

## FRANCHISE DISCLOSURE DOCUMENT



TruGolf Links Franchising, LLC  
a Delaware limited liability company  
60 North 1400 West  
Centerville, Utah 84014  
801-298-1997  
<https://www.trugolfinks.com>

As a TruGolf Links regional developer, you will help us recruit franchisees for the establishment and operation of, and you will provide services to, TruGolf Links Centers under the “TruGolf Links” trade name and business system.

The total investment necessary to begin operation of a TruGolf Links regional developer business ranges from \$95,050 to \$793,050. This includes \$75,450 to \$750,450 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 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 or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive this disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Dr. Ben Litalien at 60 North 1400 West, Centerville, Utah 84014, [benl@trugolfinks.com](mailto:benl@trugolfinks.com), 801-298-1997.

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

Buying a franchise is a complex investment. The information 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 (“FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You also can visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: May 29, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

**Business model can change.** The regional developer 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 franchised business or may harm your franchised 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 regional developer 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 regional developer agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your regional developer 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 franchised business.

**When your franchise ends.** The regional developer 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 regional developer 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 regional developer agreement requires you to resolve disputes with the franchisor by litigation or arbitration only in Utah. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with the franchisor in Utah than in your home state.
2. **Spousal Liability.** The regional developer agreement may require your spouse (or domestic partner or other immediate family member) to sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

## **DISCLOSURES REQUIRED BY MICHIGAN LAW**

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

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### **EXHIBITS**

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| Exhibit A | State Administrators and Agents for Service of Process |
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| Exhibit C | Regional Developer Agreement                           |
| Exhibit D | State Specific Addenda                                 |
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## **ITEM 1**

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this franchise disclosure document (“Disclosure Document”), the terms “TruGolf Links,” “we,” “us,” “our,” or “Franchisor” mean TruGolf Links Franchising, LLC (“TruGolf Links”). The terms “you,” “your,” or “Regional Developer” refer to the business entity that acquires a franchise to operate a TruGolf Links regional developer business. The terms “you” and “your” do not include any individual or business entity which owns an interest in you. We may require all individuals and business entities which own an interest in you to guarantee your obligations to us.

#### **The Franchisor, Its Parent, Predecessors, and Affiliates**

We are a Delaware limited liability company established on May 10, 2024. Our principal place of business is 60 N 1400 W, Centerville, Utah 84014. Our registered agent for service of process in Delaware is Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808. Our agents for service of process in the states which require franchise registration are listed in Exhibit A to this Disclosure Document. We conduct business under our corporate name TruGolf Links Franchising, LLC and under the TruGolf Links trade name. We do not do business under any other name. We began offering franchises for TruGolf Links regional developer businesses (and for TruGolf Links centers pursuant to a separate disclosure document) in May 2024. As of December 31, 2024, there are no open franchised TruGolf Links centers in the United States. We previously granted licenses in 2024 to existing businesses that already owned one or more TruGolf simulator bays to display “Powered by TruGolf Links” signage in conjunction with their independent business name. As of December 31, 2024, there were two licensed “Powered by TruGolf Links” locations in the United States. We have not offered franchises in any other line of business nor do we operate any business of the type being offered to you. We do not have any predecessors.

Our parent, TruGolf Holdings, Inc. (f/k/a Deep Medicine Acquisition Corp.) (“TruGolf Holdings”), is a Delaware corporation formed on July 8, 2020. TruGolf Holdings shares our principal business address. TruGolf Holdings has not in the past and does not now offer franchises in any lines of business.

Our affiliate, TruGolf, Inc., is a Nevada corporation formed on October 4, 1995. TruGolf, Inc. shares our principal business address. TruGolf, Inc. provides proprietary hardware and software, as well as other System Supplies, to our franchisees. It is also the owner of the Proprietary Marks. TruGolf, Inc. has not in the past and does not now offer franchises in any lines of business.

#### **The Franchised Business**

##### **Regional Developer Agreement**

We offer franchises for businesses that assist us in operating our TruGolf Links franchise program (the “Regional Developer Business”). Qualified applicants that wish to establish and operate a Regional Developer Business must enter into a TruGolf Links regional developer agreement (the “Regional Developer Agreement”), the current form of which is attached to this Disclosure Document as Exhibit C. Each Regional Developer must be organized as a corporation or limited liability company.

Each Regional Developer Business operates according to our “System,” the distinguishing characteristics of which include, among other things, one or more specially-designed facilities; site selection and layout criteria; distinctive interior and exterior image, design, décor, signage, color scheme, and furnishings, trade dress elements; proprietary products; standards, specifications, policies, and procedures for construction and management; quality, distinctiveness, and uniformity of products and services; standards, specifications, policies, and procedures for operations; training and assistance; and advertising and promotional programs, all as more particularly described and designated in our Regional Developer Manual and any other manuals (the “Manuals”) and all of which we may change, improve, and further develop at our option from time to time.



We identify the System by means of certain licensed trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the mark “TruGolf Links” and such other trade names, service marks and trademarks as are now designated (and may hereinafter be designated by us or our affiliate in writing) for use in connection with the System (the “Proprietary Marks” or “Marks”). We acquired the right to use and sublicense to franchisees the Proprietary Marks and the System under a license agreement with TruGolf, Inc.

### **TruGolf Links Centers**

We also offer and sell franchises indoor golf and recreational sports simulators, tournaments, family activities, a limited menu of food and beverage accommodations, and the retail sale of TruGolf home simulators and equipment. Participants can play independently or with a membership that provides access to reservations and other benefits. Each location will feature a retail pro shop with a variety of golf related items for sale, ready-to-eat food and beverages, and event space. We refer to these businesses generally as “TruGolf Links Centers.” The disclosures required for the offer of TruGolf Links Centers are contained in a separate Franchise Disclosure Document.

### **The Regional Developer Business**

As a regional developer (“Regional Developer”), you will perform the following services on our behalf:

- (i) identify and qualify prospective franchisees for the establishment and operation of TruGolf Links Centers that will operate from physical premises and be assigned a marketing area that is within a geographic area designated in the Regional Developer Agreement (the “RD Territory”), and otherwise assist in the franchise sales process;
- (ii) provide site acquisition, review, and development services to franchisees located in the RD Territory;
- (iii) provide ongoing support, including marketing, operational, training, and field support services, to TruGolf Links Centers located in the RD Territory;
- (iv) assist us in supporting TruGolf Links Centers located in the RD Territory, monitoring and enforcing compliance with brand standards and operational requirements of TruGolf Links Centers located in the RD Territory, and operating the TruGolf Links franchise network.

The Regional Developer Agreement grants you the right to (a) operate one Regional Developer Business, (b) to use, only in connection with the Regional Developer Business, the System and using the Proprietary Marks, as the System and Proprietary Marks may be changed, improved and further developed from time to time, and (c) to do so only for TruGolf Links Centers franchisees that operate from physical premises located within the RD Territory (the “RD Territory Franchisees”).

The Regional Developer Agreement requires that you ensure that a designated number of TruGolf Links Centers are opened and operating pursuant to a development schedule attached to the Regional Developer Agreement (the “Development Schedule”). If you fail to comply with the Development Schedule, we may, at our option, provide or designate a third party to provide some or all of the Regional Developer Services (defined below) and otherwise may offer and sell franchises in your Territory without compensating you. If we sell any franchises in your Territory, you agree to provide Support Services to them regardless of whether you received Sales Service Compensation or not.

At the time that you sign the Regional Developer Agreement, you will also sign a franchise agreement for the establishment and operation of a TruGolf Links Center owned by you to be located at a physical premises within the RD Territory. You must comply with the franchise agreement at all times and must continuously operate the TruGolf Links Center throughout the term of the Regional Developer Agreement.

We will compensate you for your performance of services relating to the solicitation and recruitment of RD Territory Franchisees, as further described in the Regional Developer Agreement (“Sales Services”). We

refer to this as “Sales Services Compensation.” We will also compensate you for your performance of support services relating to RD Territory Franchisees, including providing ongoing support and assistance to RD Territory Franchisees, promoting the TruGolf Links brand in the RD Territory, resolving RD Territory Franchisee and customer issues and ensuring quality assurance and RD Territory Franchisee compliance with brand standards, as further described in the Regional Developer Agreement (“Support Services”). We refer to this as “Support Services Compensation.” Sales Services and Support Services are referred to collectively as “Regional Developer Services.” Sales Services Compensation and Support Services Compensation will be based on a portion of the fees that we collect from RD Territory Franchisees. Generally, so long as you fulfill your obligations, we will pay you Sales Services Compensation equal to 50% of the initial franchise fee and Support Services Compensation equal to 50% of the royalties paid to us by each RD Territory Franchisee in the RD Territory. You may not earn these fees on certain transactions including, for example, on any royalties paid to us by RD Territory Franchisees for whom you do not provide any Sales Services or Support Services.

You must open a support center (“Support Center”) within the RD Territory from which you will provide the Regional Developer Services (defined below). The Support Center may be located within a TruGolf Links Center that you own, but it must have enough space to accommodate an office and a training area to train the RD Territory Franchisees in your RD Territory. Support Centers are typically 900 to 1,200 square feet. You must make your Support Center and TruGolf Links Center available and use the Support Center and TruGolf Links Center in connection with your performance of Sales Services and Support Services, as needed, including but not limited to conducting discovery day sessions for prospective franchisees, training new franchisees (requires your TruGolf Links Center to be certified by us to conduct training), and participating in piloting new products or other changes we deem appropriate.

You will not have the right to approve prospective RD Territory Franchisees, sell TruGolf Links Centers or franchises, or negotiate or enter into franchise agreements or any other agreements on our behalf. Regional Developers are not a party to contracts between us and RD Territory Franchisees.

Subject to your execution of our then-current form of Reseller Addendum, you may be granted the right to purchase golf simulator bays and other products from our affiliate, TruGolf, Inc., and sell such products to current non-franchisee third-party customers. The current form of Reseller Addendum is Exhibit H to this Disclosure Document.

### Market and Competition

The market for the Sales Services—that is, the solicitation and recruitment of potential franchisees—is highly competitive. You will compete with individuals and companies that are seeking qualified franchisees for their franchise systems. The market for recreational and competitive athletic activities and facilities, including indoor golf, is well developed and competitive, while the market for indoor golf activities and facilities is developing quickly. The services offered by TruGolf Links Centers are used by people of all ages and are not limited to any specific submarket. Franchised TruGolf Links Centers will have to compete with other sports, fitness, recreational, and entertainment facilities, including other indoor and outdoor business featuring golf simulators, most of which are individually or independently owned and operated, as well as simulators owned and operated by local government agencies (Parks and Recreation Divisions). The market for the Support Services is specific to our brand, and specifically to the RD Territory Franchisees located within your RD Territory. Indoor golf facilities are subject to seasonal fluctuations comparable to other types of indoor athletic, fitness, or recreational facilities.

## Industry-Specific Regulations

Your Regional Developer Business will be subject to federal laws and regulations, and laws and regulations in the county, state, or municipality in which it is located, including those laws and regulations related to the solicitation of prospective franchisees, the offer and sale of franchises, and ongoing franchise relationships. Regional Developers should be aware of the Federal Trade Commission regulations and various state laws that impact the offer and sale of franchises that may apply when acting as our agent in soliciting prospective franchisees, including the general obligation to disclose prospects with our then-current Franchise Disclosure Document for the single-unit franchise offering, as well as registration obligations. For example, you may not solicit prospective franchisees in any state that requires the registration of the franchise offering unless and until we have a currently effective registration or exemption in that state. In certain states (including New York and Washington, and beginning in July 2026 California), a regional developer who does not qualify as a subfranchisor (and you will not be a subfranchisor) must register as a franchisor broker or franchise sales agent in certain circumstances, and, in California beginning in July 2026, provide specified franchise broker disclosures. You are advised to examine these laws and regulations before entering into the Regional Developer Agreement. If required under applicable law, you must, at your own expense, register as our franchise broker, prepare required franchise broker disclosure document, and provide us with proof of that registration and/or franchise broker disclosure document.

The Regional Developer Business is subject to the laws and regulations in your county, state, or municipality regarding the operation of the Support Center. You are advised to examine these laws and regulations before purchasing a franchise from us. You must comply with all laws and regulations pertaining to businesses generally, including those regarding licensing and taxation, and any laws pertaining to the regulation of a TruGolf Links Center, including those regarding foodservice operations generally, consumer protection, operations and licenses (including, for example, all government regulations relating to occupational hazards and health-trade regulations, workers' compensation, and unemployment insurance).

You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing such matters as minimum wages, overtime, workers compensation, and working conditions. You will be subject to other laws or regulations that are not specific to the industry, but applicable to businesses generally, including labor laws, insurance requirements, business licensing laws and tax regulations, and the Americans with Disabilities Act. We have not investigated all of the laws or regulations applicable to your Regional Developer Business. You are solely responsible for investigating all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before entering into a Regional Developer Agreement with us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to entering into a Regional Developer Agreement with us. Applicable laws and regulations are subject to change.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Chief Executive Officer: Chris Jones**

Chris has served as our CEO since our inception. He has also served as the CEO of TruGolf Holdings since its formation and of TruGolf, Inc. since 2007.

### **President: Nate Larsen**

Nate has served as our President since May 2025. He previously served as our Vice President of Marketing from our inception to May 2025. He also serves as Chief Experience Officer for TruGolf, Inc. and has since October 2021. Prior to that, Nate was self-employed, in Salt Lake City, Utah as a brand and marketing consultant in the medical, forestry, and construction industry from January 2019 to October 2021.

### **Chief Development Officer: Dr. Ben Litalien, CFE**

Dr. Litalien has served as our Chief Development Officer since our inception. He has been the Founder and President of Franchise Well, LLC in Stafford, Virginia, since October 2007. He has been Chief Development Officer and a member of the board for Dill Dinkers Holdings, Inc. since July 2023 and Chief Development Officer for Pups Pub Franchising, LLC since November 2023. He has been Chief Development Officer of fit20 USA Franchising, LLC since March 2018, and President since December 2022. He has been a director of Brain Balance Holdings, Inc. since June 2016 and a director of JIBU Holdings, L3C since January 2014. He has also been an Adjunct Associate Professor at The University of Maryland Global Campus in College Park, Maryland since October 2010. Additionally, Dr. Litalien serves as Adjunct Instructor at Georgetown University in Washington, D.C., where he has taught the franchise management certificate program since September 2008, and as Adjunct Faculty at The University of Denver in Denver, Colorado, since July 2023. Except as otherwise stated, Dr. Litalien serves or served in the above positions from his offices in Fredericksburg, Virginia.

### **Vice President of Franchising: Andrew Johnson**

Andrew has served as our Vice President of Franchising since our inception. He also serves as Senior Consultant for Franchise Well, LLC and has since February 2024. He also serves as Franchise Development Director for Big Air Franchising in Paradise Valley, Arizona and has since March 2023. From February 2022 to March 2023, Andrew served as Franchise Development Manager for Area 15 Ventures in Castle Rock, Colorado. From March 2019 to February 2022, he was a Business Development Consultant for American Express National Bank in Scottsdale, Arizona. Unless otherwise specified, he serves or served in the above positions from his office in Scottsdale, Arizona. Andrew earned his Canadian Tour PGA card and played professionally.

### **Director of Food and Beverage: Fred Pierson, CFE**

Fred Pierson is our Director of Food & Beverage and has held this position since January 2024. Mr. Pierson has served as the President & CEO of RestaurantCAT, Inc. since March 2010. Mr. Pierson fulfills his position from his office located in Nashville, Tennessee.

### **Director of Franchise Training & Support: Dr. Rocco Rinaldi**

Rocco has served as our Director of Franchise Training & Support since our inception. He has served as a Senior Franchise Consultant for Franchise Well, LLC since January 2020. He is also an assistant professor at Delaware Technical Community College since September 2021 and adjunct assistant professor at Wilmington University since November 2021. He serves in these positions from his office located in Middletown, Delaware.

### **Director of Franchise Marketing: Rebecca Church**

Rebecca has served as our Director of Franchise Marketing since April 2024. She also has served as Chief Marketing Officer for Franchise Well, LLC since January 2020. She serves in these positions from Fredericksburg, Virginia.

### **Onboarding Manager: Michael Laatz**

Michael has served as our Onboarding Manager since September 2024. Prior to joining us, he was the Onboarding Manager for Dill Dinkers Franchising, LLC, in Columbia, Maryland, from March 2023 to September 2024. Prior to that, he was a consultant for Franchise Well, LLC from January 2020 until March 2023. He serves in these positions from Morganton, Georgia.

### **Director of Information Systems: Christopher Burch**

Chris has served as our Director of Information Systems since our inception. He also serves as Senior Project Manager for TruGolf, Inc. and has since April 2024. Prior to joining us, he was Director of Information Systems for OnSite Care, in Sandy, Utah, from July 2022 to April 2024. Prior to that, he was Sr. Director of Information Systems for Med USA, in Salt Lake City, Utah, from September 2017 to July 2022.

**Customer Experience Manager: David Jeffery**

David has served as our Customer Experience Manager since our inception. He also serves as the New Customer Experience Manager for TruGolf, Inc. and has since June 2023. Prior to that, he was the Sales Manager from November 2021 to June 2023 for TruGolf, Inc., and a Project Manager for TruGolf, Inc. from October 2019 to November 2021.

Unless otherwise specified, each position listed above is or was based in Centerville, Utah.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

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

**ITEM 5  
INITIAL FEES**

**RD Territory Fee**

You must pay us a regional developer territory fee in an amount equal to \$75,000, plus \$.075 for each person in excess of 1,000,000 in population residing in the RD Territory (based on 2020 U.S. Census Bureau figures), when you sign your Regional Developer Agreement (the “RD Territory Fee”). For example, if the RD Territory has a residential population of 1,150,000, the RD Territory Fee would be \$86,250 (\$75,000 plus 150,000 x \$.075). At present we do not anticipate granting any RD Territory such that the RD Territory Fee would exceed \$750,000. We may negotiate the RD Territory Fee based on the expertise and capital of each prospective Regional Developer.

The RD Territory Fee is fully earned when you sign the Regional Developer Agreement and is non-refundable in consideration of the administrative and other expenses incurred by us in granting this franchise and for our lost or deferred opportunity to franchise to others. Subject to the incentive reductions described above, the RD Territory Fee is uniformly applied.

**Technology Fee**

If we require you to obtain or access any aspects of the Computer System or related technology systems, services, platforms, and software from or through us, you must pay us a monthly Technology Fee, as further detailed in Item 6. The current Technology Fee is \$450 per month, beginning in the month before you open the Support Center and commence operations of the Regional Developer Business. We currently require you to obtain or access our required franchise sales management CRM platform through us. The Technology Fee is fully earned when paid, is non-refundable, and is uniformly applied.

**ITEM 6  
OTHER FEES**

| <b>Type of Fee <sup>1</sup></b>                      | <b>Amount</b>                                                                                                                     | <b>Due Date</b>                                                                                                                             | <b>Remarks</b>                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technology Fee <sup>2</sup>                          | Then-current fee (currently \$450 per month)                                                                                      | Monthly                                                                                                                                     | Upon notice to you, we may increase or otherwise adjust this fee based on increases in our costs or changes in the technologies you must obtain through us.                                                                                                                                                                                                                                            |
| Transfer Fee                                         | \$5,000 multiplied by the number of TruGolf Links Centers in your RD Territory                                                    | The earlier of (a) when the transferee signs the new regional developer agreement, or (b) when the transferee begins training.              | The transfer fee is payable for our legal, accounting, training and other expenses incurred in connection with the transfer that would result in a change of control of the Regional Developer.                                                                                                                                                                                                        |
| Offering Fee                                         | \$10,000 or such greater amount as is necessary to reimburse us for our actual costs and expenses to review the proposed offering | Before materials for an offering of stock or partnership interests in you or in any of your affiliates is filed with any government agency. |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Local Advertising and Social Engagement <sup>3</sup> | \$200 per month                                                                                                                   | As incurred.                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Indemnification Costs                                | Actual legal damages, fees, costs, and expenses.                                                                                  | As incurred.                                                                                                                                | You must pay for the cost of defending us against any liability as a result of your operations.                                                                                                                                                                                                                                                                                                        |
| Insurance <sup>4</sup>                               | Reimbursement for actual cost of premiums, plus administrative fee of 18%                                                         | Upon demand                                                                                                                                 | We have the right to obtain insurance on your behalf at your expense if you fail to purchase or renew your required insurance and provide proof of coverage to us.                                                                                                                                                                                                                                     |
| New Product, Service, Supplier Testing               | Will not exceed our actual cost of the inspection and the actual cost of the test paid by you or the supplier                     | As incurred.                                                                                                                                | If you wish to purchase any services or products or any other items from an unapproved supplier, you must first submit to us a written request for such approval. We have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us for testing. |
| Replacement Training Fee                             | Our then-current training fee (currently \$500 per day) plus reimbursement for actual expenses                                    | As incurred.                                                                                                                                | If your Operating Principal or General Manager (as defined in Item 15) ceases active management of or employment at your Regional Developer                                                                                                                                                                                                                                                            |

| Type of Fee <sup>1</sup> | Amount                                                                       | Due Date                          | Remarks                                                                                                               |
|--------------------------|------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------|
|                          |                                                                              |                                   | Business, you must enroll a qualified replacement in our initial training program. Training fee is subject to change. |
| Annual Convention        | Our then-current convention registration fee (currently \$250). <sup>5</sup> | Prior to convention or conference |                                                                                                                       |

### **NOTES**

1. Unless otherwise noted, all fees are payable to us and non-refundable. At our option, all payments to us must be made via Electronic Funds Transfer (“EFT”). We uniformly impose the fees described above.
2. The Technology Fee covers your access to certain technology systems, services, platforms, and software we require you to obtain or access through us, as we deem necessary and advisable, including, for example, licenses, subscriptions, development, maintenance, and/or access to our required franchise sales management CRM platform and a TruGolf Links email address. We may make changes to the types, nature, and ultimate vendor of technology systems, services, platforms, and software we require you to obtain or access through us. Your precise monthly Technology Fee may change if there are changes in any aspect of the Computer System or in the technology systems, services, platforms, and software we require you to obtain or access through us, or in our costs regarding such technology systems, services, platforms, and software.
3. Once you have signed the Regional Developer Agreement, you must spend at least \$200 per month on local advertising and social engagement within the RD Territory to promote the Regional Developer Business and the System. Local advertising and social engagement consists of the direct costs of purchasing and producing advertising materials (including, for example, camera ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of advertising and sales promotion spent by you in the RD Territory, advertising agency fees and expenses, postage, shipping, telephone, and photocopying. The amounts you will pay for local advertising and social engagement will not include costs or expenses incurred by or on behalf of you in connection with: (a) salaries and expenses; (b) charitable, political, or other contributions or donations; or (c) the value of discounts provided to customers. You will not use any advertising or promotional plans or materials unless and until you have received written approval from us.
4. If you, for any reason, fail to obtain or maintain insurance required by your Regional Developer Agreement, as these requirements may be revised by us in the Manuals or otherwise in writing, we have the right and authority (but not the obligation) to immediately obtain such insurance and to charge the same to you, which charges, together with an administrative fee of 18%, will be payable by you immediately upon notice. Insurance costs are non-refundable. Insurance coverage requirements are uniformly imposed on all new franchisees. However, the costs of this coverage may not be uniform for all franchisees because premiums may vary according to the insurer, marketplace conditions, the location of the insured’s premises, the insurance requirements of applicable law, and other factors.
5. We may conduct an annual convention that our Regional Developers are required to attend. You will be responsible for your and any approved attendees’ costs and expenses to attend the convention, including transportation, meals, and lodging. We may charge our then-current registration fee for Regional Developers to attend the annual convention, which registration fee is subject to change.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

| Type of Expenditure <sup>1</sup>                                        | Amount                       | Method of Payment | When Due                                  | To Whom Paid                                |
|-------------------------------------------------------------------------|------------------------------|-------------------|-------------------------------------------|---------------------------------------------|
| RD Territory Fee <sup>2</sup>                                           | \$75,000 to \$750,000        | Lump Sum          | Upon signing Regional Developer Agreement | Us                                          |
| Training Expenses                                                       | \$1,500 to \$2,500           | As Incurred       | As Agreed                                 | Third Parties                               |
| Rent, Security & Utility Deposits <sup>3</sup>                          | \$2,500 to \$4,500           | As Agreed         | Prior to Opening                          | Landlord<br>Utilities and Service Providers |
| Leasehold Improvements <sup>4</sup>                                     | \$3,000 to \$5,000           | As Agreed         | Prior to Opening                          | Contractors or Third Parties                |
| Furnishings, Fixtures, Supplies, and Equipment <sup>5</sup>             | \$2,500 to \$4,500           | As Agreed         | As Agreed                                 | Approved Vendors                            |
| Computers System <sup>6</sup>                                           | \$2,250 to \$2,650           | As Incurred       | Prior to Opening                          | Approved Vendors                            |
| Insurance <sup>7</sup>                                                  | \$1,200 to \$2,500           | As Arranged       | As Agreed                                 | Vendors                                     |
| Business Licenses, Legal Fees, Other Professional Fees <sup>8</sup>     | \$1,500 to \$4,000           | As Incurred       | As Incurred                               | Various                                     |
| Local Advertising and Social Engagement – Initial 3 Months <sup>9</sup> | \$600 to \$2,400             | As Incurred       | As Incurred                               | Vendors                                     |
| Additional Funds – Initial 3 Months <sup>10</sup>                       | \$5,000 to \$15,000          | Various           | As Incurred                               | Various                                     |
| <b>TOTAL</b>                                                            | <b>\$95,050 to \$793,050</b> |                   |                                           |                                             |

**NOTES**

1. The chart above describes the estimated initial investment for a Regional Developer Business operated from a leased premises within the RD Territory (“Support Center”). Inflation, tariffs, and worldwide events may impact various costs. We do not offer any financing directly or indirectly for any part of the initial investment. We have no obligation to refund any fees or costs paid to us. Whether any third party will refund any costs will depend on the third party involved. The above estimates do not include the investment required to establish your own TruGolf Links Center.
2. See Item 5 for description of RD Territory Fee.
3. You must operate your Regional Developer Business at and from the Support Center, which may be located within or adjacent to a TruGolf Links Center that you own as long as there is sufficient space that meets our specification. If your owned TruGolf Links Center does not have space that meets our requirements for a Support Center, you must obtain and maintain a separate premises within your RD Territory for the Support Center. If you are renting the space for the Support Center, rental rates will vary based on your Regional Developer Business’s location and size. The



Support Center will likely range from 900 to 1,200 square feet. Because of a number of variables, the costs projected in the chart for rent, lease deposit, utilities deposits, and leasehold improvements are an estimate only, and your initial investment may be higher or lower. You should investigate all real estate costs thoroughly before signing a lease. The figures above include the estimated cost of three months' rent for a premises of the Support Center that is separate from your TruGolf Links Center.

4. The Support Center must conform to our standards and specifications for appearance, layout, and design. This estimate is based on the estimated cost of constructing or remodeling the interior finish of an existing building shell of a leased premises. We may provide you with a layout drawing for build-out of the Support Center, but you are ultimately responsible for the preparation of any architectural and working drawings necessary to complete construction and/or build-out the Support Center. We must approve all plans before you begin construction or build-out, and any subsequent, material changes to the plans and drawings. You must purchase architecture and contracting services for the construction of the Support Center that meet our minimum specifications. Any architect or contractor which you hire must be licensed and experienced in the county and state where your Support Center is located. The Support Center must have a reception area, a large conference room for training, office space for staff and storage space for supplies. It must also conform to the décor items and schemes that we prescribe in the Manuals. The costs incurred in connection with the design, remodeling, decorating, and/or construction of a Support Center will vary greatly depending on a number of factors, including the size and location of the facilities, as well as the amount of construction or remodeling needed and the prior use of the premises. If you obtain financing from a third party for some or all of the construction costs, you will also have to pay interest on the amount borrowed. The above estimate of the costs potentially associated with build-out and leasehold improvements include architecture and contractor services, site selection and design, adjusting walls, HVAC, electric, plumbing for restrooms, installing flooring, painting, and fire safety.
5. You must purchase or lease desks, chairs, a conference table with chairs, a lockable storage cabinet, a projector and screen, and other furniture, fixtures, and equipment we may prescribe in the Manuals for your Support Center in order to conduct franchisee trainings or meetings at the Support Center. We expect that much of the technology equipment that you use in the operation of your TruGolf Links Center will also be used by your Regional Developer Business. The amounts described in the chart above reflect the additional costs that you will incur beyond that incurred in connection with your TruGolf Links Center. See Item 11.
6. You must obtain and maintain a computer as prescribed in the Manuals for use within your Regional Developer Business. We expect that much of the computer system you use in the operation of your TruGolf Links Center will also be used by your Regional Developer Business. In addition, beginning in the month before you open the Support Center and commence operations of the Regional Developer Business, you must begin paying the month Technology Fee described in Item 6 in exchange for obtaining or accessing any aspects of the Computer System or related technology systems, services, platforms, and software from or through us. The current Technology Fee is \$450 per month. We currently require you to access our required franchise sales management CRM platform through us. The amounts described in the chart above reflect the additional costs that you will incur beyond that incurred in connection with your TruGolf Links Center. See Item 11.
7. You must carry insurance for the types of coverages and the amounts that we specify in the Regional Developer Agreement and the Manuals. The amount listed above represents our best estimate of the premiums required for certain types of insurance including commercial general liability and worker's compensation insurance during the first three months of operation of a Regional Developer Business. See Item 8. Insurance costs vary in different locations. If you have employees, you will incur expenses for workers' compensation insurance. If you do not obtain

insurance as required under the Regional Developer Agreement, we may secure insurance for you and charge the cost to you.

