest in purchasing a TourScale Business franchise from TourScale Franchising to operate one or more TourScale Businesses.

In order to evaluate the possibility of entering into a franchise agreement with TourScale Franchising to establish and operate one or more TourScale Businesses, Franchise Applicant and Employees desire to receive from TourScale Franchising certain confidential business information including, but not limited to the information contained in the TourScale Business Operations Manual ("**Operations Manual**"). Franchise Applicant and Employees recognize the importance of maintaining the confidentiality of this information.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchise Applicant and Employees agree as follows:

1. Confidential Information

A. Definition of Confidential Information. As used in this Agreement, the term "**Confidential Information**" means all information that has been created, discovered or developed by TourScale Franchising and/or its affiliates including but not limited to Kaapro & Cole Ventures, LLC, TourCraft, LLC, and KCH Sales, LLC, that is in any way proprietary to TourScale Franchising and/or its affiliates. Confidential Information includes, but is not limited to, trade-secrets, know-how, methodologies, System information, technical information, statistics, software, hardware, materials, plans, designs, schematics, reports, studies, notes, analyses, summaries, business, market and development plans, customer lists, the Operations Manual, as amended from time to time, and other information regarding customer relationships, financial information and projections, artwork, information regarding the manner and methods of locating a site for, developing, operating and promoting TourScale Businesses, information contained in the Operations Manual, information regarding the retail and commercial operations of TourScale Franchising and its affiliates, and all information that: (1) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Confidential Information may be in written form or obtained orally.

B. Exclusion from Definition of Confidential Information. The term "**Confidential Information**" does not include: (1) information that is now or hereafter becomes publicly known through no fault of Franchise Applicant or any Employee, or by any other person, firm or corporation affiliated with Franchise Applicant or any Employee; (2) information that was in Franchise Applicant's or any Employee's possession before the Effective Date; and (3) information that comes into Franchise Applicant's or any Employee's possession after the Effective Date from a source not under an obligation of secrecy to TourScale Franchising. As used in this Agreement, the phrase "**publicly known**" means readily accessible to the public in a written publication, and shall not include information which is available only by a substantial searching of the published literature and information the substance of which must be pieced together from a number of different publications and sources. The burden of proving that information or skills and experience are not Confidential Information shall be on the party asserting such exclusion.

C. Treatment of Confidential Information. Franchise Applicant and Employees hereby acknowledge, understand and agree that the Confidential Information: (1) is the exclusive and confidential property of TourScale Franchising or its affiliates and incorporates trade secrets and copyrights owned by them; (2) gives TourScale Franchising and its affiliates some competitive business advantage or the opportunity of obtaining such an advantage, the disclosure of which could be detrimental to the interests of TourScale Franchising and its affiliates; and (3) is not generally known by non-TourScale Franchising personnel. Franchise Applicant and Employees shall at all times treat the Confidential Information in accordance with this Agreement.

D. No License. This Agreement entitles Franchise Applicant and Employees to use the Confidential Information solely in connection with Franchise Applicant's exploration of the TourScale Business franchise opportunity. No license, express or implied, in the Confidential Information is granted to Franchise Applicant or Employees other than to use the Confidential Information in the manner and to the extent authorized by this Agreement.

2. Covenants of Franchise Applicant and Employees. As a consequence of Franchise Applicant's and Employees' acquisition or anticipated acquisition of Confidential Information, Franchise Applicant and Employees will occupy a position of trust and confidence with respect to TourScale Franchising's affairs and business. In view of the foregoing, Franchise Applicant and Employees agree that it is reasonable and necessary that Franchise Applicant and Employees agree, while this Agreement is in effect, to the following:

A. Limited Use. Franchise Applicant and Employees shall use the Confidential Information solely for purposes of evaluating whether or not Franchise Applicant will invest in a TourScale Business franchise. Neither Franchise Applicant nor Employees shall make any other uses of the Confidential Information. If Franchise Applicant does not invest in a franchise, the obligations set forth in this <u>Section 2</u> will remain in effect for three (3) years from the date the Franchise Applicant decides not to invest in a TourScale Business franchise; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end two (2) years from the date the Franchise Applicant decides not to invest in a TourScale Business franchise; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Franchise Applicant decides not to invest in a TourScale Business franchise; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Franchise Applicant decides not to invest in a TourScale Business franchise.

B. No Disclosure. Franchise Applicant and Employees shall not disclose the Confidential Information to any person or entity other than Franchise Applicant's attorney or accountant as necessary to evaluate the opportunity provided by TourScale Franchising and agree to protect the Confidential Information against unauthorized disclosure using the same degree of care, but no less than a reasonable degree of care, as Franchise Applicant and Employees use to protect Franchise Applicant's Confidential Information.

C. No Use, Copying or Transfer. Franchise Applicant and Employees shall not use, copy or transfer Confidential Information in any way and shall protect the Confidential Information against unauthorized use, copying or transfer using the same degree of care, but no less than a reasonable degree of care, as Franchise Applicant and Employees use to protect Franchise Applicant's Confidential Information. This prohibition against use, copying, or transfer of Confidential Information includes, but is not limited to, selling, licensing or otherwise exploiting, directly or indirectly, any products or services which embody or are derived from Confidential Information. Franchise Applicant and Employees further agree not to remove, overprint, or deface any notice of copyright, trademark, logo, or other notices of ownership from any Confidential Information.

D. Applicability. These covenants shall apply to all Confidential Information disclosed to Franchise Applicant or Employees by TourScale Franchising prior to the date of this Agreement.

E. Solicitation. Franchise Applicant and Employees agree that neither they nor any of their agents, employees or representatives shall knowingly employ or seek to employ any person then employed by TourScale Franchising or any affiliate, subsidiary or franchisee of TourScale Franchising, or otherwise directly or indirectly induce such person to leave his or her employment without TourScale Franchising's prior written consent.

3. Return of Confidential Information. Nothing in this Agreement obligates either TourScale Franchising or Franchise Applicant to enter into a franchise agreement for the operation of a TourScale Business. Franchise Applicant acknowledges that TourScale Franchising's decision to consider Franchise Applicant for any franchise opportunity, as well as the location and type of franchise opportunity to be offered, if any, and the terms of any contracts, will be made by TourScale Franchising in its sole discretion. If, at any time, TourScale Franchising determines that it does not wish for Franchise Applicant to become a franchisee, or Franchise Applicant determines that it does not wish to invest in a TourScale Shop franchise, or if TourScale Franchising requests, at any time and for any reason, that Franchise Applicant and Employees do so, Franchise Applicant and Employees agree to: (A) immediately cease to use the Confidential Information; (B) immediately return to TourScale Franchising the Confidential Information and all copies thereof (whether or not such copies were authorized) and cause any third party to whom disclosure was made to do the same; and (C) at the request of TourScale Franchising, certify in writing that Franchise Applicant, Employees and all others to whom Franchise Applicant has provided such Confidential Information, have complied with Subsections (A) and (B) above.

4. Notice to TourScale Franchising. Franchise Applicant and Employees shall immediately notify TourScale Franchising of any information that comes to their attention that indicates that there has been or may be a loss of confidentiality of any of the Confidential Information or a breach of this Agreement.