8. This estimates the funds needed for professional advisors (attorneys, architects, real estate agents, and/or accountants) for the initial review and advice consistent with the start-up of a Regional Developer Business (separate and apart from expenses related to start-up of your own TruGolf Links Center and single-unit franchised business). We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity and related franchise and lease documents, if any. In addition, you may be required to obtain certain licenses or certifications to operate your business. Requirements vary by state.
9. You are required to spend at least \$200 per month on local advertising and social engagement, though we anticipate you may voluntarily elect to spend more, especially during your initial months of operation. See Item 6.
10. This is an estimate of miscellaneous expenses a Regional Developer will incur before operations begin and during the first three months of operating the Regional Developer Business. Many of the initial expenses, such as rent and insurance, will repeat on a monthly basis, and you should therefore make sure you have sufficient additional funds to meet the Regional Developer Business operation commitments during the first three months of operation. The estimate of additional funds is based upon an owner-operated business and does not include any salaries or benefits for employees or any allowance for an owner's draw. We base the estimate on the personal experiences of our officers (including Dr. Litalien) with regional developer businesses developed and operated throughout the United States for other franchise brands and quotes we received from approved suppliers.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### Required Purchases and Operation Standards

To ensure that the highest degree of quality and service is maintained, you must operate the Regional Developer Business in compliance with your Regional Developer Agreement and in conformity with the methods, standards, and specifications as we may periodically prescribe in the Manuals or otherwise in writing. You must provide only and all Regional Developer Services as we expressly approve in writing and to provide Regional Developer Services only to RD Territory Franchisees. You must not deviate from our standards and specifications unless you have received our prior written consent. We may modify our standards and specifications from time to time. We will notify you of any changes to our standards and specifications.

You must purchase, lease, license, and install and use all equipment, computer systems, products, supplies, services, and materials in the Regional Developer Business solely from suppliers we approve in writing, which may be us or our affiliate. We may appoint only one supplier for any particular good or service, and we may designate ourselves or our affiliate as the only, or one of a limited number of, suppliers for any goods or services. We will provide you with a list of approved suppliers, which we may update from time to time. Current standards and specifications will be communicated to you in the Manuals, and may include brand requirements. If brand requirements have been identified, you may purchase and use only approved brands. We will provide our current standards and specifications to approved suppliers. We may modify our standards and specifications by providing you with written notification. Except for your obligation to access certain aspects of your Computer System through us, neither we nor our affiliates are currently an approved or required supplier of any goods or services that you are required to purchase or lease as a Regional Developer. If you voluntarily elect to be an optional reseller of TruGolf Links simulators, you must purchase such simulators solely from our affiliate, TruGolf, Inc.

We estimate that the costs of your purchases from designated or approved sources, or according to our standards and specifications, will be approximately 95% of the total cost of establishing your Regional Developer Business and approximately 35% of the total cost of operating your Regional Developer Business after that time.

Except for certain officers' interest in us, none of our officers own an interest in any supplier from whom you are required to purchase as a Regional Developer.

#### Approval of Alternative Products, Services, and Suppliers

If you desire to purchase any unapproved products or services or purchase any products or services from a supplier not previously approved, you must obtain our prior written approval. We or our representatives may inspect the unapproved products or services, or in the case of an unapproved supplier, the supplier's facilities, and may require samples of the products be delivered, either to us or to an independent laboratory we designate for testing. For approval of suppliers, we may also require that the supplier comply with such other requirements we may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other Regional Developers. If we elect to inspect the proposed supplier's facilities or test samples, you or the proposed supplier must reimburse us for the actual cost of the inspection and/or the actual cost of the test. We anticipate we will tell you within 30 days of our inspection, testing, or receipt of other information from the proposed supplier whether or not the proposed supplier will be approved. We may reinspect from time to time the facilities and products or services of any approved supplier and revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria or does not cooperate with us in our periodic re-approval process. Our determination regarding approval or disapproval is final.

In determining whether to grant or revoke approval of suppliers, we consider various factors, including, for example, whether the suppliers (i) can demonstrate the ability to meet our then-current standards and specifications for such products and services; (ii) possess adequate quality controls and capacity to supply your needs promptly and reliably; (iii) enable the network of TruGolf Links Regional Developer Businesses to take advantage of marketplace efficiencies; and (iv) have been approved in writing by us prior to any purchases of such supplier's products or services by Regional Developers. The criteria we use in approving suppliers are available to franchisees upon written request.

#### Computer System, Software, and Other Technology

You must purchase, lease, license, and/or subscribe to solely from suppliers that we approve in writing (which may be us or our affiliate) certain brands, types, makes, and/or models of communications, computer systems, computer software, and hardware used by, between, or among Regional Developer Businesses, TruGolf Links Centers and us including: (a) back office and contact management or business management systems, franchise sales management CRM platform, data, audio, video, and voice storage, retrieval, and transmission systems; (b) printers and other peripheral devices; (c) archival back-up systems; (d) e-mail systems; and (e) Internet access mode and speed (collectively, the "Computer System"), and other technology equipment that meets our specifications, which are further detailed in Item 11, including any required hardware, software, projectors, and screens indicated in the Manuals. We may require that you purchase, lease, license, and/or subscribe to additional hardware, software, or other technology systems, services, or platforms we specify, meeting our minimum specifications, including any proprietary or customized software that we may develop or have developed on our behalf. Except for the franchise sales management CRM platform, we and our affiliates are not currently a supplier of the Computer System, though in the future we may designate ourselves or our affiliate as an approved or sole supplier of any aspect of the Computer System. You must maintain the latest available version of any required software.

If we require you to obtain or access any aspects of the Computer System or related technology systems, services, platforms, and software from or through us, you must pay us a monthly Technology Fee, as further

detailed in Item 6. The current Technology Fee is \$450 per month. We currently require you to obtain or access our required franchise sales management CRM platform through us. We may make changes to the types, nature, and ultimate vendor of any aspect of the Computer System or any technology systems, services, platforms, and software we require you to obtain or access from or through us. Your precise monthly Technology Fee may change if there are changes in any aspect of the Computer System or in the technology systems, services, platforms, and software we require you to obtain or access through us, or in our costs regarding such technology systems, services, platforms, and software.

Insurance

You must obtain and maintain at your own expense insurance policies with insurers reasonably satisfactory to us covering the items specified in the Regional Developer Agreement and/or Manuals, including comprehensive general liability, business income and extra expense, workers’ compensation, commercial umbrella liability, and cyber liability. We may change the insurance coverages and policies we require from time to time. Each insurance policy must be issued by an insurance company or companies we approve, who must have an A.M. Best Rating of at least “A”- VII in the most recent Key Rating Guide published by the A.M. Best Company and who is licensed to do business in the state in which your Regional Developer Business is located. These policies must be primary and non-contributory to any policies we might carry and include a waiver of subrogation in our favor. The policies must list us and our affiliates, and our and their officers, directors, employees, partners, members, subsidiaries, employees and agents as additional named insureds. The policies must provide that we will receive written notice 30 days prior to cancellation, material change, or non-renewal. You must deliver to us (and in the future maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect, or any other evidence of coverage that we may require, 30 days prior to commencement of any activities or operations pursuant to the Regional Developer Agreement, 30 days prior to the expiration of any such policy, on each anniversary of the effective date of the Regional Developer Agreement, and from time to time upon written request from us. If you do not provide proof of insurance to us as required under the Regional Developer Agreement, we may secure insurance for you and charge the actual cost to you plus an administrative fee equal to 18% of such costs. We require you to obtain the following coverages and amounts:

| Insurance Policy Type                          | Required Coverage                                                                                                                                                                                                                                                                   |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Comprehensive General Liability                | \$1 million aggregate / \$1 million per occurrence, including operations, products and completed operations, broad form contractual liability, personal injury, and advertising injury, as well as \$1,000,000 aggregate / \$100,000 per occurrence for sexual misconduct liability |
| Business Income and Extra Expense              | Amount required to pay for continuing expenses for a limit of 50% of annual sales or 12 months actual loss                                                                                                                                                                          |
| Automobile Liability                           | \$1 million per occurrence for bodily injury and property damage                                                                                                                                                                                                                    |
| Workers’ Compensation and Employers’ Liability | Statutory workers’ compensation insurance and employer’s liability insurance of \$1 million                                                                                                                                                                                         |
| Commercial Umbrella Liability                  | Amount with limits which bring the total of all primary underlying coverages to \$3 million                                                                                                                                                                                         |
| Cyber Liability                                | Amount we designate (currently \$1 million)                                                                                                                                                                                                                                         |
| Other                                          | Any other coverage required by your lease or by                                                                                                                                                                                                                                     |

federal, state, or municipal law

#### Revenue from Regional Developer Purchases

We and our affiliates do not currently derive revenue or other material consideration from required purchases or leases by Regional Developers; however, we and our affiliates may become an approved or required supplier and earn revenue from Regional Developers' required purchases or leases in the future. In the fiscal year ended December 31, 2024, neither we nor our affiliates derived revenue or other material consideration from required purchases or leases by Regional Developers.

We and our affiliates do not currently receive payments, rebates, commissions, marketing or promotional allowances, discounts, and/or other consideration from suppliers based on Regional Developers' purchases from such approved suppliers; however, we and our affiliates reserve the right to do so in the future. If that occurs, we and/or our affiliates may retain all of the rebates, payments, commissions, allowances, discounts, or other consideration we or they are paid, and have the right to use these amounts without restriction (unless we or our affiliates agree otherwise with the supplier) for any purpose we or our affiliates deem appropriate.

#### Cooperatives

We have no purchasing or distribution cooperatives applicable to Regional Developer Businesses.

#### Negotiated Prices

We may negotiate purchase arrangements with our designated or approved suppliers, including price terms, for the benefit of Regional Developers.

#### Material Benefits

You do not receive any material benefits from us, other than prices that we may have negotiated, as a result of your use of our designated or approved suppliers.

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

**The following table lists your principal obligations under the Regional Developer Agreement. It will help you find more detailed information about your obligations in the Regional Developer Agreement and in other items of this Disclosure Document.**

| <b>Obligation</b>                                          | <b>Section in Regional Developer Agreement</b> | <b>Item(s) in Disclosure Document</b> |
|------------------------------------------------------------|------------------------------------------------|---------------------------------------|
| a. Location selection and acquisition/lease                | 1.1 and 1.2                                    | 7 and 11                              |
| b. Pre-opening purchases/leases                            | 5.1                                            | 7, 8 and 11                           |
| c. Location development and other pre-opening requirements | 5.1 and 5.2                                    | 5, 6, 7, 8 and 11                     |
| d. Initial and ongoing training                            | 5.3                                            | 7 and 11                              |
| e. Opening                                                 | 5.2                                            | 7 and 11                              |
| f. Fees                                                    | 3                                              | 5, 6 and 7                            |
| g. Compliance with standards, policies and manuals         | 5                                              | 8 and 11                              |

| <b>Obligation</b>                                      | <b>Section in Regional Developer Agreement</b> | <b>Item(s) in Disclosure Document</b> |
|--------------------------------------------------------|------------------------------------------------|---------------------------------------|
| h. Trademarks and proprietary information              | 8, 9, and 10                                   | 13 and 14                             |
| i. Restrictions on products and services offered       | 5.7                                            | 16                                    |
| j. Warranty and customer service requirements          | 5.5 and 5.6                                    | Not Applicable                        |
| k. Territorial development and sales quotas            | 1, 5.18, and Exhibit B                         | 12                                    |
| l. Ongoing product and service purchases               | 4 and 5.7                                      | 8                                     |
| m. Maintenance, appearance and remodeling requirements | 5.6–5.9                                        | 11                                    |
| n. Insurance                                           | 11                                             | 6, 8                                  |
| o. Advertising                                         | 6 and 8                                        | 11                                    |
| p. Indemnification                                     | 16                                             | 6                                     |
| q. Owner’s participation, management and staffing      | 5.5, 5.6, and 5.15                             | 11 and 15                             |
| r. Records and reports                                 | 4.8 and 7                                      | Not Applicable                        |
| s. Inspections and audits                              | 4.8, 5.7, 5.8, and 7.4                         | 6                                     |
| t. Transfer                                            | 12                                             | 6 and 17                              |
| u. Renewal                                             | Not Applicable                                 | 17                                    |
| v. Post-termination obligations                        | 14                                             | 17                                    |
| w. Non-competition covenants                           | 10 and Exhibit F – Non-Disclosure Agreement    | 17                                    |
| x. Dispute resolution                                  | 17                                             | 17                                    |

## **ITEM 10 FINANCING**

Neither we nor any of our affiliates offer, directly or indirectly, any financing arrangements to our franchisees. We do not guarantee your notes, leases, or other obligations.

## **ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

### Pre-Opening Obligations

Before you open your Regional Developer Business, we will provide the following assistance:

1. Designate your RD Territory at the time you sign your Regional Developer Agreement (Regional Developer Agreement, Section 1.1.1).
2. We will provide pre-opening training in the TruGolf Links System, including standards, methods, procedures, and techniques, at the times and places we designate for our training programs. (Regional Developer Agreement, Section 4.1). A description of that training appears later in this Item 11.

3. We will provide you pre-opening assistance in the manner we determine. (Regional Developer Agreement, Section 4.2).
4. We will loan you or otherwise provide you access to the Manuals, which may be in a digital format, as revised or updated from time to time. (Regional Developer Agreement, Section 4.3).
5. We will provide you with merchandising, marketing, and other related advice from time to time. (Regional Developer Agreement, Section 4.4).
6. We will provide you with periodic individual or group advice, consultation, and assistance, by personal visit, telephone, mail, or e-mail in the place, time, and manner we designate. (Regional Developer Agreement, Section 4.5).

#### Post-Opening Obligations

During the operation of your Regional Developer Business, we will provide the following assistance:

1. We will provide ongoing training at the times, places, and in the manner we designate. (Regional Developer Agreement, Section 4.1).
2. We will loan you or otherwise provide you access to the Manuals, which may be in a digital format, as revised or updated from time to time. (Regional Developer Agreement, Section 4.3).
3. We will provide merchandising, marketing, and other related advice we periodically develop. (Regional Developer Agreement, Section 4.4). An explanation of the advertising program appears in more detail later in this Item 11.
4. We will provide you with periodic individual or group advice, consultation, and assistance, by personal visit, telephone, mail, or e-mail in the place, time, and manner we designate. (Regional Developer Agreement, Section 4.5).
5. We will provide bulletins, brochures, and reports from time to time regarding our plans, policies, research, developments, and activities. (Regional Developer Agreement, Section 4.6).

#### Your Compensation

During the term of the Regional Developer Agreement, so long as you are in compliance with the Regional Developer Agreement, we will pay you, as compensation for the Regional Developer Services provided by you, the Sales Services Compensation on a monthly basis (except as otherwise described below) in the manner designated or prescribed by us. If you are solely responsible for the recruitment of an RD Territory Franchisee, we will pay to you Sales Services Compensation equal to 50% of the initial franchise fee paid by such RD Territory Franchisee that executes a franchise agreement during the term of this Agreement for a TruGolf Links Center to be located in the RD Territory (each, a “Franchised Business”). We will have the sole right to determine your Sales Services Compensation if more than one party has recruited the RD Territory Franchisee. You will not be entitled to receive any Sales Services Compensation for an RD Territory Franchisee who has, in our determination, been recruited by us or a third party. (Regional Developer Agreement § 3.4).

Our obligation to pay you Sales Services Compensation is subject to the following conditions: (i) you are the first to submit to us an application pertaining to the prospective RD Territory Franchisee (“Applicant”), (ii) both us and the Applicant sign a franchise agreement, and the Applicant pays us the initial franchise fee; (iii) the sale is for a new TruGolf Links Center, and not in connection with a transfer, resale, renewal, or grant of a successor franchise agreement; (iv) you use our contact management or business management system, or such other procedure(s) we prescribe in the Manuals or otherwise in writing, as applicable, to

input, track, and maintain a detailed history of the communications and status of the Applicant's progress, and you guide the Applicant through our required sales process, which includes your autonomous management of the lead from receipt of the contact information through all of our then-current sales process steps culminating in your collaboration with us to obtain a signed franchise agreement and payment of the applicable initial franchise fee; (v) we have received and deposited the initial franchise fee from the Applicant; and (vi) you are in compliance with the Regional Developer Agreement. (Regional Developer Agreement § 3.4).

We will pay you Support Services Compensation equal to 50% of the royalty fees received by us during the term of the Regional Developer Agreement from every RD Territory Franchisee for Support Services rendered by you to those RD Territory Franchisees. Our obligation to pay you Support Services Compensation is subject to the following conditions: (i) you provide the Support Services as described in the Regional Developer Agreement and/or as otherwise designated or prescribed by us, and you perform the Support Services to our satisfaction; (ii) you are in compliance with the Regional Developer Agreement; and (iii) we have received the royalty fees from the RD Territory Franchisees. (Regional Developer Agreement § 3.4).

You may not solicit or accept fees payable under a franchise agreement between us and an RD Territory Franchisee. All such fees must be paid directly to us. If you receive a payment from an RD Territory Franchisee, you must promptly remit the payment to us and notify the RD Territory Franchisee to direct all future payments to us. You will not receive any portion of any transfer or renewal fees paid to us by RD Territory Franchisees. (Regional Developer Agreement § 3.5).

We will have the right, at our option, to waive, reduce, defer, and forgive any fees and payments due or payable by RD Territory Franchisees to us or our affiliates, including initial franchise fees, royalty fees, and training fees. You agree and acknowledge that you will not be entitled to any compensation relating to such waived, reduced, deferred or forgiven fees, unless and until such fees are, in fact, paid to us. We will have no obligation to undertake any collection efforts in the case of unpaid fees. We will have the right, at our option, to (i) terminate any franchise agreement, (ii) acquire the assets of any RD Territory Franchisee (including the franchise agreement), (iii) acquire an ownership interest in any RD Territory Franchisee, (iv) disapprove the transfer of any Franchised Business or an ownership interest in any RD Territory Franchisee, (v) refuse to renew a franchise agreement or to enter into a successor franchise agreement, and (vi) discontinue offering or granting franchises, in all cases without providing compensation to you. (Regional Developer Agreement § 3.6).

We will have the right, at our option to withhold all or any part of any of our payment to you if you fail to provide the Regional Developer Services to our satisfaction or as an offset against any amount you owe us under the Agreement or any related agreement. You will not be entitled to receive or earn Sales Services Compensation or Support Services Compensation at any time you are in uncured default of a noticed default of the Regional Developer Agreement. (Regional Developer Agreement § 3.7).

If there is a dispute between you and another Regional Developer, or if more than one party is responsible for recruiting or providing any of the Regional Developer Services described in the Agreement to an RD Territory Franchisee in the RD Territory, we shall have the right, in our sole judgment, to determine the share or allocation of fees for the provision of those Regional Developer Services. (Regional Developer Agreement § 3.9).

We will have the right, at our option, to approve or disapprove any Applicant regardless of whether the Applicant meets our franchisee criteria. We will have no obligation to sign a franchise agreement with any Applicant. We will also have the right to (1) negotiate the terms of franchise agreements with any Applicant, (2) waive any initial franchise fees, franchise royalty fees or other fees for any Applicant, and (3) enter into any franchise agreements, as we deem advisable. (Regional Developer Agreement § 5.19.6).



If the Regional Developer Agreement expires or is terminated, our obligation to pay you Sales Services Compensation and/or Support Services Compensation will end, and you will have no further right to payments, except for Sales Services Compensation and Support Services Compensation that you earned prior to the date of expiration or termination of the Regional Developer Agreement. (Regional Developer Agreement § 14.1.11).

### Location Selection and Opening

We designate a specific RD Territory for each Regional Developer Business. The factors that we consider in designating the RD Territory include the general characteristics and population density of the geographic area, demographic characteristics, and the estimated number of TruGolf Links Centers a RD Territory can hold (at least one TruGolf Links Center within the RD Territory must be operated by you).

You must select the proposed Support Center location for your Regional Developer Business. We generally do not own, or lease to you, the real estate for your location. You must submit the location of the Support Center to us for our approval, together with all information we request relating to the location. We will send you written approval or rejection of the location within 45 days after our receipt of all relevant information. The failure to submit a suitable location that we approve in a timely fashion may result in the termination of the Regional Developer Agreement. The Support Center must satisfy our standards and specifications as described in the Manuals or otherwise in writing. The factors we consider in approving the location of your Support Center, whether within a TruGolf Links Center that you own or a separate location, include whether it has sufficient space (approximately 900 to 1,200 square feet) to accommodate an office and a meeting area to meet with RD Territory Franchisees in your RD Territory.

The typical length of time from the signing of a Regional Developer Agreement to the commencement of operations by a Regional Developer is expected to be 90 days to 180 days. Factors affecting the length of time before opening usually include selecting and securing a Support Center, obtaining permits, and training. Your failure to timely open and commence operations (within 180 days after the date you sign the Regional Developer Agreement) at a location we approve will constitute an event of default under the Regional Developer Agreement, for which we may terminate your Regional Developer Business.

### Advertising and Promotion

#### Advertising Fund

We have no obligation to conduct advertising under the Regional Developer Agreement, and we have no obligation to spend any amount on advertising in your area or territory. We do not have an advertising fund for Regional Developer Businesses.

#### Local Advertising and Social Engagement

You are required to spend at least \$200 per month on local advertising and social engagement. All of your local advertising and promotion must be conducted in the media, type, and format that we have approved, must be conducted in a dignified manner, and must conform to our standards and requirements.

#### Advertising Council

There is currently no advertising council of the date of this Disclosure Document. We may establish an advertising council for Regional Developers in the future. If established, we may form, change, dissolve, or merge any advertising council.

#### Advertising Cooperative

We do not have an advertising cooperative for Regional Developers.

## Computer Systems

We expect that the total cost to purchase or lease the Computer System (defined in Item 8) will range from \$1,800 to \$2,200.

In addition, you must pay us a monthly Technology Fee if we require you to obtain or access any aspects of the Computer System or related technology systems, services, platforms, and software from or through us. The current Technology Fee is \$450 per month. We currently require you to access our required franchise sales management CRM platform through us. See Item 6 for additional information regarding the Technology Fee.

You must upgrade or update your Computer System, including the purchase of additional equipment if necessary, as specified by us from time to time. There is no contractual limitation on the frequency and costs of such obligations. You must obtain and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. Neither we nor our affiliates have any obligation to provide ongoing maintenance, repairs, upgrades, or updates. You will be solely responsible for the cost of ongoing maintenance, updating, upgrading, and support contracts for the Computer System. Neither we, our affiliates, nor any third parties are responsible for such costs. We estimate your annual cost of maintenance, updating, upgrading, and support contracts related to the Computer System will be at least \$250 per year. The precise cost of maintenance, updating, upgrading, and support contracts related to the Computer System cannot be estimated at this time because it will depend on, among other factors, your repair history, local costs of computer maintenance and service in your area, and technological advances that we cannot predict. We expect that much of the computer and technology equipment that you use in the operation of your TruGolf Links Center will also be used by your Regional Developer Business. The range above reflects the additional costs that you will incur beyond that incurred in connection with your TruGolf Links Center.

We may independently remotely access your computer at any time to retrieve and use data and information generated and stored in your Computer System and download information to update your software. There are no contractual limitations on our right to access such information.

We or our affiliate may establish an Internet website that provides information about the System and the products and services offered by Support Centers. If established, we or our affiliate will have sole discretion and control over the website (including timing, design, contents and continuation). We and/or our affiliate may, but are not obligated to, create interior pages on our website(s) that contain information about your Support Center and other TruGolf Links Center locations. If we do create these pages, we may require you to prepare all or a portion of the page for your Support Center, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting.

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. We and/or our affiliates are the lawful, rightful and sole owner of the Internet domain names [www.trugolflinks.com](http://www.trugolflinks.com) as well as any other Internet domain names registered by us, and you unconditionally disclaim any ownership interest in such domain names and any similar Internet domain names.

## Remodeling and Upgrades

In addition to your obligation to maintain the Regional Developer Business, you must also undertake all periodic and ongoing remodeling and upgrading as we require in the Manuals or otherwise in writing. For example, you must make, from time to time, the upgrades and other changes to the Computer System, software and related equipment as we may request in writing (collectively, “Computer Upgrades”). We have the right to require any Computer Upgrades we deem necessary for your Regional Developer Business. Other than as stated in this paragraph, there are no other limitations on our ability to require you to upgrade the Regional Developer Business.

## Manuals

We will provide you with a copy of our Manual. The Manual contain mandatory and suggested specifications, standards, operating procedures, programs, and rules we prescribe periodically, as well as information relative to your obligations under the Regional Developer Agreement and the operation of your Regional Developer Business. The table of contents for our Manual is attached to this Disclosure Document as Exhibit G. The Manual contains 154 pages.

## Training

Your Operating Principal and general manager (“General Manager”) must complete our initial training program to our satisfaction, no later than 30 days after the date you sign the lease for your Support Center. An “Operating Principal” is an individual who has completed all of our required training program, is approved by us to supervise the day-to-day operations of the Regional Developer Business and owns at least 5% of the equity interest in you. There is no fee for two attendees/trainees to attend the initial training program. However, you must pay for all costs and expenses, like salaries, wages, supplies, rooms, meals, and transportation for you and each of your attendees participating in the training program. We may permit additional individuals to attend initial training, at our option. Initial training program will be held at facilities in Centerville, Utah, or another location designated by us. Classroom and on-the-job trainings are generally held as needed. We may require you, your Operating Principal and/or other individuals we designate to attend refresher courses, seminars, and other training programs as we may reasonably specify from time to time, including up to 10 days of refresher programs each year during the term of the Agreement. In addition, we may require you and other individuals we designate to attend our annual convention at your expense for up to three days per year.

The following table summarizes the subjects taught during our initial training program:

### **TRAINING PROGRAM**

| <b>Subject</b>                                     | <b>Hours of Classroom training</b> | <b>Hours of on-the-job training</b> | <b>Location</b>                                      |
|----------------------------------------------------|------------------------------------|-------------------------------------|------------------------------------------------------|
| <b>Day 1</b>                                       |                                    |                                     |                                                      |
| General: Understanding the FTC Rule on Franchising | 4                                  | 0                                   | Centerville, Utah (or another location we designate) |

| Subject                                                    | Hours of Classroom training | Hours of on-the-job training | Location                                             |
|------------------------------------------------------------|-----------------------------|------------------------------|------------------------------------------------------|
| General: Presenting the TruGolf Links franchise offer      | 2                           | 2                            | Centerville, Utah (or another location we designate) |
| <b>Total hours Day 1</b>                                   | <b>6 hours</b>              | <b>2 hours</b>               |                                                      |
| <b>Day 2</b>                                               |                             |                              |                                                      |
| General: Overcoming Objections                             | 1                           | 1                            | Centerville, Utah (or another location we designate) |
| General: Conducting Discovery Day Sessions                 | 1                           | 1                            | Centerville, Utah (or another location we designate) |
| Real Estate: Support Center Site Selection and Real Estate | 2                           | 2                            | Centerville, Utah (or another location we designate) |
| <b>Total hours day 2</b>                                   | <b>4 hours</b>              | <b>4 hours</b>               |                                                      |
| <b>Day 3</b>                                               |                             |                              |                                                      |
| General: Support Center site visits and compliance         | 3                           | 2                            | Centerville, Utah (or another location we designate) |
| Marketing: sales, service & communication                  | 3                           | 0                            | Centerville, Utah (or another location we designate) |
| <b>Total hours day 3</b>                                   | <b>6 hours</b>              | <b>2 hours</b>               |                                                      |
| <b>Total hours in 3 days</b>                               | <b>16 hours</b>             | <b>8</b>                     |                                                      |

Our regional developer training program is overseen by Dr. Ben Litalien, CFE, our Chief Development Officer. He has over 31 years of experience in the franchise industry, training, operations, and franchise support, and has been with TruGolf Links since our formation. We may use additional or substitute instructors as needed, in our discretion. The training materials include our Manuals and other written materials that will be provided. Details of instruction and times for particular sessions may vary according

to availability of staff, areas of concentration needed by trainees, and other factors. We may, but are not required to, provide you and your employees with additional training at your request. You are responsible for all costs and expenses of such additional training.

If any of your trainees fail to complete the Regional Developer Training Program to our satisfaction, at our option, the trainee may repeat the course, or in the case of a General Manager, you may designate a replacement General Manager (the “Replacement Personnel”) and send such individual to the next available Regional Developer Training Program. We may charge our then-current training fee for such Replacement Personnel attending the Regional Developer Training Program. Failure by you to complete the Regional Developer Training Program to our satisfaction triggers our right to terminate the Regional Developer Agreement. (Regional Developer Agreement § 5.3).

## **ITEM 12 TERRITORY**

We will grant you the right to operate one Regional Developer Business at or from a physical Support Center that we approve, located within the RD Territory. You may not perform any Regional Developer Services outside your RD Territory without our express written permission. You may not solicit or accept requests for Regional Developer Services from current or prospective franchisees outside your RD Territory without our express written permission, including through other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing. You may not relocate your Support Center (which may be within a TruGolf Links Center you own or operate) or change your RD Territory without our prior written approval. We have not established conditions under which we will approve the relocation of your Support Center or RD Territory. If you wish to relocate your Regional Developer Business, you must request to do so in writing. We anticipate we will approve or deny any such request, subject to reasonable conditions we may impose, within 30 days of the time you submit your request. We do not grant you options, rights of first refusal, or similar rights to acquire additional Regional Developer Businesses.

The RD Territory is the area described in Exhibit B to the Regional Developer Agreement. We will determine the boundaries of the RD Territory based on several factors, including, among other factors, the number of TruGolf Links Centers included in your Development Schedule; the population base; density of population; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; traffic generators, driving times; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas. We anticipate that each RD Territory will be sized to include one TruGolf Links Center per approximately 100,000 people in population.