5. Waiver. Franchise Applicant and Employees acknowledge that no waiver by TourScale Franchising of any breach by Franchise Applicant or Employees of any provision of this Agreement shall be deemed a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement. No such waiver shall be effective unless in writing and then only to the extent expressly set forth in writing.

6. Enforcement.

A. Governing Law. This Agreement and any claim or controversy arising out of or relating to this Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without regard to conflicts of laws principles.

B. Forum. To the extent any disputes cannot be resolved directly between Franchise Applicant, Employees and TourScale Franchising, Franchise Applicant and Employees agree to file suit against TourScale Franchising only in the federal or state court having jurisdiction where TourScale Franchising's principal offices are located at the time suit is filed. Franchise Applicant and Employees acknowledge that TourScale Franchising may file suit in the federal or state court located in the jurisdiction where Franchise Applicant's principal offices are located at the time suit is filed or in the jurisdiction where Franchise Applicant resides or does business or where the claim arose. Franchise Applicant and Employees consent to the personal jurisdiction of those courts and to venue in those courts.

C. Injunctive Relief. It is hereby understood and agreed that: (1) a breach of this Agreement by Franchise Applicant or Employees would result in irreparable harm to TourScale Franchising, the extent of which would be difficult to ascertain; (2) monetary damages would be an inadequate remedy for such a breach; and (3) TourScale Franchising shall be entitled to specific performance and injunctive or other equitable relief as a court may deem appropriate in the event of such a breach without posting a bond or other security and without waiving any additional rights or remedies otherwise available to TourScale Franchising at law or in equity or by statute.

7. Reimbursement of Costs and Expenses. If TourScale Franchising brings an action to enforce this Agreement in a judicial proceeding and prevails in that proceeding, then TourScale Franchising will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

8. Third Party Beneficiary. Franchise Applicant and Employees hereby acknowledge and agree that TourScale Franchising is an intended third-party beneficiary of this Agreement with the right to enforce it.

9. Miscellaneous.

(A) Severability. If a court of competent jurisdiction deems any provision of this Agreement invalid, unreasonable or unenforceable, then the remaining provisions will not be affected, and the invalid provision may be enforced to the extent deemed reasonable by the court.

(B) Headings. Section headings in this Agreement are for reference only and shall not be construed as modifying any provisions of this Agreement.

(C) Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original.

[THE REMAINDER OF THE PAGE IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Agreement as of the day and year above written.

APPLICANT:

(IF APPLICANT IS AN ENTITY)

____

By:______________________________

Title: ____________________________

Date**:**_____________________________

(IF APPLICANT IS AN INDIVIDUAL)

____

By:______________________________

Title:

____

Date**:**_____________________________

FRANCHISEE

____

By:______________________________

Title:

____

Date**:**

____

EMPLOYEE

____

Signature

____

Print Name

Date**:** ____________________________

EMPLOYEE

____

Signature

____

Print Name

Date**:** ____________________________

TOUR SCALE OPERATING MANUAL

Exhibit F
Table of Contents of Operations Manual

OPERATING MANUAL

TourScale

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Table of Contents of Operations Manual

OPERATING MANUAL

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OPERATING MANUAL

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Exhibit G
State Specific Disclosure and Addenda to Franchise Agreement and Area Development Agreement

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF CALIFORNIA

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

THE REGISTRATION OF THIS FRANCHISE OFFERING BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER.

TOURSCALE USES THE WEBSITES TOURSCALE.COM; PADDLEPUB.COM; TIKIPUB.COM; AND CRUISINTIKIS.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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.

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

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

ITEM 1, INDUSTRY SPECIFIC REGULATIONS

The following statement is added to the "**Industry Specific Regulations**" section in Item 1.

Franchisees must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.

ITEM 3, LITIGATION.

The following statement is added to Item 3:

Neither Franchisor nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.,* suspending or expelling such parties from membership in such association or exchange.

ITEM 5, INITIAL FEES.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

ITEM 6, OTHER FEES.

The highest interest rate allowed in California is ten percent (10%) per annum.

ITEM 17, ADDITIONAL DISCLOSURES.

The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of the TourScale Business. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

You must sign a general release if you transfer or renew your franchise. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES

Illinois law governs the Franchise Agreement.

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

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

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

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.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor's financial condition.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF INDIANA

Indiana law prohibits us from operating a substantially identical business to that conducted by you pursuant to the franchise agreement within a reasonable area, regardless of the trade name used by franchisor.

Indiana law prohibits us from requiring you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability to be imposed pursuant to the Indiana deceptive franchise practices act or requiring any controversy between us to be referred to any person, if referral would be binding upon franchisee. Such prohibition does not apply to arbitration before an independent arbitrator.

Indiana law prohibits us from limiting litigation brought for breach of the terms of the franchise agreement. Accordingly, certain provisions of the franchise agreement (such as the reservation of right to injunctive relief, the designation of forum and venue and specification or limitation of remedies) may not be enforceable. Indiana law may prohibit us from designating Arizona law to govern the franchise agreement. If it is so construed, Indiana law will govern the franchise agreement.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF MARYLAND

Item 5, Initial Fees. The following statement is added to Item 5:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all initial fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

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

The provision in the franchise agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is 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.

Exhibit L, Compliance Questionnaire. The following sentence is added to the end of Exhibit L:

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.

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.

TOURSCALE FRANCHISING, LLC	**FRANCHISEE**:_____________________
Signature: ___________________________	Signature: ___________________________

By: ________________________________	By: ________________________________
Its: ________________________________	Its: ________________________________
Date:________________________________	Date:________________________________

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF MINNESOTA

1. Item 5 of the Franchise Disclosure Document is amended to add the following:

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations , and franchisee has commenced doing business.

2. Item 6 of the Franchise Disclosure Document is amended as follows:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. 604.113, which places a cap of $30 on service charges which include insufficient funds fees.

3. The following is added at the end of the chart in Item 17:

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

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or(2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute 80C.14Subd. 3-5, which require (except in certain specified cases) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF NEW YORK

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

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

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

B. No such party has pending actions, other than routine litigation incidental to the business, 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 a 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 the franchisee by Article 33 of the General Business Law of the State of New York

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.),* which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF VIRGINIA

THE FOLLOWING PARAGRAPH IS ADDED TO ITEM 5:

The Virginia State Corporation Commission Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the Franchisor has completed its pre-opening obligations under the franchise agreement.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

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

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

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

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

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

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period

for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

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

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

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

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

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

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

provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

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

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

19. **Financial Assurance**. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Area Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _______________ day of ____________________________________ 20______.

________________________________	____________________________________
Signature of Franchisor Representative	Signature of Franchisee Representative
________________________________	____________________________________

Title of Franchisor Representative	Title of Franchisee Representative

ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT FOR CALIFORNIA FRANCHISES

The following sentence is added to the end of Section **7** of the Franchise Agreement:

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

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

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.

TOURSCALE FRANCHISING, LLC	**FRANCHISEE**:______________________
Signature: ____________________________	Signature: ____________________________
By: __________________________________	By: __________________________________
Its: __________________________________	Its: __________________________________
Date:__________________________________	Date:__________________________________

Exhibit G
State Specific Disclosure and Addenda to Franchise Agreement and Area Development Agreement

ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT FOR ILLINOIS FRANCHISES

1. Illinois law governs the Franchise Agreement.

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

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

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

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

6. Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor's financial condition.

TOURSCALE FRANCHISING, LLC	**FRANCHISEE**:______________________
Signature: ____________________________	Signature: ____________________________
By: _________________________________	By: _________________________________
Its: _________________________________	Its: _________________________________
Date:_________________________________	Date:_________________________________

ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT FOR INDIANA FRANCHISES

This Agreement, by and between TOURSCALE FRANCHISING, LLC, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee") is amended as follows.

1. Indiana law prohibits Franchisor from operating a substantially identical business to that conducted by Franchisee pursuant to that certain Franchise Agreement, dated as of the date hereof, by and between Franchisor and Franchisee within a reasonable area, regardless of the trade name used by Franchisor.

2. Indiana law prohibits Franchisor from requiring Franchisee to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability to be imposed pursuant to the Indiana Deceptive Franchise Practices Act or requiring any controversy between Franchisee and Franchisor to be referred to any person, if referral would be binding upon Franchisee. Such prohibition does not apply to arbitration before an independent arbitrator.

3. Indiana law prohibits Franchisor from limiting litigation brought for breach of the terms of the Franchise Agreement.

4. Indiana law may prohibit Franchisor from designating Arizona law to govern the Franchise Agreement. If it is so construed, Indiana law will govern the Franchise Agreement.

The undersigned does hereby acknowledge receipt of this Rider.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed, as of ____________________ .

TOURSCALE FRANCHISING, LLC	**FRANCHISEE**
______________________________	______________________________
By: ___________________________	By: ___________________________
Its: ___________________________	Its: ___________________________
Date: _________________________	Date: _________________________

ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRED FOR MARYLAND FRANCHISEES

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 a franchise to you was made in the State of Maryland; (B) you are a resident of the State of Maryland; (C) part or all of the Protected Territory is located in the State of Maryland; and/or (D) the TourScale Business will be located or operated in the State of Maryland.

The following sentences are added to both the Franchise Agreement and Area Development Agreement:

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.

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.

The following sentence is added to the end of Section **7.A** of the Franchise Agreement and Section **2** of the Area Development Agreement:

> Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all initial fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

The following sentences are added to the end of Sections **16** and **17** of the Franchise Agreement:

> This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> 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.
>
> This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is 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.

The following sentence is added to the end of Section **27.C** of the Franchise Agreement:

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The following sentence is added to the end of Section **27.G** of the Franchise Agreement:

This limitation of claims provision shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Section **30** of the Franchise Agreement is deleted in its entirety.

Section **21** of the Area Development Agreement is deleted in its entirety.

Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement or Area Development Agreement.

The following sentences are added to the Area Development Agreement:

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is 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.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

IN WITNESS WHEREOF**,** the Parties have executed this Addendum to Franchise Agreement as of ____.

TOURSCALE FRANCHISING, LLC	**FRANCHISEE**
____________________________	____________________________
By: ________________________	By: ________________________
Its: ________________________	Its: ________________________
Date: _______________________	Date: _______________________

ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT FOR MINNESOTA FRANCHISES

This Agreement, by and between TOURSCALE FRANCHISING, LLC, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee") is amended as follows.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business.

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

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

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

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

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. 604.113, which places a cap of $30 on service charges which include insufficient funds fees.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

Exhibit G
State Specific Disclosure and Addenda to Franchise Agreement and Area Development 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.

TOURSCALE FRANCHISING, LLC	**FRANCHISEE**
______________________________	______________________________
By: ___________________________	By: ___________________________
Its: ___________________________	Its: ___________________________
Date: _________________________	Date: _________________________

Exhibit G
State Specific Disclosure and Addenda to Franchise Agreement and Area Development Agreement

ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRED FOR NEW YORK FRANCHISEES

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

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

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

B. No such party has pending actions, other than routine litigation incidental to the business, 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 a 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 the franchisee by Article 33 of the General Business Law of the State of New York

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.),* which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

IN WITNESS WHEREOF**,** the Parties have executed this Addendum to Franchise Agreement as of ____.

TOURSCALE FRANCHISING, LLC	**FRANCHISEE**
______________________________	______________________________
By: __________________________	By: __________________________
Its: __________________________	Its: __________________________

Date: ________________________________ Date: ________________________________

ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRED FOR VIRGINIA FRANCHISEES

The following sentence is added to the end of Section **7.A** of the Franchise Agreement:

The Virginia State Corporation Commission Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the Franchisor has completed its pre-opening obligations under the franchise agreement.

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 Parties have executed this Addendum to Franchise Agreement as of **____.**

TOURSCALE FRANCHISING, LLC	**FRANCHISEE**
______________________________	______________________________
By: __________________________	By: __________________________
Its: __________________________	Its: __________________________
Date: _________________________	Date: _________________________

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT AND ALL RELATED AGREEMENTS

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

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

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

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

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

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

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

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

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

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

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

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

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

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

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

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

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

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

19. **Stricken Terms**. Section 30 of the Franchise Agreement and Section 21 of the Area Development Agreement are hereby stricken and shall not apply in Washington.

20. **Financial Assurance**. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Area Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _______________ day of ____________________________________ 20______.

TOURSCALE FRANCHISING, LLC	**FRANCHISEE**
______________________________	______________________________
By: ___________________________	By: ___________________________
Its: ___________________________	Its: ___________________________
Date: _________________________	Date: _________________________

LIST OF FRANCHISEE OWNED TOURSCALE BUSINESSES AS OF DECEMBER 31, 2025

State	Franchisee Entity	Address	Outlet	Phone
AL	Orange Beach Tiki Boats, LLC	26807 Martinique Drive, Orange Beach, AL	Cruisin' Tikis Orange Beach	(844) 622-8454
CA	Paddle Pub MDR, LLC	13645 Fiji Way, Marina Del Rey, CA 90292	Paddle Pub Marina Del Rey	(323) 459-9342
CA	Hot Tub Cruisin, Inc.	1441 Quivira Rd, San Diego, CA 92109	Paddle Pub San Diego	(888) 231-4404
CT	Pedal Cruise, LLC	Pacific St, Stamford, CT 06902	Paddle Pub Connecticut – Stamford slip	(203) 208-9513
CT	Pedal Cruise, LLC	1 Shipyard Ln, Milford, CT 06460	Paddle Pub Connecticut – Milford slip	(877) 777-9322
DE	P & L Entertainment	36109 Joseph Dr, Rehoboth Beach, DE 19971	Cruisin' Tikis Rehoboth Bay	(833) 845-4772
FL	Volusia Coastal Charters LLC	277 Cyan Ave, Daytona Beach, FL 32124	Paddle Pub Daytona Beach – Ponce Inlet	(386) 478-9207
FL	Volusia Coastal Charters LLC	277 Cyan Ave, Daytona Beach, FL 32124	Tiki Pub Ponce Inlet	(386) 478-9207
FL	Volusia Coastal Charters LLC	277 Cyan Ave, Daytona Beach, FL 32124	Cruisin' Tikis Daytona Beach	(386) 478-9207
FL	Paddle Pub Clearwater Beach LLC	455 E Shore Dr, Clearwater Beach, FL 33767	Paddle Pub Clearwater Beach	(833) 386-3862
FL	Gulf Coast Brewing Company LLC	10121 Sinton Dr, Pensacola, FL 32507	Paddle Pub Pensacola	(850) 483-1405
FL	Excursions Marina, Inc.	18450 San Carlos Blvd, Fort Myers Beach, FL 33931	Tiki Pub Fort Myers Beach	(239) 800-8454
FL	DDH I LLC	530 Harbor Blvd, Destin, FL 32541	Tiki Pub Destin	(850) 786-2439
FL	Paddle Pub Broward LLC	1784 SE 15th St, Fort Lauderdale, FL 33316	Paddle Pub Fort Lauderdale	(954) 372-2900
FL	Kranken Cycle Boats Company, LLC	333 S Franklin St, Tampa, FL 33602	Paddle Pub Tampa	(813) 603-3117
FL	Tiki Time Rentals, INC	127 SE 31st St, Cape Coral, FL 33904	Cruisin' Tikis Fort Myers Beach / Captiva	(239) 365-9900
FL	Tiki Time Rentals, INC	127 SE 31st St, Cape Coral, FL 33904	Cruisin' Tikis Cape Coral / St. James	(239) 365-9900
FL	Cruisin Tikis Transportation Services LLC	3560 NW 53rd St, Fort Lauderdale, FL 33309	Cruisin' Tikis Fort Lauderdale	(833) 386-8454
FL	Space Coast Tikis LLC	975 S Banana River Dr, Merritt Island, FL	Cruisin' Tikis Space Coast	(321) 806-8454
FL	Tea Key LLC	3737 Harbor Dr, St. Augustine, FL 32084	Cruisin' Tikis St. Augustine	(904) 980-8454
FL	Bluulite LLC	3 S Front St, Fernandina Beach, FL 32034	Cruisin' Tikis Amelia Island	(904) 980-8454