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

Except as otherwise described in the Regional Developer Agreement, for so long as you are in full compliance with the Regional Developer Agreement, we will not, during the term of the Regional Developer Agreement, license others to provide the Regional Developer Services to RD Territory Franchisees. We retain all other rights not expressly granted to you, including the right to grant franchises, and we and our affiliates may solicit and/or conduct business within the RD Territory without any compensation to you. For example, without obligation to you, we, our affiliates, or anyone we authorize, may, among other things, and without any compensation or other recourse to you, regardless of location (e.g., within and/or outside the RD Territory) or economic impact upon you or the Regional Developer Business:

- (a) Advertise and promote the System;

- (b) Offer, sell, operate, and authorize or license others to operate, TruGolf Links Centers within and outside the RD Territory; provided, however that if you are in full compliance with the Regional Developer Agreement and we desire to enter into a franchise agreement for the establishment and operation of a TruGolf Links Centers at a physical premises located within the RD Territory, we will so notify you and offer you the right to execute our then-current form of franchise agreement for the TruGolf Links Center. You must notify us in writing, not later than 10 days after receipt of notice from us, informing us of your desire to enter into our then-current form of franchise agreement for the TruGolf Links Center. Your failure to provide timely notice will be deemed to constitute an irrevocable rejection of the offer. If you timely provide notice of your desire to enter into such franchise agreement, you must return to us a fully executed copy of the franchise agreement and remit all initial fees payable under it, not later than 30 days after your receipt of the above-described notice from us. Your failure to return to us a fully executed copy of the franchise agreement, and remit all initial fees payable under it will be deemed to constitute an irrevocable rejection of the offer;
- (c) License others to operate Regional Developer Businesses at any location outside the RD Territory, including at locations that are adjacent to the RD Territory;
- (d) Offer and sell any products or services (including Regional Developer Services), under any marks (including the Proprietary Marks) within and outside the RD Territory to any party (including RD Territory Franchisees), and through any means;
- (e) Offer and sell, and authorize others to offer and sell, approved products and services, including those offered, sold, or used at the TruGolf Links Centers (such as simulators, equipment, paraphrenia, clothing, and other branded merchandise and memorabilia), under the Proprietary Marks or other marks at or from any location (including within the RD Territory) or through any channel of distribution (including, but not limited to, retail stores, infomercials, catalogs, the Internet, e-commerce, direct response marketing campaigns, or similar marketing channels or initiatives);
- (f) Develop or become associated with other concepts (including other franchise systems), whether or not using the System and/or the Proprietary Marks, and or offer or sell franchises under such concepts;
- (g) Acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not) with outlets located anywhere and, even if such businesses are located in the RD Territory: (i) convert the other businesses to TruGolf Links Center; (ii) permit the other businesses to continue to operate under another name; and/or (iii) permit the other businesses to operate under another name and convert existing TruGolf Links Centers to such other name; or
- (h) Engage in any other activity, action or undertaking that we or our affiliates are not expressly prohibited from taking under the Regional Developer Agreement.

You must cause Franchised Businesses to be opened and continuously operating, according to the Development Schedule. If you fail to meet your Development Schedule, we may, at our option, offer and sell franchises in your Territory without compensating you. If we sell any franchises in your Territory, you must provide Support Services to them regardless of whether you received Sales Service Compensation or not. Except as described above, the continuation of your rights to operate your Regional Developer Business does not depend on the achievement of a certain sales volume, market penetration, or any other contingency.

Neither we nor any affiliate operates, franchises, or plans to operate or franchise any business under a different trademark that offers or sells, or offer or will sell, services or products similar to those of Regional Developer Businesses, but we and our affiliates have the right to do so under the Regional Developer Agreement.

### **ITEM 13 TRADEMARKS**

We grant you the right to operate a Regional Developer Business under the name “TruGolf Links” and to use the Proprietary Marks that we designate for the operation of your Franchised Business.

Our affiliate, TruGolf, Inc., owns the following Proprietary Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”). TruGolf, Inc. has renewed or intends to renew the registrations for the Marks listed below. All required affidavits have been filed.

| <b>Mark</b>   | <b>Registration Number</b> | <b>Registration Date</b> |
|---------------|----------------------------|--------------------------|
| TruGolf       | 1787407                    | August 10, 1993          |
| TruGolf Links | 7725096                    | March 11, 2025           |

There is no presently effective determination of the USPTO, the trademark administrator of any state, or any court, and no pending interference, opposition, or cancellation proceeding or any pending material litigation involving the Proprietary Marks.

Our rights to the Proprietary Marks and System are derived from a sublicense between us, TruGolf Holdings, and TruGolf, Inc. (“License Agreement”). Between them, TruGolf Holdings and TruGolf, Inc. own the intellectual property regarding the System. The License Agreement grants us the right to use the Proprietary Marks and System, and to sublicense the use of the Proprietary Marks and System, in connection with the development and operation of TruGolf Links Centers and regional developer businesses, and the advertising, marketing, and promotion of the services and products that TruGolf Links Centers offer. The License Agreement has an initial ten-year term and then automatically renews for successive one-year periods unless and until terminated for uncured material defaults. If the License Agreement is terminated, any sublicense to use the Proprietary Marks and System granted to our franchisees and regional developers will continue in effect until the termination or expiration of such sublicense; that is, TruGolf Holdings and TruGolf, Inc. will be deemed to directly license the Proprietary Marks and System to any franchisees and regional developers subject to the terms of the applicable sublicense with the franchisee or regional developer (including any franchise agreement or regional developer agreement).

We know of no superior prior rights or infringing use that could materially affect your use of the Proprietary Marks, and we know of no other agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to you.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. As between you and us, we have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. As between you and us, we also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We have no obligation to protect or defend your right to use the Proprietary Marks or protect you against claims of infringement or unfair competition arising out of your use of the Proprietary Marks, although we intend to do so when in the best interest of the System.

If we undertake the defense or prosecution of any litigation concerning the Proprietary Marks, you must sign any documents and do the things as may, in our counsel's opinion, be necessary to carry out that defense or prosecution, such as becoming a nominal party to any legal action. Unless the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Regional Developer Agreement, we will reimburse you for your out-of-pocket costs in doing these things (although you will still be responsible for the salary costs of your employees) and we will bear the costs of any judgment or settlement. However, if the litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Regional Developer Agreement, then you must reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement. We do not have to indemnify you against, or reimburse you for, any damages in any proceeding arising out of the use of any name or Proprietary Mark or for any costs incurred by you in the defense of any of those claims.

We may substitute different marks for use in identifying the System and the businesses operating under it. You must bear the costs of modifying your signs and advertising materials to conform to our new Proprietary Marks as a result of this substitution.

#### **ITEM 14**

#### **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

Our affiliate, TruGolf, Inc., owns U.S. patents and patent applications that relate to the simulation of the flight path of a golf ball, which technology is used in the TruGolf simulators used in TruGolf Links Centers. U.S. Patent No. 11,167,203, which is a utility patent entitled "System, Method, and Apparatus for Golf Simulation," was issued to TruGolf, Inc. on November 9, 2021. In addition, TruGolf, Inc. owns pending patent application U.S. Application No. 17/735,886, which is a utility patent application filed on May 3, 2022, entitled "System for Automatic Equipment ID and Performance Evaluation and Related Methods."

There is no presently effective determination of the USPTO or any court regarding any patent, and no pending proceeding or any pending material litigation involving any patent. We have no obligation to protect or defend any patents, although we anticipate that TruGolf, Inc. will do so when in the best interest of the System and TruGolf Links brand. Finally, we know of no infringing uses that could materially affect you.

We do not own any copyrights and do not have any pending copyright applications that are material to the franchise. However, we or our affiliate, TruGolf, Inc., claim copyright protection and proprietary rights in the original materials used in the System, including our Manuals, bulletins, correspondence, and communications with our franchisees, training, advertising, and promotional materials, and other written materials relating to the operation of TruGolf Links Centers, Regional Developer Businesses, and the System. We consider the Manuals and related materials to be confidential and proprietary. You may use them only in the operation of your Regional Developer Business as provided in the Regional Developer Agreement. You may not use our and our affiliate's confidential and proprietary information in any unauthorized manner and must take reasonable steps to prevent its disclosure to others. Your right to use those materials continues as long as the Regional Developer Agreement remains in effect.

Our rights to use and sublicense the intellectual property regarding the System, including any patents and Manuals, are derived from the License Agreement described in Item 13. The License Agreement has an initial ten-year term and then automatically renews for successive one-year periods unless and until terminated for uncured material defaults. If the License Agreement is terminated, any sublicense to use the relevant intellectual property granted to our franchisees and regional developers will continue in effect until the termination or expiration of such sublicense; that is, TruGolf Holdings and TruGolf, Inc. will be deemed to directly license such intellectual property to any franchisees and regional developers subject to the terms of the applicable sublicense with the franchisee or regional developer (including any franchise agreement or regional developer agreement).



Neither the United States Copyright Office nor any court has made any currently effective determinations regarding any of our copyrighted materials. We have no agreements in effect that significantly limit our right to use or license the use of our copyrighted materials. We have no obligation to protect or defend our copyrights or confidential information, although we intend to do so when in the best interest of the System. Finally, we know of no infringing uses that could materially affect your use of our copyrighted materials in any state.

During the term of the Regional Developer Agreement, you will receive information that we consider to be our trade secrets and confidential information, including confidential information, trade secrets, knowledge, or know how concerning the System or the methods of operation of your Regional Developer Business, which may be communicated to you or which you may be apprised of by virtue of your operation under the terms of the Regional Developer Agreement (“Confidential Information”). You may only divulge Confidential Information to your owners, directors, members, officers, managers, or employees as must have access to it in order to operate your Regional Developer Business.

#### **ITEM 15**

#### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

We do not require you to participate personally in the direct operation of your TruGolf Links Center, but we do recommend it. An Operating Principal must participate personally in the direct operation of the Regional Developer Business. You must notify us promptly if the individual serving as the Operating Principal for the Regional Developer Business no longer serves as an employee of Regional Developer or no longer meets the requirements of being an Operating Principal for the Regional Developer Business. “Operating Principal” means an individual who: (1) has completed our required training program, (2) we have approved to supervise the day-to-day operations of the Regional Developer Business, and (3) owns at least 5% of the equity interest in Regional Developer.

You must also designate a Regional Developer Business general manager, subject to approval by us, and satisfactory completion of our training programs, who will be responsible for the direct oversight and management of the day-to-day operations and personnel at the Regional Developer Business (the “General Manager”). The General Manager and the Operating Principal may be the same person, if he/she is qualified to perform both roles and duties and is approved by us.

You will control and be solely responsible for the day-to-day operation of the Regional Developer Business and the terms and conditions and employment of your personnel, including the soliciting, hiring, firing, disciplining, paying, scheduling, and managing of your employees.

We may require that you, any and all of your owners holding a 5% or greater interest in you, the Operating Principal, the General Manager, and any spouse (or domestic partner or other immediate family member) of an owner and each person who is actively involved in the operation of the franchise, execute an agreement in the form provided by us, under which each agree not to divulge any of our trade secrets or confidential or proprietary information, including the contents of any of our manuals.

All individuals owning a direct or indirect interest in you must execute the Guarantee, Indemnification, and Acknowledgment, covering all of your obligations under the Regional Developer Agreement. We may also require that the spouse (or domestic partner or other immediate family member) of an owner sign the Guarantee, Indemnification, and Acknowledgment. The current form of Guarantee, Indemnification, and Acknowledgment is attached to the Regional Developer Agreement as Exhibit E.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must provide only and all Regional Developer Services that we have approved. You must provide all Regional Developer Services as we specify and Provide Regional Developer Services only to RD Territory Franchisees in the RD Territory. You may not perform any Regional Developer Services outside your RD Territory. You must discontinue providing any Regional Developer Services that we may disapprove, in writing, at any time.

You must keep your Regional Developer Business open and in normal operation for such hours and days as we may from time to time specify in the Manuals or as we may otherwise approve in writing.

From time to time we may change or modify the System as we deem appropriate, including to reflect the changing market and/or to meet new and changing customer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of TruGolf Links Centers. Our changes to the System may include the adoption and use of new or modified products, services, equipment and furnishings and new techniques and methodologies relating to the preparation, sale, promotion and marketing of food and beverage products and services, and new trademarks, service marks and copyrighted materials. You must, upon reasonable notice, accept, implement, use in the operation of the Regional Developer Business any such changes in the System, at your sole expense. There are no limits on our right to make changes.

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

**THE FRANCHISE RELATIONSHIP**

**The following table lists certain important provisions of the Regional Developer Agreement pertaining to renewals, terminations, transfers and dispute resolutions. You should read those provisions in the Regional Developer Agreement attached as Exhibit C to this Disclosure Document.**

| <b>Provision</b>                                 | <b>Section in Regional Developer Agreement</b> | <b>Summary</b>                                                                          |
|--------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------------------------------|
| a. Term of the franchise                         | 2                                              | The term expires 10 years after the effective date of the Regional Developer Agreement. |
| b. Renewal or extension of the term              | Not applicable                                 | Not Applicable                                                                          |
| c. Requirements for you to renew or extend       | Not Applicable                                 | Not Applicable                                                                          |
| d. Termination by you                            | Not Applicable                                 | Not Applicable, subject to state law.                                                   |
| e. Termination by us without cause               | Not Applicable                                 | Not Applicable                                                                          |
| f. Termination by us with cause                  | 13                                             | We may terminate upon default.                                                          |
| g. "Cause" defined – defaults which can be cured | 13.3                                           | You have 30 days to cure operational defaults and 5 days to cure monetary defaults.     |

| Provision                                              | Section in Regional Developer Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| h. “Cause” defined – defaults which cannot be cured    | 13.1–13.2                               | The term “cause,” among other defaults, includes danger to health or safety; bankruptcy; assignment for the benefit of creditors; felony conviction; repeated violations; execution of levy not discharged within five days; attachment of property; failure to obtain approval of the site for your office; failure to complete initial training; abandonment of the Regional Developer Business; fraud; unauthorized transfer; failure to comply with non-compete and confidentiality obligations; default under any other agreement between you and us or our affiliates; and termination or expiration of the franchise agreement for your TruGolf Links Center (provided a renewal or replacement agreement is not entered into for the uninterrupted operation of the TruGolf Links Center). (Termination for cause of your Regional Development Agreement is grounds for termination of the franchise agreement for your TruGolf Links Center.) |
| i. Your obligations on termination and non-renewal     | 14                                      | Among other obligations, you must cease to operate the Regional Developer Business, pay amounts due, cease the use of the System and Proprietary Marks, return the Manuals, comply with the post-term covenant not to compete, and pay our damages and costs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| j. Assignment of contract by us                        | 12.1                                    | The Regional Developer Agreement imposes no restriction on our right to assign.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| k. “Transfer” by you – definition                      | 12.3                                    | The term “transfer” includes the transfer of the Regional Developer Agreement or any rights or obligations under it, all or substantially all of the assets of the Regional Developer Business, and any direct or indirect ownership interest in you.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| l. Our approval of transfer by you                     | 12.4                                    | We have the right to approve all transfers; we will not withhold our consent unreasonably.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| m. Conditions for our approval of transfer             | 12.4                                    | Among other conditions, no default may exist and you pay all amounts due, sign a general release and pay a transfer fee. The transferee must complete our training and meet all of our qualifications and other requirements and sign our then-current form of Regional Developer Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| n. Our right of first refusal to acquire your business | 12.6                                    | We have the option for 30 days to purchase you, all or substantially all of your assets, or any direct or indirect interest in you, upon same terms and conditions offered to or from the third party.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| o. Our option to purchase your business                | 14.1.8                                  | We have the option to purchase any or all of your equipment and inventory upon the termination or expiration of your Regional Developer Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Provision                                                              | Section in Regional Developer Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| p. Your death or disability                                            | 12.7 and 12.8                           | Within six months the death or disability of you or an owner, you or your owner's (as applicable) interest in the Regional Developer Agreement, or in you, must be transferred to a third party whom we approve.                                                                                                                                                                                                                                                                                                           |
| q. Non-competition covenants during the term of the franchise          | 10.5                                    | You cannot divert business to a competitor. You cannot own, maintain, operate, have an interest in or provide assistance to a "Competitive Business," which means any business that, as determined by Franchisor in its sole determination, is the same as or substantially similar to the Franchised Business or the TruGolf Links brand, including, without limitation, any business that is primarily related to golf or that provides facilities for golf simulators, within the United States (subject to state law). |
| r. Non-competition covenants after the franchise terminates or expires | 10.6                                    | For a period of two years, you cannot own, maintain, operate, have an interest in or provide assistance to a Competitive Business that is located within the RD Territory or within 10 miles of any TruGolf Links Center, or do or perform any act injurious to the System (subject to state law).                                                                                                                                                                                                                         |
| s. Modification of the agreement                                       | 23                                      | No changes to agreement can take place unless mutually agreed to in writing, except we can unilaterally modify the Manual and System.                                                                                                                                                                                                                                                                                                                                                                                      |
| t. Integration / merger clause                                         | 23                                      | Only the written terms of the Regional Developer Agreement and exhibits bind the parties (subject to applicable state law). Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments.                                                                                                                                                                                           |
| u. Dispute resolution by arbitration or mediation                      | 17.4                                    | The parties must arbitrate any controversy or claim, except that either party may file for temporary or preliminary injunctive relief, a restraining order, or order of specific performance, including, without limitation, injunctive relief pertaining to the use of the TruGolf Links System, Proprietary Marks, and Confidential Information, subject to state law.                                                                                                                                                   |
| v. Choice of forum                                                     | 17.2 and 17.3                           | All litigation must take place in federal or state court encompassing Centerville, Utah, and all arbitration must take place in the Salt Lake City metropolitan area, subject to applicable state law. See Exhibit D.                                                                                                                                                                                                                                                                                                      |
| w. Choice of law                                                       | 17.1                                    | Utah law applies, subject to applicable state law. See Exhibit D.                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

## ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote TruGolf Links franchises or Regional Developer Businesses.

**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 this Disclosure Document. Financial performance information that differs from that included in Item 19 may only be given if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Dr. Ben Litalien, 60 North 1400 West, Centerville, Utah 84014, 801-298-1997, [benl@trugolfinks.com](mailto:benl@trugolfinks.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION\***

**TABLE NO. 1**  
**SYSTEM-WIDE OUTLET SUMMARY**  
**FOR FISCAL YEARS 2022 TO 2024**

| <b>Outlet Type</b>   | <b>Year</b> | <b>Outlets at Start of Year</b> | <b>Outlets at End of Year</b> | <b>Net Change</b> |
|----------------------|-------------|---------------------------------|-------------------------------|-------------------|
| Franchised           | 2022        | 0                               | 0                             | 0                 |
|                      | 2023        | 0                               | 0                             | 0                 |
|                      | 2024        | 0                               | 0                             | 0                 |
| Company-Owned*       | 2022        | 0                               | 0                             | 0                 |
|                      | 2023        | 0                               | 0                             | 0                 |
|                      | 2024        | 0                               | 0                             | 0                 |
| <b>Total Outlets</b> | <b>2022</b> | <b>0</b>                        | <b>0</b>                      | <b>0</b>          |
|                      | <b>2023</b> | <b>0</b>                        | <b>0</b>                      | <b>0</b>          |
|                      | <b>2024</b> | <b>0</b>                        | <b>0</b>                      | <b>0</b>          |

\*Note: This system-wide outlet summary describes our system of Regional Developer Businesses. Any “outlets” listed in this Item 20 describe Regional Developer Businesses operating under a Regional Developer Agreement. The outlet summary for TruGolf Links Centers is described in our separate Single-Unit Franchise Disclosure Document.

**TABLE NO. 2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(OTHER THAN FRANCHISOR)**  
**FOR FISCAL YEARS 2022 TO 2024**

| State         | Year        | Number of Transfers |
|---------------|-------------|---------------------|
| All States    | 2022        | 0                   |
|               | 2023        | 0                   |
|               | 2024        | 0                   |
| <b>Totals</b> | <b>2022</b> | <b>0</b>            |
|               | <b>2023</b> | <b>0</b>            |
|               | <b>2024</b> | <b>0</b>            |

**TABLE NO. 3**  
**FRANCHISED OUTLETS STATUS SUMMARY**  
**FOR FISCAL YEARS 2022 TO 2024**

| State         | Year        | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at End of the Year |
|---------------|-------------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|----------------------------|
| All States    | 2022        | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|               | 2023        | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|               | 2024        | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
| <b>Totals</b> | <b>2022</b> | <b>0</b>                 | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>                 | <b>0</b>                          | <b>0</b>                   |
|               | <b>2023</b> | <b>0</b>                 | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>                 | <b>0</b>                          | <b>0</b>                   |
|               | <b>2024</b> | <b>0</b>                 | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>                 | <b>0</b>                          | <b>0</b>                   |

**TABLE NO. 4**  
**COMPANY-OWNED OUTLETS STATUS SUMMARY**  
**FOR FISCAL YEARS 2022 TO 2024**

| State         | Year        | Outlets at Start of Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets At End of Year |
|---------------|-------------|--------------------------|----------------|------------------------------------|----------------|----------------------------|------------------------|
| All States    | 2022        | 0                        | 0              | 0                                  | 0              | 0                          | 0                      |
|               | 2023        | 0                        | 0              | 0                                  | 0              | 0                          | 0                      |
|               | 2024        | 0                        | 0              | 0                                  | 0              | 0                          | 0                      |
| <b>Totals</b> | <b>2022</b> | <b>0</b>                 | <b>0</b>       | <b>0</b>                           | <b>0</b>       | <b>0</b>                   | <b>0</b>               |
|               | <b>2023</b> | <b>0</b>                 | <b>0</b>       | <b>0</b>                           | <b>0</b>       | <b>0</b>                   | <b>0</b>               |
|               | <b>2024</b> | <b>0</b>                 | <b>0</b>       | <b>0</b>                           | <b>0</b>       | <b>0</b>                   | <b>0</b>               |

**TABLE NO. 5**  
**PROJECTED OPENINGS**  
**AS OF DECEMBER 31, 2024**

| <b>State</b>  | <b>Regional Developer Agreement Signed But Outlet Not Opened</b> | <b>Projected New Regional Developer Businesses in the Next Fiscal Year</b> | <b>Projected New Company-Owned Regional Developer Businesses in the Next Fiscal Year</b> |
|---------------|------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| New Jersey    | 1                                                                | 1                                                                          | 0                                                                                        |
| Tennessee     | 0                                                                | 1                                                                          | 0                                                                                        |
| <b>Totals</b> | <b>1</b>                                                         | <b>2</b>                                                                   | <b>0</b>                                                                                 |

#### Lists of Current and Former Regional Developers

Exhibit E to this Disclosure Document reflects the name of each of our regional developers and the address and telephone numbers of their businesses as of December 31, 2024. Exhibit E also reflects the name, city, state, and current business telephone number of every regional developer who ceased to do business under the Regional Developer Agreement or had a Regional Developer Business terminated, canceled, not renewed, or transferred within the last fiscal year ended December 31, 2024, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. As of December 31, 2024, we did not have any current or former regional developers.

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

#### Purchase of Previously Owned Franchise

If you are purchasing a previously owned franchised outlet, we will provide you additional information on the previously owned franchised outlet in an addendum to this Disclosure Document.

#### Confidentiality Clauses

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with TruGolf Links. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

#### Trademark-Specific Franchisee Organizations

We know of no active franchisee organization associated with the System.

### **ITEM 21** **FINANCIAL STATEMENTS**

Attached as Exhibit B to this Disclosure Document are the audited financial statements of our parent, TruGolf Holdings (f/k/a Deep Medicine Acquisition Corp.): (i) as of December 31, 2024 and 2023, and for the years ending December 31, 2024 and 2023; and (ii) as of March 31, 2023 and 2022, and for the years ending March 31, 2023 and 2022. Our parent changed the date of its fiscal year end from March 31 to December 31 in 2024. In addition, we have included unaudited financial statements of TruGolf Holdings for the period beginning January 1, 2025 through March 31, 2025. Under the Guarantee of Performance (included in Exhibit B), TruGolf Holdings has absolutely and unconditionally guaranteed our duties and obligations under the Franchise Agreement. Our and TruGolf Holdings' fiscal year end is December 31<sup>st</sup>.

## **ITEM 22 CONTRACTS**

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

|           |                              |
|-----------|------------------------------|
| Exhibit C | Regional Developer Agreement |
| Exhibit D | State Specific Addenda       |
| Exhibit F | Form of General Release      |
| Exhibit H | Reseller Addendum            |

## **ITEM 23 RECEIPTS**

The last two pages of this Disclosure Document are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return the other signed copy of the Receipt to us. The Receipt contains the names of our franchise sellers.



**EXHIBIT A**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**

**STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

| <b>STATE</b>                        | <b>STATE ADMINISTRATOR/AGENT</b>                                                                                                       | <b>ADDRESS</b>                                                                                                                   |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| California                          | Commissioner of Financial Protection and Innovation<br>California Department of Financial Protection and Innovation                    | 320 West 4 <sup>th</sup> Street, Suite 750<br>Los Angeles, CA 90013-2344<br>1-866-275-2677<br>www.dfpi.ca.gov<br>Ask.DFPI@ca.gov |
| Hawaii<br>(State Administrator)     | Commissioner of Securities<br>Dept. of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch | 335 Merchant Street<br>Room 203<br>Honolulu, HI 96813                                                                            |
| Illinois                            | Illinois Attorney General                                                                                                              | 500 South Second Street<br>Springfield, IL 62706                                                                                 |
| Indiana<br>(State Administrator)    | Indiana Securities Commissioner<br>Securities Division                                                                                 | 302 West Washington Street, Room E111<br>Indianapolis, IN 46204                                                                  |
| Indiana<br>(Agent)                  | Indiana Secretary of State                                                                                                             | 302 West Washington Street, Room E018<br>Indianapolis, IN 46204                                                                  |
| Maryland<br>(State Administrator)   | Office of the Attorney General<br>Division of Securities                                                                               | 200 St. Paul Place<br>Baltimore, MD 21202-2020                                                                                   |
| Maryland<br>(Agent)                 | Maryland Securities Commissioner                                                                                                       | 200 St. Paul Place<br>Baltimore, MD 21202-2020                                                                                   |
| Michigan                            | Michigan Department of Attorney General<br>Consumer Protection Division                                                                | G. Mennen Williams Building, 1 <sup>st</sup> Floor<br>525 West Ottawa Street<br>Lansing, MI 48933                                |
| Minnesota                           | Commissioner of Commerce<br>Minnesota Department of Commerce                                                                           | 85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198                                                              |
| New York<br>(State Administrator)   | NYS Department of Law<br>Investor Protection Bureau                                                                                    | 28 Liberty Street, 21st Floor<br>New York, NY 10005<br>212-416-8222                                                              |
| New York<br>(Agent)                 | New York Secretary of State                                                                                                            | One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, NY 12231-0001                                                   |
| North Dakota                        | Securities Commissioner<br>North Dakota Securities Department                                                                          | 600 East Boulevard Avenue<br>State Capitol, Fourteenth Floor, Dept. 414<br>Bismarck, ND 58505-0510                               |
| Rhode Island                        | Director, Department of Business Regulation,<br>Securities Division                                                                    | 1511 Pontiac Avenue<br>John O. Pastore Complex – Building 69-1<br>Cranston, RI 02920                                             |
| South Dakota                        | Department of Labor and Regulation<br>Division of Insurance - Securities Regulation                                                    | 124 S. Euclid, Suite 104<br>Pierre, SD 57501-3185                                                                                |
| Virginia<br>(State Administrator)   | State Corporation Commission<br>Division of Securities and Retail Franchising                                                          | 1300 East Main Street, 9 <sup>th</sup> Floor<br>Richmond, VA 23219<br>804-371-9051                                               |
| Virginia<br>(Agent)                 | Clerk of the State Corporation Commission                                                                                              | 1300 East Main Street, 1st Floor<br>Richmond, VA 23219-3630                                                                      |
| Washington<br>(State Administrator) | Securities Division, Department of Financial<br>Institutions                                                                           | PO Box 41200,<br>Olympia, WA 98504-1200                                                                                          |
| Washington<br>(Agent)               | Department of Financial Institutions<br>Securities Division                                                                            | 150 Israel Road SW<br>Tumwater, WA 98501<br>360-902-8760                                                                         |
| Wisconsin                           | Commissioner of Securities                                                                                                             | Department of Financial Institutions<br>Division of Securities<br>201 W. Washington Ave., Suite 300<br>Madison, WI 53703         |

**EXHIBIT B**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TRUGOLF HOLDINGS, INC.  
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024 AND 2023

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and  
Stockholders of TruGolf Holdings, Inc.