FL	JW Cruisin, LLC	4738 White Bay Circle, Wesley Chapel, FL	Cruisin' Tikis Charlotte Harbor	(941) 200-1202
FL	Cruisin' Tikis Clearwater LLC	25 Causeway Blvd, Slip #40, Clearwater, FL	Cruisin' Tikis Clearwater	(727) 477-8454
FL	Dynamic Investments Tiki LLC	288 Harbor Blvd, Destin, FL 32541	Cruisin' Tikis Destin	(850) 200-0573
FL	Cruisin' Tikis Leisure Group, LLC	83409 Overseas Hwy, Islamorada, FL 33036	Cruisin' Tikis Islamorada	(844) 244-7500
FL	Upper Keys Watersports LLC	1 Bass Ave, Key Largo, FL 33037	Cruisin' Tikis Key Largo	(734) 395-9998
FL	Coastal EK Partners LLC	101425 Overseas Hwy #150, Key Largo, FL 33037	Cruisin' Tikis Marathon	(855) 539-8454
FL	MAC Getaways LLC	18117 Biscayne Blvd #1160, Aventura, FL	Cruisin' Tikis Miami	(305) 222-8454
FL	Beezin Doozin Cruisin, LLC	4028 W Alamo Dr, Beverly Hills, FL 34465	Cruisin' Tikis Nature Coast – Homosassa	(352) 449-1991
FL	MDM Tikis LLC	Billing: 4387 First St NW, Hickory, NC	Cruisin' Tikis Panama City	(336) 287-2517
FL	Salty Dogs Holding Group INC	1408 Maldonado Dr, Pensacola Beach, FL	Cruisin' Tikis Pensacola	(850) 778-8454
FL	ITS TIKI TIME CORP	476 Riverside Ave, Jacksonville, FL 32202	Cruisin' Tikis Sarasota	(941) 253-5404
FL	Tampa Bay Tikis LLC	1710 N Highland Ave, Tampa, FL 33602	Cruisin' Tikis Tampa Bay / St. Petersburg	(727) 477-8454
FL	Treasure Coast Tikis LLC	122 Yacht View Ln, Fort Pierce, FL 34946	Cruisin' Tikis Treasure Coast	(772) 595-4111
FL	Cruisin' Tikis Leisure Group, LLC	83409 Overseas Hwy, Islamorada, FL 33036	Cruisin' Tikis West Palm Beach	(844) 972-8454
FL	Cruisin' Tikis Key West	910 United Street, Key West, FL 33040	Cruisin' Tikis Key West	(833) 845-4759
FL	JWMW, LLC	24199 Roger Dodger St, Bonita Springs, FL 34135	Cruisin' Tikis Naples	(239) 734-0670
ID	Paddle Pub CDA, LLC	3513 W Seltice Way, Coeur d'Alene, ID	Paddle Pub CDA	(715) 505-7057
MD	Bahia Marina, INC.	2107 Herring Way, Ocean City, MD 21842	Cruisin' Tikis Ocean City	(410) 289-7438
MD	Creek Cruises LLC	696 Rockhold View Rd, Deale, MD 20751	Cruisin' Tikis Deale	(877) 300-7990
MD	Cruisin Solomons LLC	11205 Ruby Ct, Lusby, MD 20657	Cruisin' Tikis Solomons Island	(410) 474-0442
MI	SSJ Cruisin LLC	234 Black River St, South Haven, MI 49090	Cruisin' Tikis South Haven	(269) 767-0011
MS	Salty Pirate Tours, LLC	100 Jody Compretta Dr, Bay St. Louis, MS	Cruisin' Tikis Bay St. Louis	(855) 275-8454
NC	ENC Tikis LLC	510 Front St, Beaufort, NC 28516	Cruisin' Tikis Beaufort	(252) 228-1379
NC	Carolina Adventures, LLC	918 Shipley Way SW, Supply, NC 28462	Cruisin' Tikis Holden Beach	(910) 420-4045
NJ	Cruisin' Tikis Long Beach Island, LLC	2304 E Bay Ave, Manahawkin, NJ 08050	Cruisin' Tikis Long Beach Island	(844) 524-8454

NJ	MJ Charters LLC	9 Lally Lane, West Creek, NJ 08092	Cruisin' Tikis Point Pleasant	(855) 579-8454
NJ	Capt Bob's Tiki Cruises, LLC	430 Woodbine Rd, Woodbine, NJ 08270	Cruisin' Tikis South Jersey – Sea Isle / Margate	(609) 263-3800
NY	Zax Lessons Inc.	1 Anchorage Ln, Huntington, NY 11743	Paddle Pub Long Island – Huntington	(631) 778-1433
NY	Zax Lessons Inc.	325 River Ave, Patchogue, NY 11772	Paddle Pub Long Island – Patchogue	(631) 778-1433
NY	Zax Lessons Inc.	1 Anchorage Ln, Huntington, NY 11743	Cruisin' Tikis Long Island – Huntington	(631) 778-1433
NY	Hudson Valley River Tours LLC	695 Piermont Ave, Piermont, NY 10968	Paddle Pub Lower Hudson – Piermont slip	(914) 729-7800
NY	Hudson Valley River Tours LLC	236 Green St, Tarrytown, NY 10591	Paddle Pub Lower Hudson – Tarrytown slip	(914) 729-7800
PA	Pittsburgh Tikis LLC	Billing: 4017 Washington Rd, McMurray, PA	Cruisin' Tikis Pittsburgh	(833) 744-8454
SC	Cruisin' Tikis Charleston	33 Lockwood Dr, Charleston, SC 29401	Cruisin' Tikis Charleston	(843) 771-8454
SC	Myrtle Beach Tikis, LLC	1973 Bay Road, Milford, DE 19963	Cruisin' Tikis Myrtle Beach	(843) 902-8454
SC	Prestige Pub Tours, LLC	2111 Little River Neck Rd, North Myrtle Beach, SC 29582	Paddle Pub Myrtle Beach	(843) 491-9899
TN	JAB Boating LLC	260 Braid Dr, Mt. Juliet, TN 37122	Cruisin' Tikis Nashville	(615) 686-0109
TX	Starla's Adventures LLC	9051 Marina Vis, Rowlett, TX 75088	Cruisin' Tikis Lake Ray Hubbard	(972) 208-0588
VA	Ship Faced Charters LLC	1787 Castlewood Dr, Colonial Beach, VA 22443	Cruisin' Tikis Colonial Beach	(877) 228-4547
WI	Rivertown Pedal Tours LLC	N7304 County Road HD, Holmen, WI 54636	Tiki Pub La Crosse	(608) 799-2493
WI	Oshkosh Tikis LLC	233 Oak Manor Dr, Oshkosh, WI 54904	Cruisin' Tikis Oshkosh	(833) 845-4329

LIST OF COMPANY OWNED TOURSCALE BUSINESSES AS OF DECEMBER 31, 2025

State	Operating Entity	Address	Outlet	Phone
NC	Trolley Pub of North Carolina, LLC	2 S Water St, Wilmington, NC 28401	Cruisin' Tikis Wilmington	(984) 300-7111
WI	Capitol Pedicycle, LLC	Marina Slip #5, 6308 Inland Wy, Monona, WI 53713	Paddle Pub Madison	(608) 513-3882

*The above affiliates own and operate the 3 company owned locations.

LIST OF FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT NOT OPENED A TOURSCALE BUSINESS AS OF DECEMBER 31, 2025

State	Franchisee Entity	Address	Outlet	Phone
OH	Boats and Joes, LLC	19 E 4th Ave, Columbus, OH 43219	Tiki Pub Cincinnati	(614) 808-6544
OH	Cruisin Tikis Cleveland, LLC	1375 East 9th St, FL 29, Cleveland, OH 44114	Cruisin' Tikis Cleveland	(216) 384-4345
NC	Cruisin NC LLC	401 Marina St, Carolina Beach, NC 28428	Cruisin' Tikis Carolina Beach	(910) 222-7034
PR	JL3 PR Tikis LLC	HC 8 Box 2334, Sabana Grande, PR 00637	Cruisin' Tikis Puerto Rico	(609) 313-1796

LIST OF FRANCHISEES WHO CEASED OPERATIONS DURING 2025

State	Franchisee	Address	Outlet	Phone	Reason
CA	Paddle Pub Newport Beach, LLC	2901 West Coast Hwy, Newport Beach, CA 92663	Paddle Pub Newport Beach	(949) 427-7251	Ceased Operations
FL	Tikis Lake Dora LLC	15378 Sandfield Loop, Winter Garden, FL 34787	Cruisin' Tikis Lake Dora	(321) 287-3352	Ceased Operations
NY	Zax Lessons Inc.	118 W Broadway, Port Jefferson, NY 11777	Paddle Pub Long Island - Port Jefferson	(631) 778-1433	Ceased Operations

NY	Zax Lessons Inc.	495 New St., Suite A, Oceanside, NY 11572	Paddle Pub Long Island - Oceanside	(631) 778-1433	Ceased Operations
TX	Lake Conroe Tikis LLC	18910 Shaw Rd, Cypress, TX 77429	Cruisin' Tikis Lake Conroe	(281) 215-5134	Ceased Operations

GENERAL RELEASE

THIS GENERAL RELEASE ("**Release**") is executed on ___________________________ by ___________________________________ ("**Franchisee**") and ___________________ ("**Guarantors**") as a condition of [PICK ONE: the transfer of a TourScale Business between Franchisee and TOURSCALE FRANCHISING, LLC ("**TourScale**") [or] the renewal of a Franchise Agreement between TourScale and Franchisee dated ________________ ("**Franchise Agreement**") between Franchisee and TourScale [or] the termination of a TourScale Business Franchise Agreement dated __________________ ("**Franchise Agreement**") between Franchisee and TOURSCALE FRANCHISING, LLC ("**TourScale**")].

1. Release by Franchisee and Guarantors. Franchisee (if Franchisee is an entity, on behalf of itself and its parent, subsidiaries and Affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities and, if Franchisee is an individual, on behalf of himself/herself and his/her heirs, representatives, successors and assigns) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, "**Franchisee Releasors**") freely and without any influence forever release and covenant not to sue TourScale and its parent, subsidiaries and Affiliates and their respective past and present officers, directors, members, shareholders, agents and employees, in their corporate and individual capacities, (collectively "**TourScale Releasees**") with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**Claims**"), which any Franchisee Releasor ever owned or held, now owns or holds or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to the Franchise Agreement and all other agreements between any Franchisee Releasor and any TourScale Releasee, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

IF FRANCHISEE OR GUARANTORS ARE BASED IN CALIFORNIA: Franchisee and Guarantors (on behalf of the Franchisee Releasors) expressly agree that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived, to the extent applicable. That Section reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIM OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

2. Risk of Changed Facts. Franchisee and Guarantors understand that the facts in respect of which the Release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. No Prior Assignment. Franchisee and Guarantors represent and warrant that the Franchisee Releasors are the sole owners of all Claims and rights released hereunder and that the Franchisee Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. Covenant Not to Sue. Franchisee and Guarantors (on behalf of the Franchisee Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5. Complete Defense. Franchisee and Guarantors: (A) acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and (B) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of TourScale and each Franchisee Releasor.

7. Governing Law. This Release and all claims relating to this Release shall be governed by and construed under the law of the State of Arizona. TourScale, Franchisee and Guarantor shall file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where TourScale's principal offices are located. TourScale may file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where its principal offices are located, where Franchisee or Guarantors reside or do business, or where the claim arose.

8. Miscellaneous

A. This Release constitutes the entire, full and complete agreement between the parties concerning the release of Claims by the parties and supersedes any and all prior or contemporaneous negotiations, discussions, understandings or agreements. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

B. The masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural, and vice versa.

C. The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws, court orders or regulations.

D. All terms not defined in this Release shall have the meaning given to them in the Franchise Agreement.

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

F. This Release may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original.

The above does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Franchisee and Guarantors have executed this Release as of the date shown below.