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of TruGolf Holdings, Inc. (the Company) as of December, 2024 and 2023, and the related consolidated statements of operations, comprehensive gain (loss), stockholders' deficit, and cash flows for each of the years in the two-year period ended December 31, 2024, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Haynie & Company

We have served as the Company's auditor since 2024  
Salt Lake City, Utah  
April 15, 2025

**TRUGOLF HOLDINGS, INC.**  
**CONSOLIDATED BALANCE SHEETS**

|                                                                                                                                              | December 31,<br>2024 | December 31,<br>2023 |
|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                                                                                                                                |                      |                      |
| <b>Current Assets:</b>                                                                                                                       |                      |                      |
| Cash and cash equivalents                                                                                                                    | \$ 10,882,077        | \$ 3,297,564         |
| Restricted cash                                                                                                                              | -                    | 2,100,000            |
| Marketable investment securities                                                                                                             | -                    | 2,478,953            |
| Accounts receivable, net                                                                                                                     | 1,399,153            | 2,398,872            |
| Inventory, net                                                                                                                               | 2,349,345            | 2,119,084            |
| Prepaid expenses and other current assets                                                                                                    | 116,619              | 262,133              |
| Other current assets                                                                                                                         | 45,737               | -                    |
| <b>Total Current Assets</b>                                                                                                                  | <b>14,792,931</b>    | <b>12,656,606</b>    |
| Property and equipment, net                                                                                                                  | 143,852              | 234,308              |
| Capitalized software development costs, net                                                                                                  | 1,540,121            | -                    |
| Right-of-use assets                                                                                                                          | 634,269              | 972,663              |
| Other long-term assets                                                                                                                       | 31,023               | 1,905,983            |
| <b>Total Assets</b>                                                                                                                          | <b>\$ 17,142,196</b> | <b>\$ 15,769,560</b> |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>                                                                                                 |                      |                      |
| <b>Current Liabilities:</b>                                                                                                                  |                      |                      |
| Accounts payable                                                                                                                             | \$ 2,819,703         | \$ 2,059,771         |
| Deferred revenue                                                                                                                             | 3,113,010            | 1,704,224            |
| Notes payable, current portion                                                                                                               | 10,001               | 9,425                |
| Notes payable to related parties, current portion                                                                                            | 2,937,000            | 1,237,000            |
| Line of credit, bank                                                                                                                         | 802,738              | 802,738              |
| Margin line of credit account                                                                                                                | -                    | 1,980,937            |
| Convertible notes payable                                                                                                                    | -                    | 954,622              |
| Dividend notes payable                                                                                                                       | 4,023,923            | -                    |
| Accrued interest                                                                                                                             | 661,376              | 459,872              |
| Accrued and other current liabilities                                                                                                        | 999,307              | 1,125,495            |
| Accrued and other current liabilities - assumed in Merger                                                                                    | 45,008               | -                    |
| Lease liability, current portion                                                                                                             | 363,102              | 334,255              |
| <b>Total Current Liabilities</b>                                                                                                             | <b>15,775,168</b>    | <b>10,668,339</b>    |
| <b>Non-current Liabilities:</b>                                                                                                              |                      |                      |
| Notes payable, net of current portion                                                                                                        | 9,732                | 2,402,783            |
| Note payables to related parties, net of current portion                                                                                     | 624,000              | 861,000              |
| PIPE loan payable, net                                                                                                                       | 4,068,953            | -                    |
| Dividend notes payable                                                                                                                       | -                    | 4,023,923            |
| Gross sales royalty payable                                                                                                                  | 1,000,000            | 1,000,000            |
| Lease liability, net of current portion                                                                                                      | 305,125              | 668,228              |
| Other liabilities                                                                                                                            | -                    | 63,015               |
| <b>Total Liabilities</b>                                                                                                                     | <b>21,782,978</b>    | <b>19,687,288</b>    |
| <b>Commitments and Contingencies</b>                                                                                                         |                      |                      |
| <b>Stockholders' Deficit:</b>                                                                                                                |                      |                      |
| Preferred stock, \$0.0001 par value, 10 million shares authorized; zero shares issued and outstanding, respectively                          | -                    | -                    |
| Common stock, \$0.0001 par value, 100,000,000 shares authorized:                                                                             |                      |                      |
| Common stock - Series A, \$0.0001 par value, 90 million shares authorized; 26,120,545 and 13,098 shares issued and outstanding, respectively | 2,612                | 120                  |
| Common stock - Series B, \$0.0001 par value, 10 million shares authorized; 1,716,860 and 0 shares issued and outstanding, respectively       | 172                  | -                    |
| Treasury stock at cost, 4,692 shares of common stock held, respectively                                                                      | (2,037,000)          | (2,037,000)          |
| Additional paid-in capital                                                                                                                   | 18,548,931           | 10,479,738           |
| Accumulated other comprehensive loss                                                                                                         | -                    | (1,662)              |
| Accumulated deficit                                                                                                                          | (21,155,496)         | (12,358,924)         |
| <b>Total Stockholders' Deficit</b>                                                                                                           | <b>(4,640,781)</b>   | <b>(3,917,728)</b>   |
| <b>Total Liabilities and Stockholders' Deficit</b>                                                                                           | <b>\$ 17,142,196</b> | <b>\$ 15,769,560</b> |

The accompanying notes are an integral part of these consolidated financial statements.

**TRUGOLF HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

|                                                                  | <b>For the<br/>Year Ended<br/>December 31, 2024</b> | <b>For the<br/>Year Ended<br/>December 31, 2023</b> |
|------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Revenue, net                                                     | \$ 21,858,864                                       | \$ 20,583,851                                       |
| Cost of revenue                                                  | 7,271,512                                           | 7,825,768                                           |
| Total gross profit                                               | 14,587,352                                          | 12,758,083                                          |
| Operating expenses:                                              |                                                     |                                                     |
| Royalties                                                        | 706,214                                             | 709,640                                             |
| Salaries, wages and benefits                                     | 9,314,415                                           | 9,681,323                                           |
| Selling, general and administrative                              | 6,669,684                                           | 11,027,332                                          |
| Total operating expenses                                         | 16,690,313                                          | 21,418,295                                          |
| Loss from operations                                             | (2,102,961)                                         | (8,660,212)                                         |
| Other (expenses) income:                                         |                                                     |                                                     |
| Interest income                                                  | 106,400                                             | 108,011                                             |
| Interest expense                                                 | (6,932,618)                                         | (1,730,908)                                         |
| Gain on fair value adjustment                                    | 142,319                                             | -                                                   |
| Loss on extinguishment of debt                                   | (270,594)                                           | -                                                   |
| Gain on investment                                               | 262,035                                             | -                                                   |
| Total other expense                                              | (6,692,458)                                         | (1,622,897)                                         |
| Loss from operations before provision for income taxes           | (8,795,419)                                         | (10,283,109)                                        |
| Provision for income taxes                                       | -                                                   | -                                                   |
| Net loss                                                         | \$ (8,795,419)                                      | \$ (10,283,109)                                     |
| Net loss per common share Series A - basic and diluted           | \$ (0.76)                                           | \$ (857.35)                                         |
| Weighted average shares outstanding Series A - basic and diluted | 11,634,761                                          | 11,994                                              |

The accompanying notes are an integral part of these consolidated financial statements.

**TRUGOLF HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE GAIN (LOSS)**

|                                                                | <b>For the<br/>Year Ended<br/>December 31, 2024</b> | <b>For the<br/>Year Ended<br/>December 31, 2023</b> |
|----------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Net loss                                                       | \$ (8,795,419)                                      | \$ (10,283,109)                                     |
| Other comprehensive gain (loss):                               |                                                     |                                                     |
| Unrealized gain (loss) in fair value of short-term investments | <u>1,662</u>                                        | <u>(1,662)</u>                                      |
| Comprehensive loss                                             | <u>\$ (8,793,758)</u>                               | <u>\$ (10,284,771)</u>                              |

The accompanying notes are an integral part of these consolidated financial statements.

**TRUGOLF HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023**

|                                                             | <u>Preferred Stock</u> |               | <u>Class A Common Stock</u> |               | <u>Class B Common Stock</u> |               | <u>Treasury Stock</u> |               | <u>Additional</u>      | <u>Accumulated</u>                     | <u>Accumulated</u> | <u>Total</u>   |
|-------------------------------------------------------------|------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|-----------------------|---------------|------------------------|----------------------------------------|--------------------|----------------|
|                                                             | <u>Shares</u>          | <u>Amount</u> | <u>Shares</u>               | <u>Amount</u> | <u>Shares</u>               | <u>Amount</u> | <u>Shares</u>         | <u>Amount</u> | <u>Paid-in Capital</u> | <u>Other Comprehensive Gain (Loss)</u> | <u>Deficit</u>     |                |
| <b>Balance at December 31, 2022</b>                         | -                      | \$ -          | 11,308                      | \$ 100        | -                           | \$ -          | (4,692)               | \$(2,037,000) | \$ 681,956             | \$ -                                   | \$(2,075,815)      | \$ (3,430,759) |
| Issuance of common stock to consultants for services        | -                      | -             | 821                         | 9             | -                           | -             | -                     | -             | 4,493,324              | -                                      | -                  | 4,493,333      |
| Issuance of common stock to employees for services          | -                      | -             | 252                         | 3             | -                           | -             | -                     | -             | 1,379,193              | -                                      | -                  | 1,379,196      |
| Issuance of common stock for conversion of dividend payable | -                      | -             | 717                         | 8             | -                           | -             | -                     | -             | 3,925,265              | -                                      | -                  | 3,925,273      |
| Unrealized loss in fair value of short-term investments     | -                      | -             | -                           | -             | -                           | -             | -                     | -             | -                      | (1,662)                                | -                  | (1,662)        |
| Net loss                                                    | -                      | -             | -                           | -             | -                           | -             | -                     | -             | -                      | -                                      | (10,283,109)       | (10,283,109)   |
| <b>Balance as of December 31, 2023</b>                      | -                      | \$ -          | 13,098                      | \$ 120        | -                           | \$ -          | (4,692)               | \$(2,037,000) | \$10,479,738           | \$ (1,662)                             | \$(12,358,924)     | \$ (3,917,728) |
| Issuance of common stock exchanged in Merger                | -                      | \$ -          | (13,098)                    | \$ (120)      | -                           | \$ -          | -                     | \$ -          | \$(3,854,573)          | \$ -                                   | \$ -               | \$(3,854,693)  |
| Issuance of common stock - Series A exchanged in Merger     | -                      | -             | 11,538,252                  | 1,154         | -                           | -             | -                     | -             | (1,154)                | -                                      | -                  | -              |
| Issuance of common stock - Series B issued in Merger        | -                      | -             | -                           | -             | 1,716,860                   | 172           | -                     | -             | (172)                  | -                                      | -                  | -              |
| Revaluation of costs of merger                              | -                      | -             | -                           | -             | -                           | -             | -                     | -             | 385,000                | -                                      | (1,153)            | 383,847        |
| Issuance of common stock for interest and make good         | -                      | -             | 723,068                     | 72            | -                           | -             | -                     | -             | 700,749                | -                                      | -                  | 700,821        |
| Issuance of common stock for conversion of notes            | -                      | -             | 13,787,393                  | 1,379         | -                           | -             | -                     | -             | 9,988,281              | -                                      | -                  | 9,989,660      |
| Stock-based compensation - common stock                     | -                      | -             | 71,832                      | 7             | -                           | -             | -                     | -             | 119,952                | -                                      | -                  | 119,959        |
| - options                                                   | -                      | -             | -                           | -             | -                           | -             | -                     | -             | 538,323                | -                                      | -                  | 538,323        |
| Debt refinance conversion                                   | -                      | -             | -                           | -             | -                           | -             | -                     | -             | 192,787                | -                                      | -                  | 192,787        |
| Realized gain in fair value                                 | -                      | -             | -                           | -             | -                           | -             | -                     | -             | -                      | 1,662                                  | -                  | 1,662          |



of short-term  
investments

|                                       |   |      |            |          |           |        |         |               |              |      |      |                |                |
|---------------------------------------|---|------|------------|----------|-----------|--------|---------|---------------|--------------|------|------|----------------|----------------|
| Net loss                              | - | -    | -          | -        | -         | -      | -       | -             | -            | -    | -    | (8,795,419)    | (8,795,419)    |
| Balance as of<br>December<br>31, 2024 | - | \$ - | 26,120,545 | \$ 2,612 | 1,716,860 | \$ 172 | (4,692) | \$(2,037,000) | \$18,548,931 | \$ - | \$ - | \$(21,155,496) | \$ (4,640,781) |

The accompanying notes are an integral part of these consolidated financial statements.

**TRUGOLF HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|                                                                             | For the<br>Year Ended<br>December 31, 2024 | For the<br>Year Ended<br>December 31, 2023 |
|-----------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Cash flows from operating activities:                                       |                                            |                                            |
| Net loss                                                                    | \$ (8,795,419)                             | \$ (10,283,109)                            |
| Adjustments to reconcile net loss to net cash used in operating activities: |                                            |                                            |
| Depreciation and amortization                                               | 301,442                                    | 58,641                                     |
| Amortization of convertible notes original issue discount                   | 728,278                                    | 97,111                                     |
| Amortization of right-of-use asset                                          | 338,394                                    | 298,208                                    |
| Change in fair value of derivative liability                                | (142,319)                                  | -                                          |
| Loss on extinguishment of debt                                              | 270,594                                    | -                                          |
| Fair value of warrants in excess of fair value of debt                      | -                                          | 93,530                                     |
| Bad debt expense                                                            | 826,207                                    | 681,479                                    |
| Change in OCI                                                               | 1,662                                      | -                                          |
| Stock issued for services                                                   | 119,959                                    | 5,872,529                                  |
| Stock issued for make good provisions on debt conversion                    | 700,821                                    | -                                          |
| Stock options issued to employees                                           | 538,323                                    | -                                          |
| Changes in operating assets and liabilities:                                |                                            |                                            |
| Marketable investment securities                                            | -                                          | 12,530                                     |
| Accounts receivable, net                                                    | 173,512                                    | (1,335,714)                                |
| Inventory, net                                                              | (230,261)                                  | 2,396                                      |
| Prepaid expenses                                                            | 145,514                                    | (114,385)                                  |
| Other current assets                                                        | (45,737)                                   | 17,840                                     |
| Other assets                                                                | 50,001                                     | (1,905,983)                                |
| Accounts payable                                                            | 444,961                                    | 596,434                                    |
| Deferred revenue                                                            | 1,408,786                                  | (1,008,296)                                |
| Accrued interest payable                                                    | 201,504                                    | 615,582                                    |
| Accrued and other current liabilities                                       | (634,557)                                  | 374,819                                    |
| Other liabilities                                                           | (63,015)                                   | 63,015                                     |
| Lease liability                                                             | (334,256)                                  | (269,848)                                  |
| Net cash used in operating activities                                       | (3,995,606)                                | (6,133,221)                                |
| Cash flows from investing activities:                                       |                                            |                                            |
| Purchases of property and equipment                                         | (36,339)                                   | (127,413)                                  |
| Purchase of short-term investments                                          | -                                          | (2,493,145)                                |
| Capitalized software, net                                                   | (1,701,471)                                | -                                          |
| Sale of short-term investments                                              | 2,478,953                                  | -                                          |
| Net cash provided by (used in) investing activities                         | 741,143                                    | (2,620,558)                                |
| Cash flows from financing activities:                                       |                                            |                                            |
| Proceeds from PIPE loans, net of discount                                   | 8,902,681                                  | -                                          |
| Proceeds from loan payable – related party                                  | 2,000,000                                  | -                                          |
| Proceeds from investment fund (PIPE)                                        | 2,112,560                                  | -                                          |
| Cash acquired in Merger                                                     | 103,818                                    | -                                          |
| Debt refinance conversion                                                   | 192,787                                    | -                                          |
| Proceeds from line of credit                                                | -                                          | 1,980,937                                  |
| Proceeds from notes payable                                                 | -                                          | 2,433,059                                  |
| Proceeds from convertible notes                                             | -                                          | 185,500                                    |
| Costs of Merger paid from PIPE loan                                         | (1,947,787)                                | -                                          |
| Repayments of line of credit                                                | (1,980,937)                                | -                                          |
| Repayments of loans assumed in Merger                                       | (100,000)                                  | -                                          |
| Repayments of notes payable                                                 | (9,146)                                    | (107,569)                                  |
| Repayments of notes payable - related party                                 | (535,000)                                  | (37,000)                                   |
| Dividends paid                                                              | -                                          | 40,150                                     |
| Net cash provided by financing activities                                   | 8,738,976                                  | 4,495,077                                  |
| Net change in cash , cash equivalents and restricted cash                   | 5,484,513                                  | (4,258,702)                                |
| Cash, cash equivalents and restricted cash - beginning of year              | 5,397,564                                  | 9,656,266                                  |
| Cash and cash equivalents - end of year                                     | \$ 10,882,077                              | \$ 5,397,564                               |
| Supplemental cash flow information:                                         |                                            |                                            |
| Cash paid for:                                                              |                                            |                                            |
| Interest                                                                    | \$ 923,975                                 | \$ 1,115,332                               |
| Income taxes                                                                | \$ -                                       | \$ -                                       |
| Non-cash investing and financing activities:                                |                                            |                                            |
| Derivative liability related to warrants                                    | \$ 142,319                                 | \$ -                                       |
| PIPE note principal converted to Class A Common Stock                       | \$ 5,832,600                               | \$ -                                       |
| Convertible notes exchanged for PIPE note                                   | \$ 2,419,622                               | \$ -                                       |
| Class A Common Stock exchanged in Merger                                    | \$ 3,854,573                               | \$ -                                       |

|                                                          |    |           |    |           |
|----------------------------------------------------------|----|-----------|----|-----------|
| Class A Common Stock issued in Merger                    | \$ | 1,154     | \$ | -         |
| Class B Common Stock issued in Merger                    | \$ | 172       | \$ | -         |
| Termination of loan payable                              | \$ | 1,875,000 | \$ | -         |
| Conversion of dividend note payable and accrued interest | \$ | -         | \$ | 3,925,273 |
| Conversion of note payable to line of credit             | \$ | -         | \$ | 257,113   |
| Warehouse lease                                          | \$ | -         | \$ | 537,994   |

The accompanying notes are an integral part of these consolidated financial statements.

**TRUGOLF HOLDINGS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF THE ORGANIZATION AND BUSINESS**

*Nature of the Business*

For over 40 years, TruGolf Holdings, In. (including its subsidiaries “the Company”, “we”, “us”, or “our”) has been creating indoor golf software and hardware and are focused on both the residential and commercial golf simulation industries. We design, develop, manufacture and sell golf simulators for residential and commercial applications. We offer portable, professional, commercial and custom simulators. In addition, to bundling our software with our simulators, we offer our E6 Connect and E6 Apex software as well as other gaming software on a standalone basis. We have leveraged the power of our hardware and software platform to create a collection of multi-sport games including football, soccer, soccer golf, frisbee golf, zombie dodgeball, and cowboy target practice.

TruGolf Nevada has been creating indoor golf software for 40 years. We began as a subsidiary of Access Software, Inc., a video game developer based in Salt Lake City, Utah (“**Access Software**”), which was co-founded in November 1982, by Christopher Jones, the Company’s largest stockholder, Chief Executive Officer, President and Chairman. In April 1999, Access Software was purchased by Microsoft Corp., for its expertise in golf software development. Following the acquisition, the core programming and graphics team of Links™, which created Links LS 1999, one of the bestselling PC sports games of 1999, were spun out to TruGolf Nevada.

Since 1999, we have focused on establishing residential and commercial golf simulation as a viable industry, and since 2007, we have focused on fabricating custom golf simulators for luxury clients. Part of our initial strategy included partnering with hardware inventors to provide them world class software. Over time, we found that it was not viable to rely on these early hardware inventors alone, we also began building and selling our own hardware. In addition, we are working with a video game company to utilize their new dynamic graphics engine which will enable us to bring photorealistic golf courses to life through our E6 software (discussed below). In addition, we have developed multiple sources and 3rd party manufacturers for the raw materials or parts for our products, including but not limited to, steel or aluminum frames, fabric, turf, screens, projectors, PCs, cameras, lasers, infrared sensors, and supporting subsystems. The availability of the frames and fabric from our principal provider, Allied ES&A, has been increased as they have moved into a much larger facility directly located in a large employee base community and we have entered into negotiations with a second supplier in order to provide alternative sourcing if needed. A third supplier, Impact Signs, has also been used in the past and TruGolf Nevada believes that it could purchase turf, and screen supplies from them as well if needed. Both turf (Controlled Products), and screen suppliers (Allied), are so specialized that we have come to rely on one vendor for each, respectively. Turf particularly experienced some delivery delays in 2022 that have been rectified, additional inventory has been secured locally, and our highest volume portable simulators have been redesigned to use less raw materials from that vendor, while adding an improved hitting surface from a second vendor, Real Feel, to mitigate risk. Negotiations with a second supplier of screen materials is in progress. Projectors (TV Specialists), PCs, lasers, IR sensors and other systems come from multiple suppliers with no historical delay in supply. We have 2 primary suppliers of cameras, IDS and Basler, and have integrated products from both in the new Apogee unit to ensure the greatest availability possible.

The Company is an “emerging growth company” as that term is used in the Jumpstart our Business Startups Act of 2012, and as such, has elected to comply with certain reduced public company reporting requirements.

*Corporate History*

On January 31, 2024 the Company completed the previously announced business combination pursuant to the terms of the Agreement and Plan of Merger, dated as of July 21, 2023 (as amended, the “Merger Agreement”), which provided for, Merger Sub to merge with and into TruGolf Nevada, with TruGolf Nevada surviving as a direct, wholly owned subsidiary of Deep Medicine Acquisition Corp. (“DMAQ”), a Delaware corporation and TruGolf’s predecessor company as a consequence of the merger (together with the other transactions contemplated by the Merger Agreement, the “Business Combination”). In connection with the consummation of the Business Combination, DMAQ changed its name to TruGolf Holdings, Inc. TruGolf Holdings, Inc.’s Class A common stock commenced trading on The Nasdaq Global Market under the ticker symbol “TRUG” on February 1, 2024.

Trugolf Holdings, Inc. (f/k/a Deep Medicine Acquisition Corp.) (the “Company” or “TruGolf”, “we”, “us”) was incorporated on July 8, 2020 as a Delaware corporation and formed for the purpose of effecting a business combination, with no material operation of its own. Our operations are conducted through our subsidiary TruGolf, Inc., a Nevada Corporation (“TruGolf Nevada”). TruGolf Nevada was formed as a Utah corporation on October 4, 1995, under the name “TruGolf, Incorporated”. TruGolf Nevada’s original business plan was the creation of golfing video games. On June 9, 1999, the TruGolf Nevada changed its name to “TruGolf, Inc.” Effective on April 26, 2016, TruGolf Nevada filed Articles of Merger with the State of Utah, Department of Commerce, and on April 28, 2016, TruGolf Nevada filed Articles of Merger with the Secretary of State of Nevada, pursuant to which TruGolf, Inc., a Utah corporation, merged with and into TruGolf Nevada, pursuant to a Plan of Merger. TruGolf Nevada was the surviving corporation in the merger. In connection with the Plan of Merger, TruGolf Nevada affected a four-for-one forward stock split of its outstanding common stock.

On May 10, 2024 the Company formed TruGolf Links Franchising, LLC (“Links”), a wholly owned subsidiary in the state of Delaware. Links has a sole member, TruGolf, Inc. Links was formed to establish and sell franchises that would use the Company’s indoor golf and recreational sports simulators and other equipment. Links offers a Service Area franchise agreement for a single location. It also offers a regional developer franchise agreement that allows the franchisee to sell franchises within its region. The upfront fees range from \$45,000 to \$100,000. Links has received proceeds of \$500,000 from its CEO and \$75,000 from a third party to purchase the franchise rights to some regions yet to be determined. As of September 30, 2024, the Company recorded \$575,000 of deferred revenue and incurred \$306,539 of expenses that are included in selling, general and administrative category.

#### *Material Agreements*

On February 2, 2024, the Company executed a securities purchase agreement (the “Purchase Agreement”) with certain investors (together, the “PIPE Investors”), and pursuant to the terms and conditions of the Purchase Agreement, the PIPE Investors agreed to purchase from the Company (i) senior convertible notes in the aggregate principal amount of up to \$15,500,000 (the “PIPE Convertible Notes”), (ii) Series A warrants to initially purchase 1,409,091 shares of the Company’s Class A common stock (the “Series A Warrants”); and (iii) Series B warrants to initially purchase 1,550,000 shares of the Company’s Class A common stock (the “Series B Warrants,” and collectively with the Series A Warrants, the “PIPE Warrants”)(the “PIPE Financing”). See [Note 11 – PIPE Convertible Notes](#) for additional details on the PIPE Convertible Notes. See [Note 17 – Stockholders’ Deficit](#) for warrants issued and deemed to be derivative liabilities.

#### *Nasdaq Compliance*

On July 15, 2024, the Company received a deficiency letter from the Listing Qualifications Department (the “Staff”) of the Nasdaq Stock Market (“Nasdaq”) notifying the Company that since it failed to file its Form 10-Q for the period ended March 31, 2024 it no longer complied with Nasdaq Listing Rule 5250(c)(1). The deficiency letter did not result in the immediate delisting of the Company’s common stock from the Nasdaq Capital Market. On August 14, 2024, the Company filed its Quarterly Report in the Form 10-Q for the period ended March 31, 2024 and the Company regained compliance with the applicable Nasdaq rule.

On August 19, 2024, the Company received a written notification (the “Equity Notice”) from the Listing Qualifications Department (the “Staff”) of the Nasdaq Stock Market (“Nasdaq”) notifying the Company that, based on the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, the Company’s stockholders’ equity was (\$10,508,104), and therefore, the Company was not in compliance with Nasdaq’s Listing Rule 5450(b)(1)(A), which requires a \$10,000,000 minimum stockholders’ equity standard (the “Global Equity Standard”).

Pursuant to Nasdaq Marketplace Rule 5810(c)(2)(C), the Company was provided 45 calendar days, or until November 18, 2024, to supply a specific plan to regain compliance with all Nasdaq Global Market listing requirements and the Company’s time frame to complete its plan. The Company submitted its plan of compliance on November 18, 2024, which was accepted by the Staff, and Nasdaq granted an extension of 180 calendar days from the date of the Equity Notice, or until March 31, 2025, to evidence compliance. On April 2, 2025, the Company received a delist determination letter from the Staff (the “Nasdaq Notice”) advising the Company that the Staff had determined that the Company had not regained compliance with the Global Equity Standard. Accordingly, the Staff indicated that unless the Company requests a hearing panel (a “Panel”) appeal of the delist determination by April 9, 2025, its securities would be delisted on April 11, 2025.

On April 9, 2025, the Company appealed Nasdaq’s determination to a Panel pursuant to the procedures set forth in the Nasdaq Listing Rule 5800 Series to stay the suspension of the Company’s securities pending the Panel’s decision.

On November 5, 2024, the Company received a written notification (the “Bid Notice”) from the Staff notifying the Company that, for the 30 consecutive business days ended November 4, 2024, the Company’s security did not maintain a minimum bid price of \$1 per share. Nasdaq stated in its letter that in accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has a compliance period of 180 calendar days from the date of the Bid Notice (the “Compliance Period”), and that it may regain compliance if the closing bid on the Company’s security is at least \$1 for a minimum of ten consecutive days during the Compliance Period, which will end May 5, 2025. If the Company chooses to implement a reverse stock split, it must complete the split no later than 10 business days prior to the expiration of the Compliance Period, in order to regain compliance.

On November 5, 2024, the Company received an additional written notice (the “MVPHS Notice”) from the Staff notifying the Company that, for 30 consecutive business days ended August 8, 2024, the Company’s market value of publicly held securities (“MVPHS”) closed below the \$15,000,000 MVPHS threshold required for continued listing on the Nasdaq Global Market under Nasdaq Listing Rule 5450(b)(2)(C) (the “MVPHS Rule”). Nasdaq stated in its letter that in accordance with Nasdaq Listing Rule 5810(c)(3)(D), the Company has a compliance period of 180 calendar days from the date of the MVPHS Notice, and it may regain compliance if at any time during the Compliance Period the MVPHS closes at \$15,000,000 or more for a minimum of ten consecutive business days.

### *Liquidity*

The accompanying consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates realization of assets and satisfying liabilities in the normal course of business. At December 31, 2024, the Company has an accumulated deficit of approximately \$21 million and working capital deficit of approximately \$982,000. For the year ended December 31, 2024, the Company had a loss from operations of approximately \$2.1 million and negative cash flows from operations of approximately \$4.0 million. Although the Company is showing positive revenue growth and gross profit trends, the Company expects to incur further losses through the end of 2025.

To date the Company has been funding operations primarily through the reinvestment of free cash flows generated from our business operations, sale of equity in private placements, PIPE convertible debt instruments and revenues generated by the Company’s services. During the year ended December 31, 2024, the Company received \$9,045,000 in proceeds from the issuance of PIPE Convertible Notes, net of \$1,005,000 in original issue discounts, from a PIPE Convertible Note, \$2,000,000 in proceeds from a loan payable with the Company’s Chief Executive Officer, and \$103,818 in net proceeds from the Company’s trust account which was disbursed in connection with the Business Combination.

Based on its current cash resources and commitments, the Company believes it will be able to maintain its current planned development and corresponding level of expenditure for at least twelve months from the date of the issuance of these consolidated financial statements, although no assurance can be given that it will not need additional funds prior to such time.

### **NOTE 2 – BUSINESS COMBINATION AND PURCHASE PRICE ALLOCATION**

On January 31, 2024, the Company consummated the Business Combination contemplated by the Amended and Restated Agreement and Plan of Merger, dated as of July 21, 2023 (as amended, the “Merger Agreement”), by and among the DMAQ, Merger Sub, Bright Vision Sponsor LLC, in the capacity as DMAQ’s Representative thereunder, Christopher Jones, in the capacity as TruGolf Nevada’s Representative thereunder, and TruGolf Nevada. As a result of the Business Combination, (i) Merger Sub merged with and into TruGolf Nevada (the “Merger”), with TruGolf Nevada surviving as a wholly-owned subsidiary of DMAQ, and (ii) DMAQ’s name was changed from Deep Medicine Acquisition Corp. to TruGolf Holdings, Inc. The Company’s Class A common stock commenced trading on the Nasdaq Global Market under the ticker symbol “TRUG” on February 1, 2024.