______________________________	______________________________
Signature	Signature
______________________________	______________________________
Print Name	Print Name
Date**:** ______________________________	Date**:** ______________________________

______________________________	______________________________
Signature	Signature
______________________________	______________________________
Print Name	Print Name
Date**:** ______________________________	Date**:** ______________________________

TOURSCALE FRANCHISING, LLC

FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

TOURSCALE FRANCHISING, LLC

Table of Contents

December 31, 2025

Neal, Bradsher & Taylor, PA
CERTIFIED PUBLIC ACCOUNTANTS

Christopher A. Tikvart, CPA
Timothy E. Noser, CPA
Shayne Beasley, CPA
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MEMBERS
American Institute of Certified Public Accountants

North Carolina Association of Certified Public Accountants

Associations of Certified Fraud Examiners

National Association of Certified Valuation Analysts

INDEPENDENT AUDITORS' REPORT

To the Members
TourScale Franchising, LLC
Raleigh, North Carolina

We have audited the accompanying Financial Statements of TourScale Franchising, LLC (an Arizona Limited Liability Company), which comprise the balance sheets as of December 31, 2025 and 2024 and the related statements of income, members' capital, 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 TourScale Franchising, LLC as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of this report. We are required to be independent of TourScale Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 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 ae conditions or events, considered in the aggregate, that raise substantial doubt about TourScale 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 purposes of expressing an opinion on the effectiveness of TourScale 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about TourScale 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Neal, Bradsher & Taylor

CERTIFIED PUBLIC ACCOUNTANTS
Durham, North Carolina

April 2, 2026

NBT | Neal, Bradsher & Taylor, PA
CERTIFIED PUBLIC ACCOUNTANTS

TOURSCALE FRANCHISING, LLC
BALANCE SHEETS
For the Years Ended December 31, 2025 and 2024

ASSETS

	2025	2024
CURRENT ASSETS:		
Cash	$ 117 116	$ 16 205
Restricted cash	69 759	-
Accounts receivable	25 089	5 849
Due from Kaapro and Cole Ventures, LLC	65 620	98 460
Total Current Assets	277 584	120 514
OTHER ASSETS:		
Website, net of amortization	2 667	3 667
Total Assets	$ 280 251	$ 124 181

LIABILITIES AND CAPITAL

	2025	2024
CURRENT LIABILITIES:		
Accounts payable	$ -	$ 18 192
Advertising fund trust payable	60 759	-
Options deposit	35 000	30 000
Deferred revenue - Other	8 295	6 723
Deferred franchise revenue	88 049	30 711
Total Current Liabilities	192 103	85 626
LONG-TERM LIABILITIES:		
Deferred franchise revenue	412 618	183 049
Total Liabilities	604 721	268 675
MEMBER CAPITAL:	(324 470)	(144 494)
Total Liabilities and Member Capital	$ 280 251	$ 124 181

See Notes to Financial Statements

TOURSCALE FRANCHISING, LLC
INCOME STATEMENTS
For the Years Ended December 31, 2025 and 2024

	2025	2024
REVENUE:		
Franchise fee	$ 59 418	$ 30 000
Royalty income	687 356	214 822
Service income	-	631
Tech fee income	74 258	68 538
Rebate income	150 657	86 417
Total Revenue	971 689	400 408
OPERATING EXPENSES:		
General and administrative expenses	540 010	270 000
Amortization expense	1 000	1 000
Interest paid	-	2 833
Total Expenses	541 010	273 833
NET INCOME	$ 430 679	$ 126 575

See Notes to Financial Statements

TOURSCALE FRANCHISING, LLC
STATEMENTS OF MEMBERS' CAPITAL
For the Years Ended December 31, 2025 and 2024

Balance January 1, 2024	$ (193 470)
Income	126 575
Withdrawals	(77 599)
Balance - December 31, 2024	(144 494)
Income	430 679
Withdrawals	(610 655)
Balance - December 31, 2025	$ (324 470)

See Notes to Financial Statements

TOURSCALE FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024

	2025	2024
INCREASE IN CASH AND CASH EQUILVALENTS:		
Cash flows from Operating Activities:		
Cash received from franchisees	$ 1 175 270	$ 364 800
Cash received from other income	131 417	82 611
Cash paid for interest	-	(2 833)
Cash paid to suppliers and vendors	(558 202)	(291 456)
Net Cash Provided by Operating Activities	748 485	153 122
Cash Flows from Financing Activities:		
Cash received from affiliates	32 840	-
Cash paid to affiliates	-	(32 840)
Cash paid for member withdrawals	(610 655)	(77 599)
Cash paid for loan	-	(26 951)
Net Cash Used by Financing Activities	(577 815)	(137 390)
NET INCREASE IN CASH AND CASH EQUILVALENTS	170 670	15 732
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16 205	473
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 186 875	$ 16 205
RECONCILIATION OF CHANGE IN NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income	$ 430 679	$ 126 575
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization expense	1 000	1 000
(Increase) decrease in Current Assets:		
Accounts receivable	(19 240)	(3 806)
Increase (decrease) in Liabilities Assets:		
Accounts payable	(18 192)	(21 456)
Advertising fund trust payable	60 759	-
Options deposit	5 000	-
Deferred revenue - Other	1 572	(1 988)
Deferred franchise revenue	286 907	52 797
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 748 485	$ 153 122
	-	-

See Notes to Financial Statements

TOURSCALE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
For the Years Ended December 31, 2025 and 2024

1. NATURE OF OPERATIONS:

TourScale Franchising, LLC is a subsidiary of Kaapro & Cole Ventures, LLC.

The Company was organized in Arizona on April 27, 2020 and derives its revenues through the franchising of Trolley Pub, Paddle Pub, and Cruisin' Tikis businesses throughout the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

REVENUE RECOGNITION

Revenue from franchise fees are recognized on a straight-line basis of the life of the agreement, which is normally 10 years. Royalties and tech fees are recognized in the month earned. All revenue is recognized under ASU 2014-09, Revenue from Contracts with Customers (Topic 606).

ACCOUNTS RECEIVABLE

Accounts Receivables are recorded when invoices are issued and are presented in the balance sheet. Account receivables are written off when they are deemed uncollectible. The Company believes no allowance for credit losses are necessary as of December 31, 2025 and 2024.

WEBSITE

Web development is stated at cost and amortized when placed in service. Amortization is calculated using straight-line method over the estimated useful lives of the asset. Ongoing maintenance is charged to expense when incurred. The balance in web development as of December 31, 2025 and 2024 is as follows:

	2025	2024
Web development	$ 5 000	$ 5 000
Accumulated amortization	(2 333)	(1 333)
Total	$ 2 667	$ 3 667

USE OF ESTIMATES

Management uses estimates and assumptions in preparing this financial statement in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates that were used.

TOURSCALE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
For the Years Ended December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

INCOME TAX STATUS

TourScale Franchising, LLC is solely owned by Kaapro & Cole Ventures, LLC so all company activity is reported as a separate activity on the tax return of Kaapro & Cole Ventures, LLC. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

FINANCIAL STATEMENT PRESENTATION

The financial statements are reported on an accrual basis of accounting and only include the activity of TourScale Franchising, LLC.

3. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:

For purposes of the Balance Sheet and Statement of Cash Flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. Restricted cash consists of those amounts required by franchise agreement to be used for marketing. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Balance Sheet that sum to the totals of the same such amounts presented in the Statement of Cash Flows.

	2025	2024
Cash	$ 117 116	$ 16 205
Restricted cash	69 759	-
Total cash, cash equivalents, and restricted cash presented in the statement of cash flows	$ 186 875	$ 16 205

4. RELATED PARTY TRANSACTIONS

Kaapro and Cole Ventures, LLC owed TourScale, LLC $65,620 and $98,460 as of December 31, 2025 and 2024, respectively.

The Company has shared expenses with the related parties such as rent, equipment, travel, and other office expenses that are charged in the form of a management fee. Management fees paid as of December 31, 2025 and 2024 were $540,000 and $270,000, respectively.

Kaapro & Cole Ventures, LLC owns wholly or partially 11 franchises. These franchises paid royalties and technology fees in the amount of $83,559 and $79,054 for the years ended December 31, 2025 and 2024, respectively.

TourScale Franchising, LLC is under common control of Kaapro and Cole Ventures, LLC. If the entities were reported in combination, the results of the balance sheet and income statement would be significantly different.

TOURSCALE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
For the Years Ended December 31, 2025 and 2024

5. OPTIONS DEPOSIT:

Options deposits consist of amounts collected by TourScale Franchising, LLC from potential franchises. The amount is refundable if the purchase of the franchise is not completed. The balance sheet reflected $35,000 and $30,000 as of December 31, 2025 and 2024, respectively.

6. DEFERRED REVENUE:

The initial fees received from the franchisees are recognized as revenue on a straight-line basis over the term of each respective franchise agreement, which is typically 10 years.

7. NOTES PAYABLE:

On November 2, 2023, TourScale Franchising, LLC received a loan in the amount of $30,000 payable in monthly payments of $3,711.88 starting December 2, 2023 and bearing interest of 26.50%. The payments will continue through August 2, 2024. There was no balance at December 31, 2025 and 2024.

8. CONCENTRATION OF CREDIT RISK:

The Company maintains deposits in a financial institution that at times exceed the insured amounts of $250,000 provided by the U.S. Federal Deposit Insurance Company (FDIC). There were no amounts in excess of insured limits as of December 31, 2025 and 2024.

9. SUBSEQUENT EVENTS:

The Company evaluated the effect subsequent events would have on the financial statements through the date of the report, April 2, 2026, which is the date the financial statements were available to be issued.

TOURSCALE FRANCHISING, LLC

FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

TOURSCALE FRANCHISING, LLC

Table of Contents

December 31, 2024

Neal, Bradsher & Taylor, PA
CERTIFIED PUBLIC ACCOUNTANTS

Christopher A. Tikvart, CPA
Timothy E. Noser, CPA
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INDEPENDENT AUDITORS' REPORT

To the Members
TourScale Franchising, LLC
Raleigh, North Carolina

We have audited the accompanying Financial Statements of TourScale Franchising, LLC (an Arizona Limited Liability Company), which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of income, members' capital, 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 TourScale Franchising, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of this report. We are required to be independent of TourScale Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 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 ae conditions or events, considered in the aggregate, that raise substantial doubt about TourScale 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 purposes of expressing an opinion on the effectiveness of TourScale 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about TourScale 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Neal, Bradsher & Taylor

CERTIFIED PUBLIC ACCOUNTANTS
Durham, North Carolina

April 23, 2025

NBT | Neal, Bradsher & Taylor, PA
CERTIFIED PUBLIC ACCOUNTANTS

TOURSCALE FRANCHISING, LLC
BALANCE SHEET
For the Years Ended December 31, 2024 and 2023

ASSETS

	2024	2023
CURRENT ASSETS:		
Cash	$ 16 205	$ 473
Accounts receivable	5 849	2 043
Due from Kaapro and Cole Ventures, LLC	98 460	65 620
Total Current Assets	120 514	68 136
OTHER ASSETS:		
Website, net of amortization	3 667	4 667
Total Assets	$ 124 181	$ 72 803

LIABILITIES AND MEMBERS' CAPITAL

	2024	2023
CURRENT LIABILITIES:		
Accounts payable	$ 18 192	$ 39 648
Options deposit	30 000	30 000
Notes payable	-	26 951
Deferred revenue – Other	6 723	8 711
Deferred franchise revenue	30 711	18 000
Total Current Liabilities	85 626	123 310
LONG-TERM LIABILITIES:		
Deferred franchise revenue	183 049	142 963
Total Liabilities	268 675	266 273
MEMBER CAPITAL:	(144 494)	(193 470)
Total Liabilities and Member Capital	$ 124 181	$ 72 803

See Notes to Financial Statement.

TOURSCALE FRANCHISING, LLC
INCOME STATEMENT
For the Years Ended December 31, 2024 and 2023

	2024	2023
REVENUE:		
Franchise fee	$ 30 000	$ 13 333
Royalty income	214 822	171 964
Service income	631	4 878
Tech fee income	68 538	46 371
Sale of product income	-	497
Rebate income	86 417	82 747
Total Revenue	400 408	319 790
OPERATING EXPENSES:		
General and administrative expenses	270 000	248 636
Travel	-	6 135
Amortization expense	1 000	333
Interest paid	2 833	995
Total Expenses	273 833	256 099
NET INCOME	$ 126 575	$ 63 691

See Notes to Financial Statement.

Exhibit J
Financial Statements

TOURSCALE FRANCHISING, LLC
STATEMENT OF MEMBERS' CAPITAL
For the Years Ended December 31, 2024 and 2023

Balance - January 1, 2023	$ (72 176)
Income	63 691
Withdrawals	(184 985)
Balance – December 31, 2023	(193 470)
Income	126 575
Withdrawals	(77 599)
Balance – December 31, 2024	$ (144 494)

See Notes to Financial Statement.

TOURSCALE FRANCHISING, LLC
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

	2024	2023
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
Cash Flows from Operating Activities:		
Cash received from franchises	$ 364 800	$ 368 774
Cash received from other income	82 611	85 324
Cash paid for interest	(2 833)	(995)
Cash paid to suppliers and vendors	(291 456)	(215 123)
Net Cash Provided by Operating Activities	153 122	237 980
Cash Flows from Investing Activities:		
Cash paid for intangibles	-	(5 000)
Cash Flows from Financing Activities:		
Cash received from affiliates	-	3 774
Cash paid to affiliates	(32 840)	(83 775)
Cash paid for member withdrawals	(77 599)	(184 985)
Cash received from loan	-	30 000
Cash paid for loan	(26 951)	(3 049)
Net Cash Used by Financing Activities	(137 390)	(238 035)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15 732	(5 055)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	473	5 528
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 16 204	$ 473
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income	$ 126 575	$ 63 691
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Amortization expense	1 000	333
(Increase) decrease in Current Assets:		
Accounts receivable	(3 806)	2 080
Increase (decrease) in Liabilities Assets:		
Accounts payable	(21 456)	39 648
Options deposit	-	30 000
Deferred revenue – Other	(1 988)	3 727
Deferred franchise revenue	52 797	98 501
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 153 122	$ 237 980

See Notes to Financial Statements

TOURSCALE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
For the Years Ended December 31, 2024 and 2023

1. **NATURE OF OPERATIONS:**

TourScale Franchising, LLC is a subsidiary of Kaapro & Cole Ventures, LLC.

The Company was organized in Arizona on April 27, 2020 and derives its revenues through the franchising of Trolley Pub and Paddle Pub businesses throughout the United States.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

CASH AND CASH EQUIVALENTS

For purpose of the Statement of Cash Flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

REVENUE RECOGNITION

Revenue from franchise fees are recognized on a straight-line basis of the life of the agreement, which is normally 10 years. Royalties and tech fees are recognized in the month earned. All revenue is recognized under ASU 2014-09, Revenue from Contracts with Customers (Topic 606).