## Accounting for the Business Combination

The Business Combination is accounted for as a reverse recapitalization in accordance with U.S. GAAP. Under this method of accounting, DMAQ was treated as the acquired company for accounting purposes, whereas TruGolf Nevada was treated as the accounting acquirer. In accordance with this method of accounting, the Business Combination has been treated as the equivalent of TruGolf Nevada issuing shares for the net assets of DMAQ, accompanied by a recapitalization. The net assets of DMAQ and TruGolf Nevada were stated at historical cost, with no goodwill or other intangible assets recorded, and operations prior to the Business Combination were those of TruGolf Nevada. TruGolf Nevada has been determined to be the accounting acquirer for purposes of the Business Combination based on an evaluation of the following circumstances:

- Legacy TruGolf Nevada stockholders have a majority of the voting power of TruGolf
- TruGolf Nevada comprising the ongoing operations of the combined company
- TruGolf Nevada contributing a majority of the governing body members of New TruGolf, and
- TruGolf Nevada's senior management comprising the senior management of New TruGolf

## Exchange of TruGolf Nevada Shares for Shares of TruGolf

Based on 13,098 TruGolf Nevada shares of common stock outstanding immediately prior to the closing of the Business Combination, the Exchange Ratio determined in accordance with the terms of the Merger Agreement is approximately 570.10:1. TruGolf issued 7,467,134 shares of TruGolf common stock to legacy TruGolf Nevada shareholders in the Business Combination, determined as follows:

|                                                                                                 | <b>TruGolf Nevada<br/>shares outstanding<br/>as of immediately<br/>prior to the Closing</b> |
|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Ordinary Shares, par value \$0.01 per share                                                     | 13,098                                                                                      |
| Exchange Ratio                                                                                  | 570.10:1                                                                                    |
| Estimated shares of New TruGolf common stock issued to TruGolf Nevada shareholders upon closing | <u>7,467,134</u>                                                                            |

The common shares issued to legacy TruGolf Nevada shareholders consists of 5,750,274 shares of TruGolf Class A common stock and 1,716,860 shares of TruGolf Class B common stock. See [Note 17 – Stockholders' Deficit](#) for the detail of the remaining 5,787,978 shares of Class A common stock exchanged in the Merger.

The purchase price for the Merger was allocated to the net assets acquired on the basis of historical costs with no goodwill or other intangible assets recorded. The following summarizes the allocation of the purchase price to net assets acquired in the Merger:

|                                                                    |                     |
|--------------------------------------------------------------------|---------------------|
| Cash and cash equivalents                                          | \$ 103,818          |
| Net proceeds from investment fund (PIPE)                           | 2,237,213.00        |
| Accounts payable and accrued expenses                              | (310,724)           |
| Loans payable                                                      | <u>(1,565,000)</u>  |
| Net assets                                                         | \$ 465,307          |
| PIPE Convertible Notes Payable assumed in Merger                   | \$ 4,650,000        |
| Less: Original Issue Discount of 10%                               | <u>(465,000)</u>    |
| PIPE Convertible Notes Payable, net                                | 4,185,000           |
| Payment of closing costs and other expenses                        | <u>(1,947,787)</u>  |
| Net proceeds from PIPE Convertible Notes Payable assumed in Merger | <u>\$ 2,237,213</u> |

On November 2, 2023 and December 7, 2023, Deep Medicine Acquisition Corp. (“DMAQ”) executed loan agreements with certain accredited investors (together, the “Prior Loan Agreements”) pursuant to which such investors agreed to loan DMAQ up to an aggregate \$11,000,000 in exchange for the issuance of convertible notes and warrants. On February 2, 2024, TruGolf (f/k/a Deep Medicine Acquisition Corp.) executed a securities purchase agreement (the “Purchase Agreement”) with (i) each of the investors party to the Prior Loan Agreements, which replaced, the Prior Loan Agreements in their entirety, and with (ii) additional investors (together, the “PIPE Investors”). Pursuant to the terms and conditions of the Purchase Agreement, the PIPE Investors agreed to purchase from the Company (i) senior convertible notes in the aggregate principal amount of up to \$15,500,000 (the “PIPE Convertible Notes”), (ii) Series A warrants to initially purchase 1,409,091 shares of the Company’s Class A common stock (the “Series A Warrants”); and (iii) Series B warrants to initially purchase 1,550,000 shares of the Company’s Class A common stock (the “Series B Warrants,” and collectively with the Series A Warrants, the “PIPE Warrants”) (the “PIPE Financing”).

The Purchase Agreement contemplated the funding of the investment (the “Investment”) across multiple tranches. At the first closing (the “Initial Closing”) an aggregate principal amount of \$4,650,000 of PIPE Convertible Notes were issued upon the satisfaction of certain customary closing conditions in exchange for aggregate gross proceeds of \$4,185,000, representing an original issue discount of 10%. On such date (the “Initial Closing Date”), the Company also issued the PIPE Investors the Series A Warrants and the Series B Warrants.

Subject to satisfying the conditions discussed below, the Company has the right under the Purchase Agreement, but not the obligation, to require that the PIPE Investors purchase additional Notes at up to two additional closings. Upon notice at any time after the 2nd trading day following the Initial Closing Date, the Company may require that the PIPE Investors purchase an additional aggregate principal amount of \$4,650,000 of PIPE Convertible Notes, in exchange for aggregate gross proceeds of \$4,185,000, if (i) the Registration Statement (as described below) has been filed; and (ii) certain customary closing conditions are satisfied (the “First Mandatory Additional Closing”). Upon notice at any time after the 2nd trading day following the date that the First Mandatory Additional Closing is consummated, the Company may require that the PIPE Investors purchase an additional aggregate principal amount of \$6,200,000 of PIPE Convertible Notes, in exchange for aggregate gross proceeds of \$5,580,000, if (i) the shareholder approval is obtained (as described below); (ii) the Registration Statement has been declared effective by the SEC; and (iii) certain customary closing conditions are satisfied (the “Second Mandatory Additional Closing”).

In addition, pursuant to the Purchase Agreement, as amended by the Waiver (described below) each PIPE Investor has the right, but not the obligation, to require that, upon notice, the Company sell to such PIPE Investor at one or more additional closings such PIPE Investor’s pro rata share of up to a maximum aggregate principal amount of \$10,850,000 in additional PIPE Convertible Notes (each such additional closing, an “Additional Optional Closing”); provided that, the principal amount of the additional PIPE Convertible Notes issued at each Additional Optional Closing must equal at least \$250,000. If a PIPE Investor has not elected to effect an Additional Optional Closing on or prior to August 30, 2025, such PIPE Investor shall have no further right to effect an Additional Optional Closing under the Purchase Agreement.

On August 13, 2024, the Company entered into those certain waiver and amendment agreements (the “Waiver”), pursuant to which the Company and the PIPE Investors agreed to: (i) waive any breaches or defaults caused by the Company’s failure to timely file its SEC reports through August 14, 2024; (ii) extend the date by which the Additional Optional Closings may occur until 11 months from the effective date of the initial Registration Statement; (iii) permit the Company to raise debt financing from its affiliates through non-convertible, unsecured notes with a maturity date that is later than the maturity date of the PIPE Convertible Notes; (iv) waive certain registration failures until September 3, 2024 and permit the issuance of common stock to satisfy certain registration failures; and (v) allow the Company to satisfy the interest payments due April 1, 2024, July 1, 2024 and October 1, 2024 from the issuance of common stock or by allowing such amounts to be added to the principal amount of the PIPE Convertible Notes, at the option of the PIPE Investors. In addition, certain PIPE Investors agreed to acquire additional PIPE Convertible Notes without regard to any volume or price requirements in the instruments. In connection with the Waiver, the Company issued an aggregate of 192,151 shares in satisfaction of certain registration statement delay payments and issued an aggregate of 157,582 shares in satisfaction of outstanding interest payments. Such payments were made at the “Alternate Conversion Price” set forth in the PIPE Convertible Notes, which is equal to the lesser of (i) the Conversion Price, and (ii) 90% of the lowest volume weighted average price of the Class A common stock during the five consecutive trading days immediately prior to such conversion. Additionally, the Company issued 190,586 shares to a PIPE Investor as a result of language in the PIPE Convertible Note related to ownership percentage prior to the Merger.



On November 7, 2024, the Company entered into those certain amendments to the Waivers (the “Amendments”), pursuant to which the Company and the PIPE Investors agreed to: (i) waive any breaches or defaults caused by the Company’s failure to timely file its SEC reports through August 21, 2024; and (ii) waive certain registration failures until October 3, 2024. In addition, the PIPE Investors waived any breaches or defaults that may have occurred or will occur solely as a result of the Company’s failure to comply with the continued listing requirements of the Nasdaq Stock Market due to: (i) the Company’s failure to meet the stockholders’ equity requirement for continued listing, provided that the foregoing waiver shall expire on January 15, 2025, (ii) the Company’s failure to meet the market value of publicly held shares requirement for continued listing, provided that the foregoing waiver shall expire on January 15, 2025, and/or (iii) the Company’s failure to meet the minimum bid price requirement for continued listing; provided that the foregoing waiver shall expire on January 15, 2025, provided further that to the extent the Company is in compliance with all other Nasdaq Stock Market listing requirements and has filed a preliminary proxy statement to hold a special meeting to vote on a reverse stock split to remedy the bid price failure, the waiver shall be extended to March 15, 2025. In connection with the Amendment, the Company issued an aggregate of 116,959 shares in satisfaction of certain registration statement delay payments and issued an aggregate of 65,790 shares in satisfaction of outstanding interest payments. Such payments were made at the “Alternate Conversion Price” set forth in the PIPE Convertible Notes, which is equal to the lesser of (i) the Conversion Price, and (ii) 90% of the lowest volume weighted average price of the Class A common stock during the five consecutive trading days immediately prior to such conversion.

On November 7, 2024, certain PIPE Investors agreed to purchase additional PIPE Convertible Notes in aggregate principal amount of \$3,300,000 for aggregate proceeds of \$2,970,000. In connection with the foregoing, the Company agreed to repay an aggregate of \$2,496,686 in outstanding debt and transaction expenses.

On December 6, 2024, a certain PIPE Investor agreed to purchase additional PIPE Convertible Notes in the aggregate principal amount of \$2,100,000 for aggregate proceeds of \$1,890,000.

As of December 31, 2024, the Company recorded PIPE Convertible Notes payable of \$4,068,953, net of discounts. For the year ended December 31, 2024 the Company recorded interest expense on the PIPE Convertible Notes of \$5,922,451, which included \$4,216,986 in make whole interest as a result of debt conversions, and interest expense relating to the amortization of the OID of \$516,239.

### **NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The summary of significant accounting policies presented below is designed to assist in understanding the Company’s consolidated financial statements. Such consolidated financial statements and accompanying notes are the representations of the Company’s management, who is responsible for their integrity and objectivity. The Company operates in one business segment, which is Golf Simulators.

#### ***Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

#### ***Reclassifications***

Certain reclassifications have been made to the financial statements for the year ended December 31, 2023 to conform to the financial statement presentation for the year ended December 31, 2024. These reclassifications had no effect on net loss or cash flows as previously reported.

### ***Use of Estimates***

Preparing financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates these estimates and judgments. Actual results could differ from those estimates.

Key estimates relate primarily to determining the net realizable value and demand for inventory, useful lives associated with property and equipment and capitalized software, valuation allowances with respect to deferred tax assets, contingencies, and the valuation and assumptions underlying share-based compensation and equity warrants. On an ongoing basis, management evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

### ***Cash and Cash Equivalents***

The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. Cash equivalents primarily consist of institutional money market funds, U.S. Treasury securities, certificates of deposit, and commercial paper and are carried at cost, which approximates fair value.

### ***Concentration of Credit Risk***

The Company maintains the majority of its cash and cash equivalents in accounts with large financial institutions. At times, balances in these accounts may exceed federally insured limits; however, to date, the Company has not incurred any losses on its deposits of cash and cash equivalents.

### ***Marketable Investment Securities***

The Company generally invests its excess cash in investments in corporate fixed income securities and U.S. Treasury securities. Such investments are included in cash and cash equivalents or marketable investment securities on the accompanying consolidated balance sheets and are classified based on original maturity. The Company considers all highly liquid investments with an original maturity date of 90 days or less to be cash equivalents and considers all highly liquid investments with an original maturity greater than 90 days and less than one year to be marketable securities.

Marketable fixed income securities are classified as available-for-sale and reported at fair value with unrealized gains and losses included in accumulated other comprehensive income (loss). Realized gains and losses on the sale of marketable securities are determined using the average cost method on a first-in, first-out basis and recorded in total other income (expense), net in the statements of operations and comprehensive loss. Each reporting period, the Company evaluates whether declines in fair value below carrying value are due to expected credit losses, as well as its ability and intent to hold the investment until a forecasted recovery of the carrying value occurs. Expected credit losses are recorded as an allowance through other income (expense), net on the Company's consolidated statements of operations.

During the year ended December 31, 2024, the Company sold and liquidated most of its marketable securities resulting in a gain of \$1,662 recorded in the consolidated statements of comprehensive gain (loss). Marketable investment securities had a balance of \$10,114 and \$55,217 as of December 31, 2024 and 2023, respectively, and are included with cash and cash equivalents on the consolidated balance sheets.

### ***Accounts Receivable, net***

Accounts receivable are reported at their outstanding unpaid principal balances, net of allowances for doubtful accounts. The Company periodically assesses its accounts and other receivables for collectability on a specific identification basis. The Company estimates its allowance using a rate loss model based on delinquency. The estimated loss rate is based on historical experience with specific customers, understanding of the Company's current economic circumstances, reasonable and supportable forecasts, and the Company's judgment as to the likelihood of ultimate payment based upon available data. Management believes the Company's credit risk is mitigated by the geographically diverse customer base and its credit evaluation procedures. The actual rate of future credit losses, however, may not be similar to past experience. The Company writes off accounts receivable against the allowance for doubtful accounts when a balance is determined to be uncollectable. As of December 31, 2024 and 2023, the Company's allowance for doubtful accounts was \$1,470,868 and \$1,227,136.

***Inventory, net***

The Company’s inventory consists of raw materials and are valued at the lower of historical cost or net realizable value, where net realizable value is considered to be the estimated selling price in the ordinary course of business, less reasonably predictable cost of completion, disposal and transportation. Historic inventory costs are calculated on an average or specific cost basis. The Company records inventory write-downs for excess or obsolete inventories based upon assumptions on current and future demand forecasts. As of December 31, 2024 and 2023, the Company had \$448,360 and \$429,050, respectively, reserved for obsolete inventory.

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated over the estimated useful lives of the related assets using the straight-line method. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term (including renewals that are reasonably assured) or the estimated useful lives of the improvements. For internal-use software, external costs and employee payroll expenses directly associated with developing new or enhancing existing software applications are capitalized subsequent to the preliminary stage of development. Internal-use software costs are amortized using the straight-line method over the estimated useful life of the software when the project is substantially complete and ready for its intended use.

| Category                        | Estimated Useful Life |
|---------------------------------|-----------------------|
| Computer equipment and software | 3 - 10 years          |
| Furniture and fixtures          | 3 - 15 years          |
| Vehicles                        | 5 years               |
| Equipment                       | 5 - 10 years          |

Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance, and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gains or losses are included in the Company’s results of operations for the respective period.

***Capitalized Software Development Costs***

The Company capitalizes certain costs related to the development of our software used in our simulators. In accordance with authoritative guidance, including the Financial Accounting Standards Board’s Accounting Standards Codification (“ASC”) 985-20, *Software – Costs of Software to be Sold, Leased, or Marketed*, the Company began to capitalize these costs when the technological feasibility was established and preliminary development efforts were successfully completed, management authorized and committed project funding, and it was probable that the project would be completed and the software would be used as intended. Such costs are amortized when placed in service, on a straight-line basis over the estimated life of the related asset, estimated to be three years beginning on February 1, 2024. Costs incurred prior to meeting these criteria together with costs incurred for training and maintenance are expensed as incurred and recorded in selling, general and administrative expenses on our consolidated statements of operations. The Company does not capitalize any testing or maintenance costs. The accounting for these capitalized software costs requires management to make significant judgments, assumptions and estimates related to the timing and amount of recognized capitalized software development costs. The balance of capitalized software development costs, net of accumulated amortization, at December 31, 2024 and 2023, was \$1,540,121 and \$0, respectively. The Company recorded amortization of capitalized software costs of \$224,648 and \$0 for the years ended December 31, 2024 and 2023, respectively.

### ***Impairment of Long-Lived Assets***

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may not be recoverable. For asset groups held and used, the carrying value of the asset group is considered recoverable when the estimated undiscounted future cash flows expected to be generated from the use and eventual disposition of the asset group exceed the respective carrying value. In the event the carrying value is not recoverable, an impairment charge would be recognized for the asset group to be held and used equal to the excess of the carrying value above the estimated fair value of the asset group. Impairment charges are recognized within selling, general and administrative expenses in the consolidated statements of operations. The Company did not record a loss on impairment during the years ended December 31, 2024 and 2023, respectively.

### ***Advertising and Marketing Costs***

The Company expenses advertising and marketing costs as they are incurred. Advertising and marketing expenses were \$736,744 and \$395,941 for the years ended December 31, 2024 and 2023, respectively, and are recorded in operating expenses on the consolidated statements of operations.

### ***Debt with Warrants***

In accordance with ASC 470-20-25, when the Company issued debt with warrants, the Company treats the fair value of the warrants as a debt discount, recorded as a contra-liability against the debt, and amortizes the balance over the life of the underlying debt as amortization of debt discount expense in the consolidated statements of operations using the straight-line method. The offset to the contra-liability is recorded as either equity or liability in the Company's consolidated balance sheets depending on the accounting treatment of the warrants. If the debt is retired early, the associated debt discount is then recognized immediately as amortization of debt discount expense in the consolidated statements of operations.

### ***Fair Value Measurements***

As defined in ASC 820, *Fair Value Measurements and Disclosures*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This fair value measurement framework applies at both initial and subsequent measurement.

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3: Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. The significant unobservable inputs used in the fair value measurement for nonrecurring fair value measurements of long-lived assets include pricing models, discounted cash flow methodologies and similar techniques.

### Fair Value of Financial Instruments

The carrying value of cash, accounts receivable, accounts payable and accrued expenses, and other current liabilities approximate their fair values using Level 3 inputs, based on the short-term maturity of these instruments. The carrying amount of notes payable approximate the estimated fair value for this financial instrument as management believes that such debt and interest payable on the notes approximates the Company's incremental borrowing rate. The following table shows the Company's cash, cash equivalents, restricted cash, marketable securities, and derivative liabilities by significant investment category as of December 31, 2024 and 2023:

|                                     | Fair Value   | Level 1   | Level 2      | Level 3 |
|-------------------------------------|--------------|-----------|--------------|---------|
| Fair Value at December 31, 2022     | \$ -         | \$ -      | \$ -         | \$ -    |
| Money market funds                  | 55,216       | 55,216    | -            | -       |
| Corporate fixed income securities   | 452,682      | -         | 452,682      | -       |
| U.S. treasury securities            | 2,026,271    | -         | 2,026,271    | -       |
| Fair value at December 31, 2023     | \$ 2,534,169 | \$ 55,216 | \$ 2,478,953 | \$ -    |
| Money market funds                  | (45,102)     | (45,102)  | -            | -       |
| Corporate fixed income securities   | (452,682)    | -         | (452,682)    | -       |
| U.S. treasury securities            | (2,026,271)  | -         | (2,026,271)  | -       |
| Derivative liability <sup>(1)</sup> | -            | -         | -            | -       |
| Fair value at December 31, 2024     | \$ 10,114    | \$ 10,114 | \$ -         | \$ -    |

(1) During the year ended December 31, 2024, the Company recorded a derivative liability related to the PIPE Warrants of \$142,319. During the year ended December 31, 2024, the Company recorded a gain on fair value remeasurement of \$142,319. See [Note 17 – Stockholders' Deficit](#) for additional details.

### Leases

A lease is defined as a contract that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration.

In accordance with ASC 842, *Leases*, the Company recognized a right-of-use ("ROU") asset and corresponding lease liability on its balance sheets for its office space and warehouse. See [Note 19 – Leases](#) for further discussion, including the impact on the Company's financial statements and related disclosures.

ROU assets include any prepaid lease payments and exclude any lease incentives and initial direct costs incurred. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The lease terms may include options to extend or terminate the lease if it is reasonably certain that the Company will exercise that option.

Leases in which the Company is the lessee are comprised of office and warehouse rental. All of the leases are classified as operating leases. The Company has two lease agreements with remaining terms of 3.4 years and 11 months.

### Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carry forwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company utilizes ASC 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. The Company accounts for income taxes using the asset and liability method to compute the differences between the tax basis of assets and liabilities and the related financial amounts, using currently enacted tax rates. A valuation allowance is recorded when it is “more likely than not” that a deferred tax asset will not be realized. At December 31, 2024 and 2023, the Company’s net deferred tax asset has been fully reserved.

For uncertain tax positions that meet a “more likely than not” threshold, the Company recognizes the benefit of uncertain tax positions in the consolidated financial statements. The Company’s practice is to recognize interest and penalties, if any, related to uncertain tax positions in income tax expense in the consolidated statements of operations when a determination is made that such expense is likely.

## ***Revenue Recognition***

### ***Revenue Recognition Policy***

Revenue is recognized upon satisfaction of all contractual performance obligations and transfer of control to the customer and is measured as the amount of consideration to which the Company expects to be entitled to in exchange for corresponding goods or services. Each sales transaction results in an implicit contract with the customer to deliver a product or service at the point of sale. The Company has two distinct revenue streams: golf simulators and content software subscriptions.

Performance obligations under our contracts consist of hardware, software consisting of perpetual licenses and subscription licenses, and support within a single operating segment.

**Golf Simulators** – Substantially all the Company’s sales are multiple performance obligation arrangements for its golf simulators, for which the transaction price is equivalent to the stated price of the product or service, net of any stated discounts applicable at a point in time. Golf simulators are bundled and are comprised of both hardware, a software license (for the software to operate the simulator), and a content software subscription license. Revenue from golf simulators is recognized at the point in time when installation (hardware and software) has occurred and has been accepted by the customer. For transactions where the Company utilizes a third-party to complete the installation, the Company recognizes revenue solely for the simulator hardware upon delivery to the customer or third-party installer and then recognizes the remainder of the revenue upon installation and customer acceptance.

**Perpetual License** – Golf simulators require specific proprietary software to run the simulations. The Company records revenue from the proprietary software products under perpetual licenses. Revenue from the perpetual licenses is recognized at the time of installation and customer acceptance.

**Content Software Subscriptions** – The Company offers content software subscriptions for one and twelve months. We recognize revenue from these transactions when control has passed to the customer and the performance obligations have been satisfied. Control is considered to have passed to the customer when the software license has been delivered and accepted by the customer. The content software subscription revenue is recognized over the term of the contract.

### ***Deferred Revenue***

Deferred revenue represents either customer advance payments or performance obligations that have not yet been met.

Revenue from golf simulators and perpetual software licenses is deferred and primarily recognized upon the installation of the golf simulators and acceptance from the customer. Revenue from content software subscriptions is deferred and recognized ratably over the life of the subscription (one or twelve months). During the year ended December 31, 2024, the Company recognized \$1,704,224 of golf simulator and subscription services revenue, respectively, that was included in deferred revenue balances at the beginning of the year.

### Remaining Performance Obligations

As of December 31, 2024, approximately \$3.1 million of revenue is expected to be recognized from remaining performance obligations. The Company expects to recognize 100% of this revenue over the next 12 months.

### Disaggregated Revenue

|                                | Year Ended December 31, |                      |
|--------------------------------|-------------------------|----------------------|
|                                | 2024                    | 2023                 |
| Revenues:                      |                         |                      |
| Golf Simulators <sup>(1)</sup> | \$ 13,708,760           | \$ 11,969,498        |
| Content Software Subscriptions | 7,852,699               | 8,493,368            |
| Other <sup>(2)</sup>           | 297,405                 | 120,985              |
| Total net revenue              | <u>\$ 21,858,864</u>    | <u>\$ 20,583,851</u> |

(1) Includes items such as simulator hardware and proprietary perpetual licenses.

(2) Includes items such as shipping and installation revenue.

### Cost of Revenues

Cost of revenue includes direct materials, labor, manufacturing overhead costs and reserves for estimated warranty cost (excluding depreciation). Cost of revenues also includes charges to write down the carrying value of the inventory when it exceeds its estimated net realizable value and to provide for on-hand inventories that are either obsolete or in excess of forecasted demand, as consistently reviewed by the Company. During the years ended December 31, 2024 and 2023, the Company recorded an expense of \$0 and \$721,000 in inventory write-down, respectively.

### Royalties

The Company has royalty agreements with certain software suppliers to pay royalties based on the number of units and subscriptions sold. The royalty percentages range between 20% and 30%. Royalty expense for the years ended December 31, 2024 and 2023, was \$706,214 and \$709,640, respectively.

### Net Loss per Common Share

Net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. All outstanding options and warrants are considered potentially outstanding common stock. The dilutive effect, if any, of stock options or warrants is calculated using the treasury stock method. All outstanding convertible notes are considered common stock at the beginning of the period or at the time of issuance, if later, pursuant to the if-converted method.

The following table sets forth the computations of loss per share:

|                                                                        | Year Ended December 31, |                    |
|------------------------------------------------------------------------|-------------------------|--------------------|
|                                                                        | 2024                    | 2023               |
| Numerators:                                                            |                         |                    |
| Net loss                                                               | \$ (8,795,419)          | \$ (10,283,109)    |
| Denominator:                                                           |                         |                    |
| Weighted-average common shares Series A outstanding, basic and diluted | 11,634,761              | 11,994             |
| Net loss per common share Series A, basic and diluted                  | <u>\$ (0.76)</u>        | <u>\$ (857.35)</u> |

Since the effect of common stock equivalents is anti-dilutive with respect to losses, the options, warrants and shares issuable upon conversion have been excluded from the Company's computation of net loss per common share for the years ended December 31, 2024 and 2023.

The following table summarizes the securities that were excluded from the diluted per share calculation because the effect of including these potential shares was anti-dilutive due to the Company’s net loss position even though the exercise price could be less than the average market price of the common shares:

|                                                                                                              |            |
|--------------------------------------------------------------------------------------------------------------|------------|
| Stock Options                                                                                                | 1,131,000  |
| PIPE Convertible Notes <sup>(1)</sup>                                                                        | 928,700    |
| Common Stock - Series A warrants                                                                             | 1,409,092  |
| Common stock - Series B warrants                                                                             | 1,550,000  |
| Earnout shares - Earned in three Tranches over three years (assumes achievement of revenue and VWAP targets) | 4,500,000  |
| Underwriter warrants to I-Bankers convertible at \$12.00/common share                                        | 632,500    |
| Total dilutive                                                                                               | 10,151,292 |

(1) Does not include shares for interest or make-whole amounts as the number of shares is undeterminable since the calculation is based on variable floating factors



### ***Stock-based Compensation***

The Company has the ability to grant employees a number of different stock-based awards, including restricted shares of common stock, restricted stock units, stock options, and stock appreciation rights to purchase common stock, under the TruGolf Holdings, Inc. 2024 Incentive Plan (the “2024 Plan”). The Company records stock-based compensation expense based on the fair value of stock awards at the grant date and recognizes the expense over the employees’ service periods. For performance-based awards, recognition of stock-based compensation expense also includes management’s estimate of the probability of performance criteria as of the end of each reporting period. Stock-based compensation expense is recognized net of estimated forfeitures and expense is not recognized for awards that do not vest if service or performance conditions are not satisfied.

Pursuant to Accounting Standards Update (“ASU”) 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting*, the Company accounts for stock options issued to non-employees for their services in accordance with ASC 718. The Company uses valuation methods and assumptions to value the stock options that are in line with the process for valuing employee stock options noted above.

### ***Emerging Growth Company Status***

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. The JOBS Act does not preclude an emerging growth company from early adopting new or revised accounting standards. The Company expects to use the extended transition period for any new or revised accounting standards during the period which the Company remains an emerging growth company.

### ***Segment Reporting***

The Company currently operates as one business segment, which is also the sole reportable segment, focusing on the manufacturing and sales of indoor golf simulators. The Company’s business offerings have similar economic and other characteristics, including the nature of products, manufacturing, types of customers, and distribution methods. The determination of a single business segment is consistent with the consolidated financial information regularly provided to the Company’s chief operating decision maker (“CODM”). The Company’s CODM is its Principal Executive and Financial Officer and Director, who reviews and evaluates consolidated profit and loss and total assets for the purpose of assessing performance, making operating decisions, allocating resources, and planning and forecasting for future periods.

## Warrants

The fair value of the warrants is estimated on the date of issuance using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including the expected term of the warrants, expected stock price volatility, and expected dividends. These estimates involve inherent uncertainties and the application of management's judgment. Expected volatilities used in the valuation model are based on the average volatility of the comparable publicly traded on recognized stock exchanges. The risk-free rate for the expected term of the option is based on the United States Treasury yield curve in effect at the time of the grant.

## Recently Adopted Accounting Pronouncements

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* ("ASU 2022-03"), which clarifies the guidance in Accounting Standards Codification Topic 820, *Fair Value Measurement* ("Topic 820"), when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security and introduces new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. ASU 2022-03 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, and early adoption is permitted. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company's consolidated financial statements.

In November 2023, the FASB issued Update 2023-07 - *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires disclosure of the title and position of the Chief Operating Decision Maker ("CODM"), an explanation of how the CODM uses the reported measure of segment profit or loss in assessing segment performance and deciding how to allocate resources, and disclosure of significant expenses regularly provided to the CODM that are included within the reported measure of segment profit or loss. The amendments of ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this new guidance for the year-ended December 31, 2024, on a retrospective basis, and the adoption did not have a material effect on the Company's consolidated financial statements. (see Note 15)

## Recent Accounting Pronouncements

In December 2023, the FASB issued Update 2023-09 - *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which enhances the disclosure requirements for income tax rate reconciliation, domestic and foreign income taxes paid, and unrecognized tax benefits. The amendments of ASU 2023-09 are effective for annual periods beginning after December 15, 2024. Early adoption is permitted and should be applied prospectively. The Company is currently evaluating the impact on the consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, to disclose additional information about specific expense categories. In January 2025, the FASB issued ASU 2025-01 *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*, which clarified the effective date for ASU 2024-03. These amendments are intended to provided more information about types of expenses in commonly presented expense captions. The amendments in this update are effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, and early adoption is permitted. The Company is currently evaluating the impact on the consolidated financial statements and related disclosures.

## NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable and allowance for doubtful accounts consisted of the following as of December 31:

|                                      | 2024         | 2023         |
|--------------------------------------|--------------|--------------|
| Trade accounts receivable            | \$ 2,870,021 | \$ 3,458,625 |
| Other                                | -            | 167,383      |
|                                      | 2,870,021    | 3,626,008    |
| Less allowance for doubtful accounts | (1,470,868)  | (1,227,136)  |
| Total accounts receivable, net       | \$ 1,399,153 | \$ 2,398,872 |

**NOTE 5 – INVENTORY, NET**

The following summarizes inventory as of December 31:

|                                         | 2024                | 2023                |
|-----------------------------------------|---------------------|---------------------|
| Inventory - raw materials               | \$ 2,797,705        | \$ 2,548,134        |
| Less reserve allowance for obsolescence | (448,360)           | (429,050)           |
| Inventory, net                          | <u>\$ 2,349,345</u> | <u>\$ 2,119,084</u> |

**NOTE 6 – MARKETABLE INVESTMENT SECURITIES**

In February 2023, the Company entered into a brokerage agreement and deposited \$2,500,000. In February 2023, we purchased \$450,751 in corporate fixed income securities (corporate bonds) and \$1,981,061 in government securities (Treasury securities). The Company terminated the brokerage agreement during the year ended December 31, 2024, liquidated the vast majority of its investments and has \$10,114 recorded in cash and cash equivalents on its balance sheet as December 31, 2024. As of December 31, 2023, the marketable securities consisted of the following:

|                                                                                                              |                     |
|--------------------------------------------------------------------------------------------------------------|---------------------|
| Corporate fixed income securities, weighted average yield and maturity of 5.39% and 2.38 years, respectively | \$ 452,682          |
| Government securities, weighted average yield and maturity of 4.91% and 3.25 years, respectively             | 2,026,271           |
| Total marketable investment securities                                                                       | <u>\$ 2,478,953</u> |

**NOTE 7 – OTHER LONG-TERM ASSETS**

The following summarizes other long-term assets as of December 31:

|                                                         | 2024             | 2023                |
|---------------------------------------------------------|------------------|---------------------|
| Security deposit - Ethos Management loan <sup>(1)</sup> | \$ -             | \$ 1,875,000        |
| Security deposits - leased facilities                   | 31,023           | 30,983              |
| Total other long-term assets                            | <u>\$ 31,023</u> | <u>\$ 1,905,983</u> |

(1) See Note 10 – Notes Payable – Ethos Management Inc.

**NOTE 8 – PROPERTY AND EQUIPMENT, NET**

The following summarizes property and equipment as of December 31:

|                                 | 2024              | 2023              |
|---------------------------------|-------------------|-------------------|
| Software and computer equipment | \$ 795,369        | \$ 809,031        |
| Furniture and fixtures          | 230,883           | 230,883           |
| Vehicles                        | 59,545            | 59,545            |
| Equipment                       | 15,873            | 15,873            |
|                                 | <u>1,101,670</u>  | <u>1,115,332</u>  |
| Less accumulated depreciation   | (957,818)         | (881,024)         |
| Total other long-term assets    | <u>\$ 143,852</u> | <u>\$ 234,308</u> |

Total depreciation expense was \$76,794 and \$58,641 for the years ended December 31, 2024 and 2023, respectively.

The following summarizes capitalized software development costs as of December 31, 2024:

|                                                             |                     |
|-------------------------------------------------------------|---------------------|
| Capitalized software - beginning balance, December 31, 2023 | \$ -                |
| Capitalized software development costs - 2024               | 1,701,471           |
| Less accumulated amortization                               | (161,350)           |
|                                                             | <u>\$ 1,540,121</u> |

Total amortization expense for the years ended December 31, 2024 and 2023, was \$161,350 and \$0, respectively.

**NOTE 9 – ACCRUED AND OTHER CURRENT LIABILITIES**

Accrued and other current liabilities consist of the following amounts as of December 31:

|                                             | 2024              | 2023                |
|---------------------------------------------|-------------------|---------------------|
| Accrued payroll                             | \$ 108,945        | \$ 326,515          |
| Credit cards                                | 55,180            | 240,989             |
| Warranty reserve                            | 140,000           | 140,000             |
| Sales tax payable                           | 105,563           | 43,891              |
| Other accrued liabilities                   | 589,619           | 374,100             |
| Total accrued and other current liabilities | <u>\$ 999,307</u> | <u>\$ 1,125,495</u> |

Accrued liabilities and other current liabilities assumed in Merger as of December 31, 2024:

|                                                               |                  |
|---------------------------------------------------------------|------------------|
| Accrued tax payable                                           | \$ 45,008        |
| Total accrued and other current liabilities assumed in Merger | <u>\$ 45,008</u> |

**NOTE 10 – NOTES PAYABLE**

Notes payable consisted of the following as of December 31:

Revenue from golf simulators and perpetual software licenses is deferred and primarily recognized upon the installation of the golf simulators and acceptance from the customer. Revenue from content software subscriptions is deferred and recognized ratably over the life of the subscription (one or twelve months).

|                                                 | 2024            | 2023                |
|-------------------------------------------------|-----------------|---------------------|
| Note payable - Ethos Management Inc.            | \$ -            | \$ 2,499,999        |
| Note payable - Mercedes-Benz                    | 19,733          | 29,149              |
|                                                 | 19,733          | 2,529,148           |
| Less deferred loan fees - Ethos Management Inc. | -               | (116,940)           |
| Less current portion                            | (10,001)        | (9,425)             |
| Note payable long-term portion                  | <u>\$ 9,732</u> | <u>\$ 2,402,783</u> |

*Ethos Management Inc.*

In January 2023, the Company entered into a financing agreement with Ethos Asset Management Inc. (the “Ethos Loan” or “Ethos”) in the principal amount of up to \$10 million. Pursuant to the terms of the Ethos Loan, the Company may draw down financing proceeds equal to \$833,333 each month beginning in April 2023, up to the \$10 million amount. Interest associated with the Ethos Loan is fixed at 4% per annum and has a three-year grace period for principal and interest payments. Annual principal and interest payments will commence in 2027 and continue through 2034. As a condition to funding, the Company provided Ethos with a \$1,875,000 deposit as collateral (the “Deposit Collateral”) for the note (See Note 7 – Other Long-Term Assets).

The Ethos Loan stipulates that fundings should happen approximately every 30 banking days, subject to Ethos completing periodic internal audits to ensure the Company was in compliance with the terms of the loan agreement. In August 2023, Ethos informed the Company that unrelated to the Company, Ethos was undergoing a routine audit of its portfolio, and pending the close of the audit, borrowers may experience delays in drawing on funds when requested. In February 2024, due to the lack of additional fundings and in accordance with the terms of the Ethos Loan, the Company sent Ethos a notice of termination for materially breaching the Ethos Loan agreement. Based on the termination for default clause in the Ethos Loan, the Company was entitled to retain all funds disbursed by Ethos and Ethos must release the Deposit Collateral. At the date of the Ethos Loan termination the principal and accrued interest owed on the Ethos Loan was \$2,383,059 and \$81,560, respectively. As a result of the Ethos Loan termination, the outstanding principal and accrued interest was offset by the Deposit Collateral leaving \$589,619, which is included in Accrued and other current liabilities on the consolidated balance sheets at December 31, 2024 (See Note 9 – Accrued and Other Current Liabilities).

#### *Mercedes-Benz*

In November 2020, the Company entered into a \$59,545, 5.90% annual interest rate note payable with Mercedes-Benz for a delivery van. The note matures on November 20, 2026, and is secured by the van. The Company makes a monthly payment of \$908, which includes both principal and interest. The outstanding principal on the note at December 31, 2024 and 2023, was \$19,733 and \$29,149, respectively.

#### *JPMorgan Chase*

In June 2021, the Company entered into a \$500,000, 3.00% annual interest rate note payable with JPMorgan Chase Bank, N.A. (“JPMorgan”) and has a maturity date of June 8, 2026. The Company makes a monthly principal and interest payment in the amount of \$8,994. There is no prepayment penalty.

In December 2023, the Company entered into a one-year line of credit facility with JPMorgan. See Note 13 – Lines of Credit. The outstanding note payable balance of \$257,113 was transferred to the new line of credit.

#### *Notes Assumed in Merger*

As a successor to DMAQ, the Company assumed notes payable from the Merger in the amount of \$1,565,000, which was comprised of: (i) an unsecured promissory note in the aggregate principal amount of \$1,265,000 issued to two affiliates of the Sponsor on October 15, 2022, in connection with the First Extensions, from October 29, 2022 to January 29, 2023, and (ii) an unsecured promissory note in the principal amount of \$300,000 issued to an affiliate of the Sponsor on February 9, 2023 in connection with the Second Extension, from January 29, 2023, to July 29, 2023, pursuant to which a monthly payment of \$50,000 had been deposited in the Trust Account after January 29, 2023 for six months. Pursuant to the fully executed Promissory Notes, each of the Promissory Notes bears no interest and is due upon the earlier of the consummation of DMA’s initial business combination or the date of the liquidation of DMAQ. During the year ended December 31, 2024, the Company made a principal payment of \$100,000 to one of the note holders.

On December 31, 2024, using the proceeds from the November 7, 2024, funding of additional PIPE Convertible Notes (See [Note 11 – PIPE Convertible Notes](#)) the Company repaid the remaining balance of such notes in full. The extinguishment of one of the convertible notes resulted in extinguishment accounting. See [Note 11 – PIPE Convertible Notes](#) for additional details.

#### **NOTE 11 – PIPE CONVERTIBLE NOTES**

On November 2, 2023 and December 7, 2023, DMAQ executed loan agreements with certain accredited investors (together, the “Prior Loan Agreements”) pursuant to which such investors agreed to loan DMAQ up to an aggregate \$11 million in exchange for the issuance of convertible notes and warrants. On February 2, 2024, the Company executed a securities purchase agreement (the “Purchase Agreement”) with each of the investors that executed the Prior Loan Agreements, which replaced the Prior Loan Agreements in their entirety, and with additional investors (together, the “PIPE Investors”). Pursuant to the terms and conditions of the Purchase Agreement, the PIPE Investors agreed to purchase from the Company (i) senior convertible notes in the aggregate principal amount of up to \$15.5 million (the “PIPE Convertible Notes”), (ii) Series A warrants to initially purchase 1,409,091 shares of the Company’s Class A common stock (the “Series A Warrants”), and (iii) Series B warrants to initially purchase 1,550,000 shares of the Company’s Class A common stock (the “Series B Warrants,” and collectively with the Series A Warrants, the “PIPE Warrants”) (the “PIPE Financing”).

Under the terms of the Purchase Agreement, the Company has the right, but not the obligation, to require that the PIPE Investors purchase additional PIPE Convertible Notes at up to two additional closings. On February 6, 2024, the first additional closing (the “First Mandatory Additional Closing”) occurred for the sale of \$4.65 million in additional PIPE Convertible Notes with an Original Issue Discount of \$465,000 for gross proceeds of \$4.185 million, subject to the filing of a registration statement and satisfaction of customary closing conditions.

The second additional closing (the “Second Mandatory Additional Closing”) may occur upon notice any time following the second trading day after the First Mandatory Additional Closing, and provides for the sale of up to \$6.2 million in additional PIPE Convertible Notes for gross proceeds of \$5.58 million, subject to the effectiveness of the registration statement, receipt of required shareholder approvals, and satisfaction of customary closing conditions.

In addition, pursuant to the Purchase Agreement, as amended, each PIPE Investor has the right, but not obligation, to require the Company to sell to such investor its pro rata share of up to an aggregate principal amount of \$10.85 million of additional PIPE Convertible Notes in one or more “Additional Optional Closings,” provided that the principal amount issued in each such closing is no less than \$250,000. These optional rights expire on August 30, 2025, if not exercised.

On August 13, 2024, the Company entered into waiver and amendment agreements (the “Waiver”) with the PIPE Investors. Under the Waiver, the parties agreed to, among other things: to (i) waive any defaults caused by the Company’s failure to timely file SEC reports through August 14, 2024, (ii) extend the deadline for Additional Optional Closings to 11 months following the effectiveness of the initial registration statement, (iii) permit the Company to raise non-convertible, unsecured debt financing from its affiliates, (iv) waive certain registration failures through September 3, 2024, and allow such failures to be cured through the issuance of common stock, and (v) allow interest payments due April 1, July 1, and October 1, 2024, to be paid in shares of common stock or added to the principal of the PIPE Convertible Notes, at the election of the applicable PIPE Investor. In connection with the Waiver, the Company issued 192,151 shares of Class A common stock to satisfy registration delay penalties and 157,582 shares of Class A common stock to satisfy accrued interest obligations. These issuances were made at the “Alternate Conversion Price” set forth in the PIPE Convertible Notes, which is defined as the lesser of the fixed conversion price or 90% of the lowest volume weighted average price (VWAP) of the Company’s Class A common stock over the five consecutive days prior to conversion. Additionally, the Company issued 190,586 shares to a PIPE Investor as a result of language in the PIPE Convertible Note related to ownership percentage prior to the Merger.

On November 7, 2024, the Company and certain PIPE Investors entered into further amendments to the Waiver (the “Amendments”) under which the PIPE Investors agreed to waive any breaches or defaults resulting from the Company’s failure to timely file SEC reports through August 21, 2024, and extended the waiver for certain registration failures through October 3, 2024. The PIPE Investors also waived defaults related to the Company’s non-compliance with the continued listing requirements of the Nasdaq Stock Market, including (i) failure to meet the minimum stockholders’ equity threshold, (ii) failure to meet the minimum market value of publicly held shares, and (iii) failure to meet the minimum bid price requirement. These waivers are effective through January 15, 2025, but may be extended through March 15, 2025, solely with respect to the bid price deficiency, provided the Company remains in compliance with all other listing requirement and files a preliminary proxy statement to seek shareholder approval of a reverse stock split. In connection with these Amendments, the Company issued 116,959 shares of Class A common stock to satisfy additional registration delay penalties and 65,790 shares of Class A common stock for unpaid interest, also at the Alternate Conversion Price.

Also on November 7, 2024, certain PIPE Investors agreed to purchase an additional \$3.3 million in principal amount of PIPE Convertible Notes with an Original Issue Discount of \$330,000 for gross proceeds of \$2.97 million. The Company used approximately \$2.5 million of the proceeds from this issuance to repay outstanding debt and cover related transaction expenses.

One of the November 7, 2024, PIPE Notes was exchanged for a convertible note payable and an unsecured note payable that were issued to the same PIPE Investor. The exchange resulted in debt extinguishment accounting as the present value of the future cash flows of the new PIPE Convertible Note was greater than 10% of the remaining present value of the cash flows of the exchanged notes. As a result, the Company recorded a loss on extinguishment of debt of \$270,594 on the consolidated statements of operations for the year ended December 31, 2024.

On December 16, 2024, a certain PIPE Investor agreed to purchase an additional \$2.1 million in the principal amount of a PIPE Convertible Note with an Original Issue Discount of \$210,000 for gross proceeds of \$1.89 million.

PIPE Convertible Notes payable consisted of the following as of December 31, 2024:

|                                                                                |    |                         |
|--------------------------------------------------------------------------------|----|-------------------------|
| PIPE Convertible Note - Tranche 1 - February 7, 2024                           | \$ | 4,650,000               |
| PIPE Convertible Note - Tranche 2 - November 7, 2024                           |    | 3,570,594               |
| PIPE Convertible Note - Tranche 2 - December 16, 2024                          |    | 2,100,000               |
|                                                                                |    | <u>10,320,594</u>       |
| Less Debt Discount associated with OID and Warrants                            |    | (1,147,319)             |
| PIPE Convertible Notes, net                                                    |    | <u>9,173,275</u>        |
| Less gross PIPE Convertible Note principal converted into Class A common stock |    | (5,832,600)             |
| Add accretion of debt discount                                                 |    | 728,278                 |
| Total PIPE Convertible Notes, net                                              | \$ | <u><u>4,068,953</u></u> |

During the year ended December 31, 2024, the Company converted an aggregate principal amount of \$5,832,600 and \$4,224,860 in accrued and make-whole interest related to the PIPE Convertible Notes into 13,787,393 shares of the Company's Class A common stock. During the year ended December 31, 2024, amortization expense related to the Original Issue Discount of the PIPE Convertible Notes was \$728,278. The principal balance net of Debt Discounts and accrued interest related to the PIPE Convertible Notes at December 31, 2024, was \$4,068,953 and \$154,500, respectively.

#### NOTE 12 – RELATED PARTY NOTES AND LOANS PAYABLE

Related party notes payable consisted of the following as of December 31:

|                                | 2024                     | 2023                     |
|--------------------------------|--------------------------|--------------------------|
| Note payable - ARJ Trust       | \$ 650,000               | \$ 650,000               |
| Note payable - McKettrick      | 800,000                  | 1,300,000                |
| Note payable - Carver          | 111,000                  | 148,000                  |
| Loan - Chris Jones             | 2,000,000                | -                        |
|                                | <u>3,561,000</u>         | <u>2,098,000</u>         |
| Less current portion           | (2,937,000)              | (1,237,000)              |
| Note payable long-term portion | <u><u>\$ 624,000</u></u> | <u><u>\$ 861,000</u></u> |

Future maturities of related party notes and loan payables as of December 31, 2024:

|       |                            |
|-------|----------------------------|
| 2025  | \$ 2,937,000               |
| 2026  | 287,000                    |
| 2027  | 337,000                    |
| Total | <u><u>\$ 3,561,000</u></u> |

#### ARJ Trust

In December 2008, the Company entered into a note payable with ARJ Trust, a trust that is indirectly controlled by the Company's chief executive officer. The note has a principal amount of \$500,000, an interest rate of 8.50% per annum, and a maturity date of March 31, 2024. The Company is required to make monthly interest-only payments of \$3,541.

In June 2010, the Company entered into a second note payable with ARJ Trust. The note has a principal amount of \$150,000, an interest rate of 8.50% per annum, and a maturity date of March 31, 2024. The Company is required to make monthly interest-only payments of \$1,063.

On March 31, 2024, the maturity date of the notes was extended to March 31, 2025.

The Company made interest-only payments of \$55,248 during the years ended December 13, 2024 and 2023, respectively. The principal balance of the notes was \$650,000 at December 31, 2024 and 2023.

#### *McKettrick*

In May 2019, the Company entered into a \$1,750,000, zero interest rate note payable with a former shareholder to repurchase all their owned shares in the Company. The note is payable in annual installments of \$250,000 due on December 21 of each year. The note matures on December 1, 2027. If the annual installment is not paid within 10 days of the due date a late fee of 5% is charged. During the year ended December 31, 2024, the Company paid the December 2024 and 2023 installments totaling \$500,000 and \$50,000 in a negotiated extension fee for the 2023 installment. The principal balance of the note payable was \$800,000 and \$1,300,000 at December 31, 2024 and 2023, respectively.

#### *Carver*

In January 2021, the Company entered into a \$222,000, zero interest rate note payable with a former shareholder to repurchase all their owned shares in the Company. The note is payable in semi-annual installments of \$18,500 due on March 31 and September 30 each year and matures on October 1, 2027. The Company made the required installments totaling \$37,000 for the years ended December 31, 2024 and 2023. The principal balance of the note payable was \$111,000 and \$148,000 at December 31, 2024 and 2023, respectively.

#### *Chris Jones*

During the year ended December 31, 2024, the Company chief executive officer loaned the Company an aggregate of \$2 million for operating expenses. The loaned amount has a zero interest rate and no stated maturity date. The Company made no payments towards the loan during the year ended December 31, 2024, however, the Company expects to pay back the loan in full. The principal balance of the loan payable was \$2,000,000 at December 31, 2024.

### **NOTE 13 – LINES OF CREDIT**

#### *JPMorgan Chase*

In December 2023, the Company entered into a \$2,000,000 variable rate line of credit with JPMorgan. The purpose of the new line of credit was to consolidate the balances outstanding on the note payable and the previous line of credit, which had matured. The line of credit matures on December 31, 2024. The line of credit has an annual interest rate of the Adjusted SOFR (Secured Overnight Financing Rate) Rate plus 3.00%.

The line of credit is secured by a pledge of \$2,100,000 in the Company's deposit accounts (restricted cash) at JPMorgan. The outstanding principal balance on the line of credit was \$802,738 at December 31, 2024 and 2023.

#### *Morgan Stanley*

During February 2023, the Company entered into a variable rate line of credit with Morgan Stanley which was secured by the marketable securities held in our brokerage account (See Note 6 – Marketable Investment Securities). The Company terminated the brokerage agreement during the year ended December 31, 2024, liquidated the vast majority of its investments and has \$10,114 recorded in cash and cash equivalents on its balance sheet as December 31, 2024. The outstanding balance of the line of credit at December 31, 2023 was \$1,980,937.

### **NOTE 14 – CONVERTIBLE NOTES PAYABLE**

In May 2022, the Company entered into two separate but identical \$300,000 (total \$600,000) convertible notes payable (the "Convertible Notes") with an interest rate of 10% per annum with two individual consultants (the "Noteholders") to assist with services including an initial public offering preparation and listing to Nasdaq or other national exchange, assist the Company and its counsel in preparing a code of conduct and employment agreements, franchise development, and valuation increase through growth among other services. The original terms of each note include a 15% original issue discount ("OID"), 292 warrants to purchase common stock, no prepayment penalty and a maturity date of February 25, 2023.



The warrants were exercisable at \$4,800 per share for five years and a cashless option and a mandatory exercise over \$9,600 with no prepayment penalty. The warrants were non-exercisable for one year from issuance. The valuation assumptions used in the Black-Scholes model to determine the fair value of each warrant awarded in 2022: expected stock price volatility ranged from 40.06% to 80.17%; expected term in years 5.00 with a discount for the one-year lockout period; and risk-free interest rate 2.95%.

The Noteholder has the right, at any time on or after the issuance date and prior to the maturity date, to convert all or any portion of the then outstanding and unpaid principal plus any accrued interest thereon into shares of TruGolf Nevada's common stock. The per share conversion price will be convertible into shares of common stock equal to 70% multiplied by the lower of (i) the volume weighted average of the closing sales price of the common stock on the date that TruGolf Nevada's listing on the Nasdaq Global Market or other national exchange ("Uplisting") is successfully consummated or (ii) the lowest closing price for the five trading days following the date of Uplisting, not including the Uplisting day.

In the event the Company (i) makes a public announcement that it intends to be acquired by, consolidate or merge with any other corporation or entity (other than a merger in which the Company is the surviving or continuing corporation and its capital stock is unchanged) or sell or transfer all or substantially all of the assets of the Company; or (ii) any person, group or entity (including the Company) publicly announces a tender offer to purchase 50% or more of the common stock, then the conversion price will be equal to the lower of the conversion price and a 25% discount to the announced acquisition provided, that, the conversion will never be less than a price that is the lower of (iii) the closing price (as reflected on Nasdaq.com) immediately preceding the signing of these notes; or (iv) the average closing price of the Company's common stock (as reflected on Nasdaq.com) for the five trading days immediately preceding the signing of these notes.

In 2022 and at the time of issuance, the Company elected to follow the relative fair value method to allocate the proceeds to the warrants, OID, and convertible notes (collectively the "Financial Instruments"). Total estimated fair value of the Financial Instruments was \$1,387,060. The pro-rata allocation of the \$450,000 total proceeds was \$282,109 to the warrants, \$21,899 to the OID and \$145,992 to the convertible notes. The fair value of the warrants exceeded the pro-rata allocation of proceeds to the warrants and the convertible notes by \$445,032, which the Company recorded as interest expense at the time of issuance.

Based on an estimated 70% discounted conversion price, the Company recorded \$192,857 in interest expense and a corresponding increase in the notes payable. The Company has elected to account for the convertible notes at fair market value. The fair market value will be adjusted at each reporting period. The total outstanding balance for each convertible note as of December 31, 2022, was \$225,000 (total \$450,000) and accrued interest was \$16,480. In March 2023, we extended each note's maturity to July 31, 2023 and increased each note's borrowing limit to \$375,000.

In July 2023, the Company and Convertible Noteholders entered into Warrant Cancellation Agreements, whereby the warrants were canceled when the Merger (business combination) with Deep Medicine Acquisition Corp. was completed. Also in July 2023, the convertible notes were modified whereby the maturity date was extended by up to an additional eight months (February 29, 2024), to be in two extensions of four months each. Five days prior to the extension deadline the Company was to issue 9,000 shares (total 18,000 shares if the Company elects the two extensions) of TruGolf Nevada's stock. The Company did elect the extension. The Company has not issued the shares as of the date of this filing.

There was zero OID related to the Convertible Notes remaining as of December 31, 2024 and 2023, and there was no OID interest expense or amortization recorded during the years ended December 31, 2024 and 2023.

As of December 31, 2024 and 2023, the balance of the Convertible Notes was \$0 and \$954,622, respectively. The Convertible Notes were paid off in connection with the November 7, 2024, funding of the additional PIPE Convertible Notes referenced in Note 11. The extinguishment of one of the convertible notes resulted in extinguishment accounting. See Note 11 – PIPE Convertible Notes for additional details.

## NOTE 15 – DIVIDEND NOTES PAYABLE

Prior to the Merger, TruGolf Nevada filed its tax returns as an S Corporation. Historically, all income tax liabilities and benefits of TruGolf Nevada are passed through to the shareholders annually through distributions. No dividends were declared during 2023 or 2022. During 2021, the Board of Directors declared \$7,395,694 in dividends to the shareholders, payable in cash as the Company's liquidity allows. During 2022, TruGolf Nevada paid the shareholders an aggregate amount of \$1,965,706. In November 2022, each shareholder agreed to defer the accrued dividends payable by entering into 6.00% interest rate dividend notes payable. All outstanding and accrued interest is due and payable when the dividend notes payable mature on December 31, 2025. Interest commenced accruing on January 1, 2023.

Dividends declared, distributed, and accrued are as follows as of December 31:

|                                       | 2024         | 2023         |
|---------------------------------------|--------------|--------------|
| Accrued interest on dividends payable | \$ 515,677   | \$ 274,242   |
| Dividends payable                     | \$ 4,023,923 | \$ 4,023,923 |

## NOTE 16 – GROSS SALES ROYALTY PAYABLE

In June 2015, the Company entered into a Royalty Purchase Agreement (the "Royalty Agreement") with a purchaser ("Purchaser") for a gross sales royalty. The Purchaser agreed to purchase a sales royalty for the sum of \$1,000,000 plus applicable taxes. Upon mutual agreement the Purchaser may purchase one or more additional royalties in an aggregate amount of up to \$1,000,000. For the period June 2015 through May 2017, the Company paid a monthly payment of \$20,833. Effective June 1, 2017, all subsequent monthly royalty payments has been equal to the greater of \$20,833 plus the amount determined in accordance with the following:

- If the trailing twelve-month revenue of the Company is equal to or less than \$6,110,000, 3.60% of the Company's monthly revenues, in perpetuity (unless terminated in accordance with the Royalty Agreement);
- If the trailing twelve-month revenue of the Company is equal to or greater than \$17,200,000, 1.30% of the Company's monthly revenues, in perpetuity (unless terminated in accordance with the Royalty Agreement); or
- If the trailing twelve-month revenue of the Company is greater than \$6,110,000 but less than \$17,200,000, such percentage of monthly revenue determined by dividing \$220,060 by the amount of the trailing twelve-month revenue and multiplying the result by 100, in perpetuity (unless terminated in accordance with the Royalty Agreement).

The royalty percentage was fixed at 3.6% based on the trailing twelve-month revenue at the time of executing the Royalty Agreement. On June 1, 2017, the royalty percentage was changed to 2.4% based on the trailing twelve-month revenues at the time as outlined in the table above.

The Royalty Agreement contains an option for a one-time buy down of the royalty rate. At any time following the date on which the Purchaser has received royalty payments that are, in the aggregate, equal to two times the then applicable Aggregate Installment Amount (\$1,000,000), the Company may purchase and extinguish 75% (but no more nor less) of all amounts owing or to become owing to the Purchaser hereunder. In the event the Company wants to exercise the buy down option, the Company would pay the Purchaser \$750,000. The adjusted royalty rate going forward would then be 0.6% (75% of the 2.4%).

The Royalty Agreement also contains an option for a buyout upon the change of control. If pursuant to a proposed change of control the acquirer under such transaction requires, as a condition to the completion of such transaction, that the Company purchase and extinguish all amounts owing or to become owing to the Purchaser hereunder, the Company will pay the greater of:

- An amount equal to two times the aggregate installment amount as at the date of the change of control buyout notice; and
- An amount equal to A multiplied by B multiplied by C, where:
  - A is equal to the aggregate installment amount as at the date of the change in control divided by \$22,500,000;
  - B is equal to 0.8; and
  - C is equal to the net equity value of the Company; or in the case of a proposed asset sale, the proposed net purchase price of all or substantially all of the Company's assets.