ACCOUNTS RECEIVABLE

Accounts Receivables are recorded when invoices are issued and are presented in the balance sheet. Account receivables are written off when they are deemed uncollectible. The Company believes no allowance for doubtful accounts are necessary as of December 31, 2024 and 2023.

WEBSITE

Web development is stated at cost and amortized when placed in service. Amortization is calculated using straight-line method over the estimated useful lives of the asset. Ongoing maintenance is charged to expense when incurred. The balance in web development as of December 31, 2024 and 2023 is as follows:

	2024	2023
Web development	$ 5 000	$ 5 000
Accumulated amortization	(1 333)	(333)
Total	$ 3 667	$ 4 667

TOURSCALE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
For the Years Ended December 31, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

USE OF ESTIMATES

Management uses estimates and assumptions in preparing this financial statement in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates that were used.

INCOME TAX STATUS

TourScale Franchising, LLC is solely owned by Kaapro & Cole Ventures, LLC so all company activity is reported as a separate activity on the tax return of Kaapro & Cole Ventures, LLC. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

FINANCIAL STATEMENT PRESENTATION

The financial statements are reported on an accrual basis of accounting and only include the activity of TourScale Franchising, LLC.

3. RELATED PARTY TRANSACTIONS:

Kaapro and Cole Ventures, LLC owed TourScale, LLC $98,460 and $65,620 as of December 31, 2024 and 2023, respectively.

The Company has shared expenses with the related parties such as rent, equipment, travel, and other office expenses that are charged in the form of a management fee. Management fees paid as of December 31, 2024 and 2023 were $270,000 and $168,000, respectively.

Kaapro & Cole Ventures, LLC owns wholly or partially 11 franchises. These franchises paid royalties and technology fees in the amount of $79,054 and $128,347 for the years ended December 31, 2024 and 2023, respectively.

TourScale Franchising, LLC is under common control of Kaapro and Cole Ventures, LLC. If the entities were reported in combination, the results of the balance sheet and income statement would be significantly different.

TOURSCALE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

4. OPTIONS DEPOSIT:

Options deposits consist of amounts collected by TourScale Franchising, LLC from potential franchises. The amount is refundable if the purchase of the franchise is not completed. The balance sheet reflected $30,000 and $30,000 as of December 31, 2024 and 2023, respectively.

5. DEFERRED REVENUE:

The initial fees received from the franchisees are recognized as revenue on a straight-line basis over the term of each respective franchise agreement, which is typically 10 years.

6. NOTES PAYABLE:

On November 2, 2023, TourScale Franchising, LLC received a loan in the amount of $30,000 payable in monthly payments of $3,711.88 starting December 2, 2023 and bearing interest of 26.50%. The payments will continue through August 2, 2024. The balance at December 31, 2024 and 2023 was $-0- and $26,951, respectively.

7. CONCENTRATION OF CREDIT RISK:

The Company maintains deposits in a financial institution that at times exceed the insured amounts of $250,000 provided by the U.S. Federal Deposit Insurance Company (FDIC). There were no amounts in excess of insured limits as of December 31, 2024 and 2023.

8. SUBSEQUENT EVENTS:

The Company evaluated the effect subsequent events would have on the financial statements through the date of the report, April 23, 2025, which is the date the financial statements were available to be issued.

COMPLIANCE QUESTIONNAIRE

<u>This Questionnaire does not apply to franchises who intend to operate the franchised business in the State of California. Do not complete this Questionnaire or respond to any of the questions contained in the Questionnaire if you intend to operate the franchised business in the State of California.</u>

Questionnaire is not applicable in Maryland. Do not sign this Statement if you are a resident of Maryland or the business is to be operated in Maryland.

The Questionnaire is not applicable in Washington and Washington franchisees should not sign the Questionnaire.

Pursuant to RCW 19.100, no statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of waiving any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

As you know, TourScale Franchising, LLC and you are preparing to enter into a Franchise Agreement for the establishment and operation of a TourScale Business in a Protected Territory where you will operate an agreed number of TourScale Businesses ("**Franchised Business**"). The purpose of this Compliance Questionnaire is to determine whether any statements or promises were made to you that TourScale has not authorized and that may be untrue, inaccurate or misleading. Please review each question and statement carefully and provide honest and complete responses to each question and statement.

Question	Yes	No
1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
2. Have you received and personally reviewed the Disclosure Document we provided?		
3. Did you sign a receipt for the Disclosure Document indicating the date you received it?		
4. Do you understand all of the information contained in the Disclosure Document and all of the terms of the Franchise Agreement?		
5. Have you reviewed the Disclosure Document and the Franchise Agreement with a lawyer, accountant, or other professional advisor?		
6. Have you discussed the benefits and risks of developing and operating a TourScale Business Franchised Business with existing TourScale Business Franchises?		
7. Do you understand the risks of developing and operating a TourScale Franchised Business?		
8. Do you understand that the success or failure of your TourScale Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		

Question	Yes	No
9. Do you understand that, subject to applicable state law, any applicable mediation, arbitration or litigation must take place in Arizona?		
10. Do you agree that no employee or other person speaking on our behalf has made any statement or promise regarding the costs involved in operating a TourScale Franchised Business, or otherwise, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?		
11. Do you agree that no employee or other person speaking on our behalf has made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn or the total amount of revenue a TourScale Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?		
12. Do you understand that the Franchise Agreement and the exhibits to the Franchise Agreement and the Disclosure Document contain the entire agreement between us and you concerning your purchase of a TourScale Franchised Business and that any oral or written statements, if any, not contained in the Franchise Agreement or Disclosure Document will not be binding?		

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

____

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YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION AND STATEMENT CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS AND STATEMENTS.

FRANCHISE APPLICANT

____
Signed

____
Printed Name

______________________________, 20______
Date

State Effective Dates

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

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

State	Effective Date
California	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
Rhode Island	
Virginia	
Washington	
Wisconsin	

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

RECEIPT

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 TourScale Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make payment to, TourScale Franchising, LLC or its affiliates in connection with the proposed sale or sooner if required by applicable state law.

New York and Rhode Island require that TourScale Franchising, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that TourScale Franchising, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If TourScale 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

Issuance Date: May 7, 2026

The franchise sellers for this offering are TourScale Franchising, LLC, Kai Kaapro, 1300 South Blvd., Suite 30102, Charlotte, NC 28203 and ________________________________.

TourScale Franchising, LLC authorizes the respective state agencies listed in Exhibit B to receive service of process for it in the particular state.

I received a disclosure document dated May 7, 2026 that included the following exhibits:

A. List of State Administrators
B. List of Agents for Service of Process
C. Franchise Agreement
D. Area Development Agreement
E. Confidentiality Agreement
F. Table of Contents-TourScale Operations Manual
G. Addenda Required by Certain States
H. Franchisee List
I. General Release
J. Financial Statements
K. Compliance Questionnaire
L. State Effective Dates
M. Receipts (2 Copies)

Date of Receipt:_____________________

Signature	Print Name
Company Name	Street Address
Telephone Number	City, State Zip Code

RECEIPT

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If TourScale 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

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H. Franchisee List
I. General Release
J. Financial Statements
K. Compliance Questionnaire
L. State Effective Dates
M. Receipts (2 Copies)

______________________________	______________________________
Signature	Print Name
______________________________	______________________________
Company Name	Street Address
______________________________	______________________________
Telephone Number	City, State Zip Code