The Royalty Agreement does not contain a stated maturity date or bear interest. The agreement provides for a perpetual payment obligation, whereby the Company is required to remit a royalty equal to either 2.4% or 0.6% of applicable revenue, depending on whether the royalty rate buy-down option has been exercised. While the royalty percentage may be reduced pursuant to the terms of the buy-down provision, the only mechanism for terminating the Royalty Agreement is through a buyout that may be required by an acquirer in connection with a change of control transaction. In the absence of such a change of control, the Royalty Agreement remains in effect indefinitely.

Because the gross sales royalty payable has no stated fixed interest rate or maturity date, it is considered variable interest perpetual debt. The periodic variable payments to the Purchaser are recorded in interest expense. The outstanding balance at December 31, 2024 and 2023, was \$1,000,000. During the years ended December 31, 2024 and 2023, the Company incurred \$545,268 and \$601,064, respectively.

#### NOTE 17 – STOCKHOLDERS’ DEFICIT

##### *Preferred Stock*

The Company has authorized preferred stock of 10,000,000 shares with a par value of \$0.0001. As of December 31, 2024 and 2023, there were no shares of preferred stock issued and outstanding.

##### *Pre-Merger Common Stock*

During the year ended December 2023, TruGolf Nevada issued an aggregate of 821 shares of common stock with a fair value of \$5,473 per share, to consultants for services rendered.

During the year ended December 2023, TruGolf Nevada issued an aggregate of 252 shares of common stock with a fair value of \$5,473 per share, to two executives as compensation.

On December 31, 2023, TruGolf Nevada issued an aggregate of 717 shares of common stock with a fair value of \$5,475 per share, to certain shareholders for conversion of notes payable and related accrued interest in the aggregate amount of \$3,925,273.

##### *Post-Merger Common Stock*

Prior to the Merger, the TruGolf Nevada had 13,098 shares of common stock outstanding. As described in Note 2 – Business Combination and Purchase Price Allocation, based on the 13,098 TruGolf Nevada shares of common stock outstanding immediately prior to the closing of the Business Combination, the Exchange Ratio determined in accordance with the terms of the Merger Agreement is approximately 570.10:1. TruGolf issued 7,467,134 shares of New TruGolf common stock to legacy TruGolf Nevada shareholders in the Business Combination.

Upon the closing of the Business Combination, the ownership of TruGolf’s common stock was as follows:

|                                            | Accrual Redemptions       |             |
|--------------------------------------------|---------------------------|-------------|
|                                            | Number of<br>Shares Owned | % Ownership |
| TruGolf Nevada shareholders - Series A     | 5,750,274                 | 43.4%       |
| TruGolf Nevada shareholders - Series B     | 1,716,860                 | 13.0%       |
| Private Placement Investors <sup>(1)</sup> | 571,450                   | 4.3%        |
| DMAQ Public stockholders <sup>(2)</sup>    | 1,460,077                 | 11.0%       |
| DMAQ Directors and officers                | 280,000                   | 2.1%        |
| DMAQ Sponsor <sup>(3)</sup>                | 3,162,500                 | 23.9%       |
| I-Bankers <sup>(4)</sup>                   | 313,951                   | 2.4%        |
| <b>Total</b>                               | <b>13,255,112</b>         | <b>100%</b> |

- (1) DMAQ’s Insiders had an aggregate of 406,500 units, which contain 406,500 Private Placement Shares and 406,500 Private Rights. I-Bankers had an aggregate of 113,000 units, which contain 113,000 Private Placement Shares and 113,000 Private Rights. Each holder of a Private Right received one-tenth of one share of DMAQ Class A common stock upon consummation of the initial business combination. Private placement shares were the shares of DMAQ Class A common stock. The 519,500 shares of DMAQ Class A common stock and 519,500 Private Rights were exchanged for a total of 571,450 shares of New TruGolf Class A Common Stock upon the closing of the Business Combination.

- (2) Prior to and in connection with the approval of the Business Combination, holders of 378,744 DMAQ Class A Shares properly exercised their right to have such shares redeemed for a full pro rata portion of the trust account holding the proceeds from the IPO. In addition, in connection with the January 26, 2024, meeting to amend certain provisions of DMA's corporate documents allowing DMAQ to extend its existence, an additional 943 shares were redeemed, resulting in actual redemptions of 379,687 shares out of the total 574,764 shares of DMAQ common stock subject to redemption. Upon the closing of the Business Combination, 1,265,000 shares of New TruGolf Class A common stock were issued upon the conversion of 12,650,000 Public Rights.
- (3) In connection with the Business Combination, 3,162,500 shares of DMAQ Class A common stock held by the Sponsor and its affiliates were converted into 3,162,500 shares of New TruGolf Class A common stock.
- (4) Reflects the payment of the transaction fee pursuant to the BCMA Amendment due at Closing, which was paid to I-Bankers equal to (i) \$2,000,000 in cash and (ii) 212,752 New TruGolf Class A Common Shares, and an aggregate of 101,200 Representative Shares issued in connection with the IPO were exchanged to New TruGolf Class A common stock upon the Closing.

#### Class A Common Stock

During the year ended December 31, 2024, the Company issued an aggregate of 723,068 shares of Class A Common Stock with fair values ranging from \$0.52 - \$0.98 per share to PIPE Convertible Note holders in lieu of cash for interest and make good provisions (See Note 11 – PIPE Convertible Notes).

During the year ended December 31, 2024, the Company issued an aggregate of 13,787,393 shares of Class A Common Stock with fair values ranging from \$0.55 - \$1.03 per share to PIPE Convertible Note holders for conversion of outstanding PIPE Convertible Notes and related accrued interest and make good provisions (See Note 11 – PIPE Convertible Notes).

#### Class B Common Stock

The Class B Common stock has voting rights of 25 votes per share, and votes as a single class together with the Class A Common Stock.

Outside of the 1,716,860 shares of Class B Common Stock issued in connection with the exchange of TruGolf Nevada shares of Class B Common Stock at the time of the Business Combination, no shares of Class B Common Stock were issued during the year ended December 31, 2024.

#### Warrant and Option Valuation

The Company has computed the fair value of warrants and options granted using the Black-Scholes option pricing model. The expected term for warrants and options issued to non-employees is the contractual life and the expected term used for options issued to employees and directors is the estimated period of time that options granted are expected to be outstanding. The Company utilizes the "simplified" method to develop an estimate of the expected term of "plain vanilla" employee option grants. The Company is utilizing an expected volatility figure based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

## Warrant Offerings

During the year ended December 31, 2024, the Company issued 2 separate series of warrants as part of the PIPE Convertible Notes (see Note 11 – PIPE Convertible Notes); Series A Warrants and Series B Warrants.

### Series A Warrants

In applying the Black-Scholes option pricing model to Series A Warrants granted or issued, the Company used the following assumptions:

|                         | December 31, 2024 |
|-------------------------|-------------------|
| Risk free interest rate | 4.03%             |
| Expected term (years)   | 5.00              |
| Expected volatility     | 53.12%            |
| Expected dividends      | 0.00%             |

On February 2, 2024, the Company issued five-year immediately vested warrants to purchase an aggregate of 1,409,092 shares of the Company's Class A Common Stock in association with the issuance of the PIPE Convertible Notes (the "Series A Warrants"). The Series A Warrants have an exercise price of \$13.00 per share. The Series A Warrants had an aggregate grant date fair value of \$126,819. The Series A Warrants met the definition of a liability per ASC 815 – Derivatives and Hedging. See [Note 18 – Derivative Liability](#) for additional details.

The weighted average estimated fair value of the Series A Warrants granted during the year ended December 31, 2024, was approximately \$0.09 per share.

### Series B Warrants

In applying the Black-Scholes option pricing model to Series B Warrants granted or issued, the Company used the following assumptions:

|                         | December 31, 2024 |
|-------------------------|-------------------|
| Risk free interest rate | 4.14%             |
| Expected term (years)   | 2.50              |
| Expected volatility     | 49.40%            |
| Expected dividends      | 0.00%             |

On February 2, 2024, the Company issued two-and-a-half-year immediately vested warrants to purchase an aggregate of 1,550,000 shares of the Company's Class A Common Stock in association with the issuance of the PIPE Convertible Notes (the "Series B Warrants"). The Series B Warrants have an exercise price of \$10.00 per share. The Series B Warrants had an aggregate grant date fair value of \$15,500. The Series B Warrants met the definition of a liability per ASC 815 – Derivatives and Hedging. See [Note 18 – Derivative Liability](#) for additional details.

The weighted average estimated fair value of the Series A Warrants granted during the year ended December 31, 2024, was approximately \$0.01 per share.

A summary of the warrant activity during the year ended December 31, 2024 is presented below:

|                                | Number of Warrants | Weighted Average Exercise Price | Weighted Average Remaining Life In Years | Aggregate Intrinsic Value |
|--------------------------------|--------------------|---------------------------------|------------------------------------------|---------------------------|
| Outstanding, January 1, 2024   | -                  | \$ -                            |                                          |                           |
| Granted                        | 2,959,092          | 11.43                           |                                          |                           |
| Exercised                      | -                  | -                               |                                          |                           |
| Forfeited                      | -                  | -                               |                                          |                           |
| Outstanding, December 31, 2024 | 2,959,092          | \$ 11.43                        | 2.8                                      | \$ -                      |
| Exercisable, December 31, 2024 | 2,959,092          | \$ 11.43                        | 2.8                                      | \$ -                      |

The following table presents information related to stock warrants at December 31, 2024:

| Warrants Outstanding |                                | Warrants Exercisable                     |                                |
|----------------------|--------------------------------|------------------------------------------|--------------------------------|
| Exercise Price       | Outstanding Number of Warrants | Weighted Average Remaining Life In Years | Exercisable Number of Warrants |
| \$ 10.00             | 1,550,000                      | 1.6                                      | 1,550,000                      |
| \$ 13.00             | 1,409,092                      | 4.1                                      | 1,409,092                      |
|                      | 2,959,092                      |                                          | 2,959,092                      |

#### NOTE 18 – DERIVATIVE LIABILITY

The following table sets forth a summary of the changes in the fair value of Level 3 derivative liabilities that are measured at fair value on a recurring basis:

|                                                |           |
|------------------------------------------------|-----------|
| Beginning balance as of January 1, 2024        | \$ -      |
| Issuance of derivative liabilities             | 142,319   |
| Change in fair value of derivative liabilities | (142,319) |
| Ending balance as of December 31, 2024         | \$ -      |

In applying the Black-Scholes option pricing model to derivatives issued and outstanding during the year ended December 31, 2024, the Company used the following assumptions:

|                         | For The Year Ended December 31, 2024 |
|-------------------------|--------------------------------------|
| Risk free interest rate | 3.58% - 4.38%                        |
| Expected term (years)   | 1.50 – 5.00                          |
| Expected volatility     | 49.40% - 60.19%                      |
| Expected dividends      | 0.00%                                |

During the year ended December 31, 2024, the Company recorded new derivative liabilities in the aggregate amount of \$142,319 related to the PIPE Warrants associated with the PIPE Convertible Notes. See [Note 11 – PIPE Convertible Notes](#) for additional details. See [Note 17 – Stockholders' Deficit](#) for warrants issued and deemed to be derivative liabilities.

During the year ended December 31, 2024, the Company recomputed the fair value of the derivative liabilities to be \$0. The Company recorded a gain on the change in fair value of these derivative liabilities of \$142,319 for the year ended December 31, 2024.

#### NOTE 19 – STOCK-BASED COMPENSATION

The Company accounts for its stock-based compensation in accordance with the fair value recognition of ASC 718.

##### Stock Issued For Compensation

On April 17, 2024, the Company issued 71,832 shares of Class A Common Stock to the former chief financial officer for services rendered with a fair value of \$1.67 per share.

## 2024 Stock Incentive Plan

On October 24, 2024, the Company filed a Form S-8 to register 1,600,000 shares of the Company's Class A Common Stock to participants in the TruGolf Holdings, Inc. 2024 Stock Incentive Plan (the "2024 Plan"). Awards to be made under the 2024 Plan consist of covering up to the sum of (i) 1,600,000 shares; and (ii) an annual increase commencing on January 1, 2025 and continuing annually on each anniversary thereof through (and including) January 1, 2035, equal to the lesser of (A) 5% of the shares of Company Common Stock outstanding on a fully diluted basis on the last day of the immediately preceding fiscal year and (B) such smaller number of shares as determined by the Board or the Committee (the "Overall Share Limit"). Shares issued or delivered under the 2024 Plan may consist of authorized but unissued shares of common stock, shares purchased on the open market or treasury shares.

On October 11, 2024, the Company granted options to purchase an aggregate of 1,131,000 shares of Class A Common Stock at an exercise price of \$0.93 per share and a fair value of \$538,323. Vesting terms of these options are as follows: (i) 1,076,000 options vest upon issuance and (ii) 55,000 options vest 50% upon issuance and 50% on the one-year anniversary of the grant date. The options were valued using the Black-Scholes option pricing model under the following assumptions as found in the table below.

|                                | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Life In Years | Intrinsic Value |
|--------------------------------|-------------------|---------------------------------|------------------------------------------|-----------------|
| Outstanding, January 1, 2024   | -                 | \$ -                            |                                          |                 |
| Granted                        | 1,131,000         | 0.93                            |                                          |                 |
| Exercised                      | -                 | 0                               |                                          |                 |
| Forfeited                      | -                 | 0                               |                                          |                 |
| Outstanding, December 31, 2024 | 1,131,000         | \$ 0.93                         | 4.8                                      | \$ -            |
| Exercisable, December 31, 2024 | 783,500           | \$ 0.93                         | 4.8                                      | \$ -            |

The weighted average grant date fair value of the options granted and vested during the year ended December 31, 2024, was \$538,323 and \$524,960, respectively. The weighted average non-vested grant date fair value of non-vested options was \$13,368 at December 31, 2024.

The following table summarizes information about options to purchase shares of the Company's Class A Common Stock outstanding and exercisable at December 31, 2024:

| Options Outstanding |                               | Options Exercisable                      |                               |
|---------------------|-------------------------------|------------------------------------------|-------------------------------|
| Exercise Price      | Outstanding Number of Options | Weighted Average Remaining Life In Years | Exercisable Number of Options |
| \$ 0.93             | 1,131,000                     | 4.8                                      | 783,500                       |
|                     | 1,131,000                     |                                          | 783,500                       |

In applying the Black-Scholes option pricing model to stock options granted, the Company used the following assumptions:

|                         | For the Years Ended December 31, |       |
|-------------------------|----------------------------------|-------|
|                         | 2024                             | 2023  |
| Risk free interest rate | 3.88%                            | 0.00% |
| Expected term (years)   | 5.00 - 5.25                      | -     |
| Expected volatility     | 53.49%                           | 0.00% |
| Expected dividends      | 0.00%                            | 0.00% |

#### Stock-Based Compensation Expense

The following table presents information related to stock-based compensation expense:

|                            | For the Year Ended<br>Decemehr 31,<br>2024 | Unrecognized at<br>December 31,<br>2024 | Weighted Average<br>Remaining Amortization<br>Period<br>(Years) |
|----------------------------|--------------------------------------------|-----------------------------------------|-----------------------------------------------------------------|
| General and administrative | \$ 538,323                                 | \$ 13,368                               | 1.00                                                            |
| Total                      | \$ 538,323                                 | \$ 13,368                               | 1.00                                                            |

#### NOTE 20 – LEASES

The Company is party to two leases: (i) office space in Centerville, Utah (the “Centerville Lease”) and (ii) a warehouse in North Salt Lake City, Utah (the “SLC Lease”). The Centerville lease is scheduled to expire in May 2028 and the SLC Lease is scheduled to expire in November 2025.

The Company has operating leases for its corporate headquarters and warehouse. The Company determines if an arrangement contains a lease at inception based on the ability to control a physically distinct asset. Operating lease right-of-use assets are recorded in the consolidated balance sheets on the initial measurement of the lease liability as adjusted to include prepaid rent and initial direct costs less any lease incentives received. Lease liabilities are measured at the commencement date based on the present value of the lease payments over the lease term. The Company separately accounts for lease and non-lease components within lease agreements. The Company uses its incremental borrowing rate to present value the lease liability as key inputs to determine the interest rate implicit in the lease are not shared by lessors.

Operating lease expense is recorded on a straight-line basis over the lease term. Right-of-use assets and lease liabilities for short-term leases are not recognized in the consolidated balance sheets. Payments for short-term leases are recognized in the consolidated statements of operations on a straight-line basis over the lease term.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its estimated incremental borrowing rate at lease inception point. The weighted average incremental borrowing rate applied was 8.39%. As of December 31, 2024, the Company’s leases had a remaining weighted average term of 2.39 years.

The following table presents net lease cost and other supplemental lease information:

|                                                              | 2024       | 2023       |
|--------------------------------------------------------------|------------|------------|
| Lease cost                                                   |            |            |
| Operating lease cost (cost resulting from lease payments)    | \$ 403,109 | \$ 322,102 |
| Net lease costs                                              | \$ 403,109 | \$ 322,102 |
| Operating lease - operating cash flows (fixed payments)      | \$ 403,109 | \$ 322,102 |
| Operating lease - operating cash flows (liability reduction) | \$ 334,254 | \$ 254,945 |
| Non-current leases - right-of-use assets                     | \$ 634,269 | \$ 972,663 |
| Current liabilities - operating lease liabilities            | \$ 363,102 | \$ 334,255 |
| Non-current liabilities - operating lease liabilities        | \$ 305,125 | \$ 668,228 |



Future minimum payments under non-cancelable leases for operating leases for the remaining terms of the leases following the year ended December 31, 2024, are as follows:

| <b>Fiscal Year</b>                                 | <b>Operating Leases</b> |
|----------------------------------------------------|-------------------------|
| 2025                                               | \$ 406,990              |
| 2026                                               | 140,163                 |
| 2027                                               | 144,227                 |
| 2028                                               | 60,808                  |
| Total future minimum lease payments                | \$ 752,188              |
| Amount representing interest                       | (83,961)                |
| Present value of net future minimum lease payments | <u>\$ 668,227</u>       |

#### **NOTE 21 – SEGMENT INFORMATION**

The Company currently operates as one business segment, which is also the sole reportable segment, focusing on the manufacturing and sales of indoor golf simulators. The Company's business offerings have similar economic and other characteristics, including the nature of products, manufacturing, types of customers, and distribution methods. The determination of a single business segment is consistent with the consolidated financial information regularly provided to the Company's chief operating decision maker ("CODM"). The Company's CODM is its Principal Executive and Financial Officer and Director, who reviews and evaluates consolidated profit and loss and total assets for the purpose of assessing performance, making operating decisions, allocating resources, and planning and forecasting for future periods.

In addition to the significant expense categories included within net loss presented on the Company's Consolidated Statements of Operations, see below for disaggregated amounts that comprise consulting, contract labor, personnel, business development, royalty, and marketing expenses:

|                               | <b>Years Ended December 31,</b> |                      |
|-------------------------------|---------------------------------|----------------------|
|                               | <b>2024</b>                     | <b>2023</b>          |
| Consulting expenses           | \$ 1,226,900                    | \$ 554,036           |
| Contract labor                | 1,365,640                       | 1,282,583            |
| Personnel expenses            | 9,314,415                       | 9,681,323            |
| Business development expenses | 528,264                         | 729,466              |
| Royalty expenses              | 706,214                         | 709,640              |
| Marketing expenses            | 710,658                         | 395,941              |
| Other expenses*               | 2,828,222                       | 8,065,306            |
| Total operating expenses      | <u>\$ 16,690,313</u>            | <u>\$ 21,418,295</u> |

\* Other expenses materially comprised of rent, insurance, stock-based compensation, depreciation and amortization, licenses, dues and subscriptions, travel and entertainment, and merchant fees.

#### **NOTE 22 – COMMITMENTS AND CONTINGENCIES**

##### *Legal Claims*

There are no material pending legal proceedings in which the Company or any of its subsidiaries is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of its voting securities, or security holder is a party adverse to the Company, or has a material interest adverse to the Company.

#### **NOTE 23 – INCOME TAXES**

During the Year ended December 31, 2023 and prior, the Company was an S Corporation for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the stockholders. As such, no recognition of federal or state income taxes for the Company has been provided for in the accompanying financial statements for 2023. Any uncertain tax positions taken by the stockholders on their individual returns was not an uncertain position of the Company.

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax net loss compared to the income taxes in the consolidated statement of operations as of December 31:

|                                                   | <b>2024</b> |
|---------------------------------------------------|-------------|
| Income tax benefit at statutory U.S. federal rate | (21)%       |
| State income taxes, net of federal benefit        | (0.95)%     |
| Stock-based compensation                          | 0.60%       |
| Non-deductible derivative liability change        | 0.40%       |
| Change in valuation allowance                     | 21%         |
| <b>Total tax expense</b>                          | <b>-%</b>   |

Deferred income taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table sets forth deferred income tax assets and liabilities for the year ended December 31:

|                                           | <b>2024</b>        |
|-------------------------------------------|--------------------|
| <b>Deferred tax assets:</b>               |                    |
| Net operating losses                      | \$ 1,628,300       |
| Stock compensation expense                | 132,400            |
| Accrued expenses                          | 162,700            |
| Extinguishment of debt                    | 66,600             |
| Depreciation                              | 18,900             |
| Amortization                              | 179,100            |
| Allowance for doubtful accounts           | 188,900            |
| <b>Deferred tax assets:</b>               | <b>2,376,900</b>   |
| <b>Deferred tax liabilities:</b>          |                    |
| Prepaid expenses                          | (28,700)           |
| Other                                     | (64,400)           |
| <b>Deferred tax liabilities:</b>          | <b>(93,100)</b>    |
| <b>Valuation allowance</b>                | <b>(2,283,800)</b> |
| <b>Net deferred tax asset/(liability)</b> | <b>\$ -</b>        |

The valuation allowance recorded by the Company as of December 31, 2024, resulted from the uncertainties of the future utilization of deferred tax assets relating primarily to net operating loss (“NOL”) carryforwards for federal and state income tax purposes. Realization of the NOL carryforwards is contingent on future taxable earnings. The deferred tax asset was reviewed for expected utilization using a “more likely than not” approach by assessing the available positive and negative evidence surrounding its recoverability. Accordingly, a full valuation allowance continues to be recorded against the Company’s deferred tax assets, as it was determined based upon past and projected future losses that it was “more likely than not” that the Company’s deferred tax assets would not be realized. The cumulative valuation allowance as of December 31, 2024, is \$2.3 million, which will be reduced if and when the Company determines that the deferred income tax assets are more likely than not to be realized.

Management does not believe that there are significant uncertain tax positions in 2024. There are no interest and penalties related to uncertain tax positions in 2024.

The Company has federal net operating loss carryforwards of \$6,580,951 as of December 31, 2024. \$6,580,951 of the federal net operating loss has an indefinite carry forward period. The Company has State net operating loss carryforwards totaling \$6,853,334 at December 31, 2024. The Company has various state net operating loss carryforwards. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2031.

The following table sets forth the tax years subject to examination for the major jurisdictions where the Company conducted business as of December 31, 2024:

|         |      |
|---------|------|
| Federal | 2024 |
| Utah    | 2024 |

Federal and state laws impose substantial restrictions on the utilization of NOL carryforwards in the event of an ownership change for income tax purposes, as defined in Section 382 of the Internal Revenue Code (“IRC”). Pursuant to IRC Section 382, annual use of the Company’s NOL carryforwards may be limited in the event a cumulative change in ownership of more than 50% occurs within a three-year period. The Company has not completed an IRC Section 382 analysis regarding the limitation of NOL carryforwards.

However, it is possible that past ownership changes will result in the inability to utilize a significant portion of the Company’s NOL carryforward that was generated prior to any change of control. The Company’s ability to use its remaining NOL carryforwards may be further limited if the Company experiences an IRC Section 382 ownership change in connection with future changes in the Company’s stock ownership.

The Tax Cuts and Jobs Act (“TCJA”) requires taxpayers to capitalize and amortize research and experimental expenditures under IRC Section 174 for tax years beginning after December 31, 2021. This rule became effective for the Company during the year ended December 31, 2024 and resulted in the capitalization of research and development costs of \$2,745,033 during the year ended December 31, 2024. Before the TCJA, businesses have had the option of deducting Section 174 expenses in the year incurred or capitalizing and amortizing the costs over five years. The Company will amortize these costs for tax purposes over five years if the research and development was performed in the U.S. and over 15 years if research and development was performed outside the U.S.

On August 16, 2022, the Inflation Reduction Act was enacted into law. This Act includes a 15.0 percent book minimum tax on the adjusted financial statement income of applicable corporations, a number of clean-energy tax credits, and a 1.0 percent excise tax on certain stock buybacks. The Company does not expect these changes to have a material impact on the provision for income taxes or the financial statements.

As of the date of this filing, the Company has not filed its 2024 federal and state corporate income tax returns. The Company expects to file these documents as soon as practicable.

**NOTE 24 – CONCENTRATION OF CREDIT RISK**

*Cash Deposits*

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of December 31, 2024 and 2023, the Company had approximately \$9,662,000 and \$4,251,124, respectively, in excess of the FDIC insured limit.

*Purchasing*

During the year ended December 31, 2024, six manufacturers accounted for approximately 50% of our purchases.

During the year ended December 31, 2023, five manufacturers accounted for approximately 52% of our purchases.

## NOTE 25 – SUBSEQUENT EVENTS

### *PIPE Convertible Notes*

One January 8, 2025, a PIPE Investor exercised its right, pursuant to the February 2, 2024, Purchase Agreement (see Note 11 – PIPE Convertible Notes) to purchase an additional \$2.8 million in the principal amount of a PIPE Convertible Note with an Original Issue Discount of \$280,000 for gross proceeds of \$2.52 million.

On January 16, 2025, the Company and certain holders of the PIPE Convertible Notes entered into an amendment to the November Waiver (the “January Waiver”) to extend the date by which the Company was required to comply with the continued listing requirements of the Nasdaq Stock Market to February 28, 2025 (see Note 1 – Nature of the Organization and Business); provided that, with respect to the minimum bid price requirement, to the extent the Company was in compliance with all other Nasdaq Stock Market listing requirements and had filed a preliminary proxy statement to hold a special meeting to vote on a reverse stock split to remedy the bid price failure, the waiver for such deficiency shall be extended to April 30, 2025.

During January 2025, the Company issued an aggregate of 2,672,854 shares of Class A common stock with fair values ranging from \$0.396 - \$2.50 per share to PIPE Convertible Note holders in connection with the conversion of outstanding PIPE Convertible Notes and accrued interest.

During February 2025, the Company issued 1,088,273 shares of Class A common stock with fair values ranging from \$0.3393 - \$2.50 per share to PIPE Convertible Note holders in connection with the conversion of outstanding PIPE Convertible Notes and accrued interest.

**DEEP MEDICINE ACQUISITION CORP.**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of  
Deep Medicine Acquisition Corp.

### ***Opinion on the Financial Statements***

We have audited the accompanying balance sheets of Deep Medicine Acquisition Corp. (the “Company”) as of March 31, 2023 and 2022, and the related statements of operations, stockholders’ equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Going Concern Matter***

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 1 to the financial statements, the Company’s business plan is dependent on the completion of a business combination within a prescribed period of time and if not completed will cease all operations except for the purpose of liquidating. The date for mandatory liquidation and subsequent dissolution raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### ***Basis for Opinion***

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ *MaloneBailey, LLP*  
[www.malonebailey.com](http://www.malonebailey.com)

We have served as the Company’s auditor since 2021.  
Houston, Texas  
May 30, 2023

**DEEP MEDICINE ACQUISITION CORP.**  
**BALANCE SHEETS**

|                                                                                                                                                                                                                                                                                   | March 31, 2023      | March 31, 2022        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------|
| <b>Assets</b>                                                                                                                                                                                                                                                                     |                     |                       |
| <b>Current assets</b>                                                                                                                                                                                                                                                             |                     |                       |
| Cash                                                                                                                                                                                                                                                                              | \$ 595,536          | \$ 877,099            |
| Prepaid expenses                                                                                                                                                                                                                                                                  | 20,408              | 315,306               |
| Cash and marketable securities held in Trust Account                                                                                                                                                                                                                              | 9,160,803           | 127,760,867           |
| <b>Total current assets</b>                                                                                                                                                                                                                                                       | <u>9,776,747</u>    | <u>128,953,272</u>    |
| <b>Total assets</b>                                                                                                                                                                                                                                                               | <u>\$ 9,776,747</u> | <u>\$ 128,953,272</u> |
| <b>Liabilities and Stockholders' (Deficit)</b>                                                                                                                                                                                                                                    |                     |                       |
| <b>Current liabilities</b>                                                                                                                                                                                                                                                        |                     |                       |
| Accrued expenses - related party                                                                                                                                                                                                                                                  | \$ 6,000            | \$ 21,000             |
| Accrued expenses                                                                                                                                                                                                                                                                  | 866,500             | 15,712                |
| Taxes payable                                                                                                                                                                                                                                                                     | 57,569              | -                     |
| Loan payable - related party                                                                                                                                                                                                                                                      | 1,865,000           | 500,000               |
| <b>Total current liabilities</b>                                                                                                                                                                                                                                                  | <u>2,795,069</u>    | <u>536,712</u>        |
| <b>Non-current liabilities</b>                                                                                                                                                                                                                                                    |                     |                       |
| Deferred underwriting commissions                                                                                                                                                                                                                                                 | 4,427,500           | 4,427,500             |
| <b>Total non-current liabilities</b>                                                                                                                                                                                                                                              | <u>4,427,500</u>    | <u>4,427,500</u>      |
| <b>Total liabilities</b>                                                                                                                                                                                                                                                          | 7,222,569           | 4,964,212             |
| <b>Commitments</b>                                                                                                                                                                                                                                                                |                     |                       |
| Common stock subject to possible redemption, 830,210 shares at \$10.90 per share and 12,650,000 shares at \$10.10 per share as of March 31, 2023 and March 31, 2022, respectively                                                                                                 | 8,994,434           | 127,765,000           |
| <b>Stockholders' (Deficit)</b>                                                                                                                                                                                                                                                    |                     |                       |
| Preferred stock, \$0.0001 par value, 1,000,000 shares authorized, -0- shares issued and outstanding as of March 31, 2023 and March 31, 2022                                                                                                                                       | -                   | -                     |
| Class A Common stock, \$0.0001 par value, 100,000,000 shares authorized, 3,783,200 and 620,700 shares issued and outstanding as of March 31, 2023 and March 31, 2022, respectively (excluding 830,210 shares and 12,650,000 shares, respectively, subject to possible redemption) | 378                 | 62                    |
| Class B Common stock, \$0.0001 par value, 10,000,000 shares authorized, -0- shares and 3,162,500 shares issued and outstanding as of March 31, 2023 and March 31, 2022, respectively                                                                                              | -                   | 316                   |
| Additional paid-in capital                                                                                                                                                                                                                                                        | -                   | -                     |
| Accumulated deficits                                                                                                                                                                                                                                                              | (6,440,634)         | (3,776,318)           |
| <b>Total Stockholders' (Deficit)</b>                                                                                                                                                                                                                                              | <u>(6,440,256)</u>  | <u>(3,775,940)</u>    |
| <b>Total Liabilities and Stockholders' (Deficit)</b>                                                                                                                                                                                                                              | <u>\$ 9,776,747</u> | <u>\$ 128,953,272</u> |

*The accompanying notes are an integral part of the financial statements.*

**DEEP MEDICINE ACQUISITION CORP.**  
**STATEMENTS OF OPERATIONS**

|                                                               | For the Year<br>Ended<br>March 31, 2023 | For the Year<br>Ended<br>March 31, 2022 |
|---------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Operating expense</b>                                      |                                         |                                         |
| Officers compensation                                         | \$ 60,000                               | \$ 60,000                               |
| Franchise taxes                                               | 200,000                                 | 1,177                                   |
| General and administrative expenses                           | 1,907,122                               | 348,735                                 |
| <b>Total operating expense</b>                                | <u>2,167,122</u>                        | <u>409,912</u>                          |
| <b>Other income</b>                                           |                                         |                                         |
| Investment income (loss) on investments held in Trust Account | 1,824,459                               | (4,133)                                 |
| <b>Total other income</b>                                     | <u>1,824,459</u>                        | <u>(4,133)</u>                          |
| <b>Net (loss) before income tax</b>                           | (342,663)                               | (414,045)                               |
| Income tax                                                    | 57,569                                  | -                                       |
| <b>Net income (loss)</b>                                      | <u>(400,232)</u>                        | <u>(414,045)</u>                        |
| Net (loss) per share                                          |                                         |                                         |
| Basic and diluted - Class A                                   | \$ (0.03)                               | \$ (0.05)                               |
| Basic and diluted - Class B                                   | <u>\$ (0.03)</u>                        | <u>\$ (0.05)</u>                        |
| Weighted average number of shares                             |                                         |                                         |
| Basic and diluted - Class A                                   | 10,946,277                              | 5,578,069                               |
| Basic and diluted - Class B                                   | <u>2,313,390</u>                        | <u>3,162,500</u>                        |

*The accompanying notes are an integral part of the financial statements.*



**DEEP MEDICINE ACQUISITION CORP.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

|                                                                                  | <b>Preferred Stock</b> |               | <b>Class A Common Stock</b> |               | <b>Class B Common Stock</b> |               | <b>Additional</b>      | <b>Accumulated</b> | <b>Total</b>   |
|----------------------------------------------------------------------------------|------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|------------------------|--------------------|----------------|
|                                                                                  | <b>Shares</b>          | <b>Amount</b> | <b>Shares</b>               | <b>Amount</b> | <b>Shares</b>               | <b>Amount</b> | <b>Paid-in Capital</b> | <b>Deficits</b>    |                |
| Balance, March 31, 2021                                                          | -                      | \$ -          | -                           | \$ -          | 3,162,500                   | \$ 316        | \$ 49,684              | \$ (59,395)        | \$ (9,395)     |
| Class A common stock issued in IPO                                               | -                      | -             | 12,650,000                  | 1,265         | -                           | -             | 126,498,735            |                    | 126,500,000    |
| Offering cost                                                                    | -                      | -             | -                           | -             | -                           | -             | (2,855,000)            |                    | (2,855,000)    |
| Deferred underwriting commission                                                 | -                      | -             | -                           | -             | -                           | -             | (4,427,500)            |                    | (4,427,500)    |
| Class A common stock issued for services                                         | -                      | -             | 101,200                     | 10            | -                           | -             | (10)                   |                    | -              |
| Sale of 519,500 private units                                                    | -                      | -             | 519,500                     | 52            | -                           | -             | 5,194,948              |                    | 5,195,000      |
| Class A common stock subject to possible redemption                              | -                      | -             | (12,650,000)                | (1,265)       | -                           | -             | (127,763,735)          |                    | (127,765,000)  |
| Reclassification from negative additional paid-in capital to accumulated deficit | -                      | -             | -                           | -             | -                           | -             | 3,302,878              | (3,302,878)        | -              |
| Net (loss)                                                                       | -                      | -             | -                           | -             | -                           | -             |                        | (414,045)          | (414,045)      |
| Balance, March 31, 2022                                                          | -                      | \$ -          | 620,700                     | \$ 62         | 3,162,500                   | \$ 316        | \$ -                   | \$ (3,776,318)     | \$ (3,775,940) |
| Conversion from Class B to Class A                                               | -                      | -             | 3,162,500                   | 316           | (3,162,500)                 | (316)         |                        |                    | -              |
| Accretion for Class A common stock to redemption amount                          | -                      | -             | -                           | -             | -                           | -             |                        | (2,264,084)        | (2,264,084)    |
| Net (loss)                                                                       | -                      | -             | -                           | -             | -                           | -             |                        | (400,232)          | (400,232)      |
| Balance, March 31, 2023                                                          | -                      | \$ -          | 3,783,200                   | \$ 378        | 0                           | \$ -          | \$ -                   | \$ (6,440,634)     | \$ (6,440,256) |

*The accompanying notes are an integral part of the financial statements.*

**DEEP MEDICINE ACQUISITION CORP.**  
**STATEMENTS OF CASH FLOWS**

|                                                                                             | For the Year Ended March<br>31, 2023 | For the Year Ended March<br>31, 2022 |
|---------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flows from operating activities:</b>                                                |                                      |                                      |
| Net (loss)                                                                                  | \$ (400,232)                         | \$ (414,045)                         |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                                      |                                      |
| Investment income earned on investments held in Trust Account                               | (1,824,459)                          | 4,133                                |
| Changes in operating assets and liabilities:                                                |                                      |                                      |
| Prepaid expenses                                                                            | 294,898                              | (277,806)                            |
| Accrued expenses                                                                            | 850,788                              | 14,850                               |
| Accrued expenses - related parties                                                          | (15,000)                             | (25,000)                             |
| Taxes payable                                                                               | 57,569                               | -                                    |
| <b>Net cash (used in) operating activities</b>                                              | <b>(1,036,436)</b>                   | <b>(697,868)</b>                     |
| <b>Cash flows from investing activities:</b>                                                |                                      |                                      |
| Distribution for taxes payments                                                             | 754,873                              | -                                    |
| Cash released from trust account                                                            | 121,034,650                          | -                                    |
| Investment of cash in Trust Account                                                         | (1,365,000)                          | (127,765,000)                        |
| <b>Net cash provided by (used in) investing activities</b>                                  | <b>120,424,523</b>                   | <b>(127,765,000)</b>                 |
| <b>Cash flows from financing activities:</b>                                                |                                      |                                      |
| Proceeds from extension loan – related parties                                              | 1,365,000                            | -                                    |
| Cash used for common stock redemption                                                       | (121,034,650)                        | -                                    |
| Proceeds from sale of Units, net of underwriting discounts paid                             | -                                    | 123,970,000                          |
| Proceeds from sale of Private Placement Units                                               | -                                    | 5,195,000                            |
| Payment of offering costs                                                                   | -                                    | (325,000)                            |
| Due to related party                                                                        | -                                    | (100)                                |
| <b>Net cash provided by (used in) financing activities</b>                                  | <b>(119,669,650)</b>                 | <b>128,839,900</b>                   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                 | <b>(281,563)</b>                     | <b>377,032</b>                       |
| <b>Cash and cash equivalents at the beginning of the period</b>                             | <b>877,099</b>                       | <b>500,067</b>                       |
| <b>Cash and cash equivalents at the end of the period</b>                                   | <b>\$ 595,536</b>                    | <b>\$ 877,099</b>                    |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>                                                  |                                      |                                      |
| Cash paid for interest                                                                      | \$ -                                 | \$ -                                 |
| Cash paid for income taxes                                                                  | \$ -                                 | \$ -                                 |
| <b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>                                         |                                      |                                      |
| Initial classification of common stock subject to possible redemption                       | \$ -                                 | \$ 127,765,000                       |
| Deferred underwriting fee payable                                                           | \$ -                                 | \$ 4,427,500                         |
| Additional shares issued to sponsor due to upsize of IPO                                    | \$ -                                 | \$ 28                                |
| Reclassification of Class A common stock                                                    | \$ 316                               | \$ -                                 |
| Remeasurement for Class A common stock subject to possible redemption                       | \$ 2,264,084                         | \$ -                                 |

*The accompanying notes are an integral part of the financial statements.*

**DEEP MEDICINE ACQUISITION CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**Note 1 - Organization and Description of Business Operations**

The Company is a blank check company incorporated on July 8, 2020, under the laws of the State of Delaware for the purpose of entering into a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more businesses or entities (a “Business Combination”). While the Company may, subject to certain limitations, pursue a Business Combination target with operations or prospects in the digital healthcare and AI in medicine sector in the global market.

As of March 31, 2023, the Company had not commenced any operations. All activity for the period from July 8, 2020 (inception) through March 31, 2023, relates to the Company’s formation and its initial public offering (“IPO”), which is described below, and subsequent to IPO, identifying a target company for a Business Combination. The Company will not generate any operating revenues until after the completion of a Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income from the cash and marketable securities held in the Trust Account (as defined below). The Company has selected March 31 as its fiscal year end.

On October 29, 2021, the Company consummated its IPO of 12,650,000 units (the “Units” and, with respect to the shares of Class A common stock included in the Units, the “Public Shares”) at \$10.00 per unit, which included 1,650,000 Units issued pursuant to the full exercise by the Underwriters (as defined below) of their over-allotment option, and the private sale of an aggregate of 519,500 Units (the “Private Placement Units” and with respect to the shares of Class A common stock included in the Units, the “Private Placement Shares”) to its sponsor, Bright Vision Sponsor LLC (the “Sponsor”) and I-Bankers Securities, Inc. (“I-Bankers”) at a purchase price of \$10.00 per Private Placement Unit, generating gross proceeds of \$5,195,000 to the Company that closed simultaneously with the closing of the IPO. On December 2, 2021, the Company’s Units no longer traded, and shares of the Company’s Class A common stock and rights underlying the Units commenced trading separately. On February 17, 2023, the Company’s securities were transferred from Nasdaq Global Market to Nasdaq Capital Market (“Nasdaq”).

Transaction costs amounted to \$7,282,500 consisting of \$2,530,000 in cash of underwriting commissions, \$4,427,500 of business combination marketing fee, and \$325,000 of other offering costs.

Upon the closing of the IPO on October 29, 2021, the Company deposited \$127,765,000 (\$10.10 per Unit) from the proceeds of the IPO and certain proceeds of the sales of Private Placement Units in the trust account (“Trust Account”), located in the United States and invested only in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), with a maturity of 185 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting certain conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the funds held in the Trust Account, as described below.

Following the closing of the IPO, cash of \$764,101 was held outside of the Trust Account (as defined below) and is available for working capital purposes. As of March 31, 2023, the Company had available cash of \$595,536 on its balance sheet, including \$554,873 distributed from the Trust Account for the tax payments, and a working capital deficit of \$2,179,125. The Company’s management has broad discretion with respect to the specific application of the net proceeds of the IPO and the sale of the Private Placement Units, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination.

On July 12, 2022, the Company entered into a definitive Business Combination Agreement (“Chijet Business Combination Agreement”) with Chijet Inc. (together with its subsidiaries, “Chijet”), each of the referenced holders of Chijet’s outstanding shares (collectively, the “Sellers”), Chijet Motor Company, Inc., a wholly-owned subsidiary of Chijet (“Pubco”), and Chijet Motor (USA) Company, Inc., a wholly-owned subsidiary of Pubco. Chijet indirectly holds an over 85% interest in Shandong Baoya New Energy Vehicle Co., Ltd., a Chinese company (“Baoya”), which is a producer and manufacturer of electric vehicles. In addition, Chijet indirectly holds an over 64% interest in FAW Jilin Automobile Co., Ltd., a Chinese company (“FAW Jilin”), which manufactures and sells traditional fuel vehicles. On September 6, 2022, Chijet Business Combination Agreement was amended to extend the due diligence period until and ended on September 20, 2022, which was subsequently extended to September 30, 2022 pursuant to the second amendment of Chijet Business Combination Agreement, dated September 16, 2022. On September 26, 2022, the Company terminated Chijet Business Combination Agreement and the Company is not obligated to pay any penalties pursuant to the terms of Chijet Business Combination Agreement as a result of the termination.

**DEEP MEDICINE ACQUISITION CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

On March 31, 2023, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with DMAC Merger Sub Inc., a Nevada corporation and wholly-owned subsidiary of the Company (“Merger Sub”), TruGolf, Inc., a Nevada corporation (“TruGolf”), Bright Vision Sponsor LLC, a Delaware limited liability company, in the capacity as the representative for certain stockholders of the Company, and Christopher Jones, an individual, in the capacity as the representative for stockholders of TruGolf. Pursuant to the Merger Agreement, and subject to the terms and conditions set forth therein, upon the consummation of the transactions contemplated thereby (the “Closing”), Merger Sub will merge with and into TruGolf, with TruGolf surviving as a wholly-owned subsidiary of the Company, and with TruGolf’s equity holders receiving shares of the Company’s common stock.

The Company must complete a Business Combination with one or more operating businesses or assets that together have an aggregate fair market value equal to at least 80% of the net assets held in the Trust Account (net of amounts disbursed to management for working capital purposes, if permitted, and excluding the amount of any deferred underwriting commissions) at the time of the Company’s signing a definitive agreement in connection with its initial Business Combination. The Company will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires an interest in the target business or assets sufficient for it not to be required to register as an investment company under the Investment Company Act.

The Company will provide its stockholders with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a stockholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek stockholder approval of a Business Combination or conduct a tender offer will be made by the Company. The stockholders will be entitled to redeem their shares for a pro rata portion of the amount held in the Trust Account (initially \$10.10 per share), calculated as of two business days prior to the completion of a Business Combination, including any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations. The shares of Class A common stock are recorded at redemption value and classified as temporary equity upon the completion of the IPO, in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.”

The Company will proceed with a Business Combination only if the Company has net tangible assets of at least \$5,000,001 upon such completion of a Business Combination and, if the Company seeks stockholder approval, a majority of the outstanding shares voted are voted in favor of the Business Combination.

If the Company seeks stockholder approval in connection with a Business Combination, the Sponsor has agreed to (i) waive its redemption rights with respect to any shares of Class A common stock held by them in connection with the completion of the Business Combination, (ii) waive its redemption rights with respect to any shares of Class A common stock held by them in connection with a stockholder vote to approve an amendment to the Company’s second amended and restated certificate of incorporation (a) to modify the substance or timing of the Company’s obligation to redeem 100% of the Public Shares if the Company does not complete the Business Combination within the Combination Period (as defined below) or (b) with respect to any other provision relating to stockholders’ rights or pre-initial Business Combination activity and (iii) waive its rights to liquidating distributions from the Trust Account with respect to the shares of Class B common stock they purchased in March 2021 (the “Founder Shares”) or Private Placement Shares if the Company fails to complete the Business Combination within the Combination Period (as defined below). In addition, the Sponsor has agreed to vote any share it held in favor of the Business Combination.

Additionally, each public stockholder may elect to redeem its Public Shares, without voting, and if they do vote, irrespective of whether they vote for or against a proposed Business Combination.

Notwithstanding the foregoing, if the Company seeks stockholder approval of a Business Combination and it does not conduct redemptions pursuant to the tender offer rules, the Company’s second amended and restated certificate of incorporation provides that a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a “group” (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), will be restricted from redeeming its shares with respect to more than an aggregate of 15% of the Public Shares without the Company’s prior written consent.

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The Company initially had until October 29, 2022 (or April 29, 2023 if the Company may extend the period of time to consummate a Business Combination) (the “Initial Combination Period”) to complete a Business Combination. On October 19, 2022, an aggregate of \$1,265,000 was deposited into the Company’s Trust Account to extend the Company’s time to consummate a Business Combination from October 29, 2022 to January 29, 2023, which amount will be included in the pro rata amount distributed to (i) all of the holders of the Class A common stock sold in the Company’s IPO (“Public Shares”) upon the Company’s liquidation or (ii) holders of Public Shares who elect to have their shares redeemed in connection with the consummation of the Company’s initial Business Combination. If the Company is unable to complete a Business Combination within the Combination Period (as defined below), the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but no more than 10 business days thereafter, redeem 100% of the outstanding Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned (less up to \$50,000 of interest to pay dissolution expenses), divided by the number of then outstanding Public Shares, which redemption will completely extinguish public stockholders’ rights as stockholders (including the right to receive further liquidation distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining stockholders and the Company’s board of directors, dissolve and liquidate, subject in each case to the Company’s obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law.

The Sponsor has agreed to waive its liquidation rights with respect to the Founder Shares and Private Placement Shares if the Company fails to complete a Business Combination within the Combination Period (as defined below). However, if the Sponsor acquires Public Shares in or after the IPO, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business Combination within the Combination Period (as defined below). The underwriters have agreed to waive their rights to their business combination marketing fees (see Note 9) held in the Trust Account in the event the Company does not complete a Business Combination within the Initial Combination Period and, in such event, such amounts will be included with the funds held in the Trust Account that will be available to fund the redemption of the Public Shares. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution will be less than the IPO price per Unit (\$10.10).

The Sponsor has agreed that it will be liable to the Company, if and to the extent any claims by a third party for services rendered or products sold to the Company, or by a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below (1) \$10.10 per Public Share or (2) such lesser amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account due to reductions in the value of trust assets, in each case net of the amount of interest which may be withdrawn to pay taxes. This liability will not apply with respect to any claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account nor will it apply to any claims under the Company’s indemnity of the underwriters of the IPO against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the “Securities Act”). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company’s independent auditors), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

On December 23, 2022, the Company held a special meeting of stockholders in lieu of an annual meeting of stockholders (the “Meeting”). At the Meeting, the Company’s stockholders approved an amendment to the Company’s Second Amended and Restated Certificate of Incorporation (the “Charter Amendment”) to (i) extend the date by which the Company must consummate its initial Business Combination from January 29, 2023 to July 29, 2023 (the “Combination Period”), or such earlier date as determined by the Company’s board of directors and (ii) provide for the right of a holder of Class B common stock of the Company to convert into Class A common stock of the Company on a one-for-one basis prior to the closing of an initial Business Combination. Subsequently, the Charter Amendment was filed with the Secretary of State of the State of Delaware and stockholders holding all of the issued and outstanding Class B common stock of the Company elected to convert their Class B common stock into Class A common stock of the Company on a one-for-one basis. The Combination Period is extended to July 29, 2023, provided that an additional amount of \$50,000 will be deposited into the Trust Account for each month after January 29, 2023.

Accordingly, an aggregate of \$100,000 was deposited into the Trust Account as of March 31, 2023 and an additional \$100,000 has been deposited subsequently. In addition, 3,162,500 shares of Class B common stock of the Company were cancelled, and 3,162,500 shares of Class A Common Stock were issued to such converting Class B stockholders. The 3,162,500 shares of Class A common stock issued pursuant to the conversion are subject to the same restrictions applicable to the Class B common stock before the conversion, including, among other things, certain transfer restrictions, waiver of redemption rights and the obligation to vote in favor of an initial Business Combination as described in the prospectus for our IPO. Additionally, stockholders holding 11,819,790 shares of the Public Shares exercised their right to redeem such shares for a pro rata portion of the funds in the Company’s Trust Account. As a result, \$121,034,650 (approximately \$10.24 per share) was removed from the Company’s Trust Account to pay such holders. Following redemptions, the Company had 830,210 Public Shares outstanding.

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**Underwriting Agreement and Business Combination Marketing Agreement**

The Company engaged I-Bankers as the representative of the underwriters (the “Underwriters”) in the IPO of the Company’s Class A common stock for \$110 million and the simultaneous listing on Nasdaq. Pursuant to that certain underwriting agreement, I-Bankers acted as the representative of the Underwriters of the IPO for 11,000,000 Units at \$10.00 per Unit, plus an over-allotment option equal to 15% of the number of Units offered, or 1,650,000 Units, which was exercised in full simultaneously upon the closing of the IPO. The Company paid I-Bankers underwriters’ commission of \$2,530,000, equal to 2.0% of the gross proceeds raised in the IPO for such services upon the consummation of the IPO (exclusive of any applicable finders’ fees which might become payable).

Upon the closing of the IPO, the Company issued to I-Bankers a five-year warrant to purchase 632,500 Shares of Class A common stock, equal to 5.0% of the Shares issued in the IPO (“Representative Warrants”). The exercise price of Representative Warrants is \$12.00 per Share. In addition, I-Bankers was issued 101,200 shares of Class A common stock upon the consummation of IPO (“Representative Shares”).

In addition, under a business combination marketing agreement, the Company has engaged I-Bankers as an advisor in connection with the Business Combination and will pay I-Bankers a cash fee for such marketing services upon the consummation of the Business Combination in an amount equal to, in the aggregate, 3.5% of the gross proceeds of the IPO, including any proceeds from the exercise of the underwriters’ over-allotment option. The fee will become payable to the Underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

**Liquidity and Capital Resources**

The Company has principally financed its operations from inception using proceeds from the sale of its equity securities to its stockholders prior to the IPO, proceeds from related party loan and such amount of proceeds from the IPO that were placed in an account outside of the Trust Account for working capital purposes. Until the consummation of a Business Combination, the Company will be using the funds not held in the Trust Account for identifying and evaluating prospective acquisition candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to acquire, and structuring, negotiating and consummating the Business Combination.

As of March 31, 2023 and March 31, 2022, the Company had loans payable to the Sponsor and its affiliates in amount of \$1,865,000 and \$500,000, respectively, including a promissory note of up to \$500,000, dated March 15, 2021, between the Company and the Sponsor (the “Sponsor Note”). The Sponsor Note is unsecured with zero interest. These amounts will be repaid upon completion of an initial Business Combination. Under no circumstances shall any individual, including but not limited to any officer, director, employee or stockholder of the Company, be obligated personally for any obligations or liabilities of the Sponsor Note.

On October 15, 2022, the Company issued two promissory notes in an aggregate principal amount of \$1,265,000 (collectively, the “Sponsor Affiliate Notes”) to two affiliates of the Company’s Sponsor (collectively, the “Sponsor Affiliates”), in connection with the extension of the Initial Combination Period from October 29, 2022 to January 29, 2023. The Sponsor Affiliate Notes bear no interest and are repayable in full upon the earlier of (a) the date of the consummation of the Company’s initial Business Combination, or (b) the date of the liquidation of the Company.

On October 19, 2022, an aggregate of \$1,265,000 was deposited into the Trust Account, which amount will be included in the pro rata amount distributed to (i) holders of Public Shares upon the Company’s liquidation or (ii) holders of Public Shares who elect to have their shares redeemed in connection with the consummation of the Company’s initial Business Combination.

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On February 9, 2023, the Company issued a promissory note in an aggregate principal amount of \$300,000 to an affiliate of the Company's Sponsor, in connection with the extension of the Company's time to consummate an initial Business Combination from January 29, 2023 to July 29, 2023, provided that a monthly payment of \$50,000 will be deposited into the Trust Account after January 29, 2023. This note bears no interest and is repayable in full upon the earlier of (a) the date of the consummation of the Company's initial Business Combination, or (b) the date of the liquidation of the Company. Accordingly, an aggregate of \$100,000 was deposited into the Company's Trust Account as of March 31, 2023 and an additional \$100,000 has been deposited subsequently.

The Company may need to raise additional capital through loans or additional investments from its Sponsor, stockholders, officers, directors, or third parties. The Company's officers, directors and Sponsor may, but are not obligated to (other than as described above), loan the Company funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs. Accordingly, the Company may not be able to obtain additional financing. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of a potential transaction, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all.

#### **Risks and Uncertainties**

Management continues to evaluate the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, results of its operations, and/or search for a target company, the specific impact is not readily determinable as of the date of this financial statement. The financial statement does not include any adjustments that might result from the outcome of this uncertainty.

#### **Going Concern and Management's Plan**

The Company expects to incur significant costs in pursuit of its acquisition plans and will not generate any operating revenues until after the completion of its initial Business Combination. In addition, the Company expects to have negative cash flows from operations as it pursues an initial Business Combination target. In connection with the Company's assessment of going concern considerations in accordance with FASB Accounting Standards Update ("ASU") Topic 2014-15, "Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern" the Company does not currently have adequate liquidity to sustain operations, which consist solely of pursuing a Business Combination.

The Company may raise additional capital through loans or additional investments from the Sponsor or its stockholders, officers, directors, or third parties. The Company's officers and directors and the Sponsor may, but are not obligated to (except as described above), loan the Company funds, from time to time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs. Based on the foregoing, the Company believes it will have sufficient cash to meet its needs through the earlier of consummation of a Business Combination or the deadline to complete a Business Combination pursuant to the Company's Amended and Restated Certificate of Incorporation (unless otherwise amended by stockholders).

While the Company expects to have sufficient access to additional sources of capital if necessary, there is no current commitment on the part of any financing source to provide additional capital and no assurances can be provided that such additional capital will ultimately be available. These conditions raise substantial doubt about the Company's ability to continue as a going concern until the consummation of a Business Combination or for a period of time within one year after the date that these financial statements are issued. There is no assurance that the Company's plans to raise additional capital (to the extent ultimately necessary) or to consummate a Business Combination will be successful or successful within the Combination Period. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As is customary for a special purpose acquisition company, if the Company is not able to consummate a Business Combination during the Combination Period, it will cease all operations and redeem the Public Shares. Management plans to continue its efforts to consummate a Business Combination during the Combination Period.

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**Note 2 - Significant Accounting Policies**

**Basis of Presentation**

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of US Securities and Exchange Commission ("SEC").

**Emerging Growth Company Status**

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act and modified by the Jumpstart our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of expenses during the reporting period. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statement, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value. The Company had cash of \$595,536 on its balance sheet, including \$554,873 distributed from the Trust Account for the tax payments as of March 31, 2023, and cash of \$877,099 as of March 31, 2022. The Company had no cash equivalent as of March 31, 2023 and March 31, 2022.

**Marketable Securities Held in Trust Account**

At March 31, 2023, substantially all of the assets held in the Trust Account were held in money market funds, which are invested primarily in U.S. Treasury securities. The Company's investments held in the Trust Account are classified as trading securities. Trading securities are presented on the balance sheet at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of investments held in Trust Account are included in interest earned on marketable securities held in Trust Account in the accompanying statements of operations. The estimated fair values of investments held in Trust Account are determined using available market information. As of March 31, 2023 and March 31, 2022, the marketable securities held in the Trust Account were \$9,160,803 and \$127,760,867, respectively.

**Common Stock Subject to Possible Redemption**

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in ASC Topic 480 "Distinguishing Liabilities from Equity." Common stock subject to mandatory redemption are classified as a liability instrument and are measured at fair value. Conditionally redeemable common stock (including common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's common stock feature certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption are presented at redemption value as temporary equity, outside of the stockholders' equity section of the Company's balance sheet.



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The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of redeemable common stock to equal the redemption value at the end of each reporting period. Immediately upon the closing of the IPO, the Company recognized the remeasurement from initial book value to redemption value. The change in the carrying value of redeemable common stock resulted in charges against additional paid-in capital and accumulated deficit.

At March 31, 2023, the common stock subject to redemption reflected in the balance sheet are reconciled in the following table:

|                                                                    |                       |
|--------------------------------------------------------------------|-----------------------|
| Gross proceeds                                                     | \$ 126,500,000        |
| Less:                                                              |                       |
| Common stock issuance costs                                        | (2,855,000)           |
| Plus:                                                              |                       |
| Remeasurement of carrying value to redemption value                | 4,120,000             |
| <b>Common stock subject to possible redemption, March 31, 2022</b> | <b>\$ 127,765,000</b> |
| Less:                                                              |                       |
| Distribution for redemption                                        | (121,034,650)         |
| Plus:                                                              |                       |
| Remeasurement of carrying value to redemption value                | 2,264,084             |
| <b>Common stock subject to possible redemption, March 31, 2023</b> | <b>\$ 8,994,434</b>   |

**Fair Value of Financial Instruments**

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

**Fair Value Measurements**

The Company follows the guidance in ASC Topic 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

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**Warrants**

ASC Topic 480 requires a reporting entity to classify certain freestanding financial instruments as liabilities (or in some cases as assets). ASC 480-10-S99 addresses concerns raised by the SEC regarding the financial statement classification and measurement of securities subject to mandatory redemption requirements or whose redemption is outside the control of the issuer. If the stock subject to mandatory redemption provisions represents the only shares in the reporting entity, it must report instruments in the liabilities section of its statement of financial position. The stock subject must then describe them as shares subject to mandatory redemption, so as to distinguish the instruments from other financial statement liabilities. The Company concludes that the warrants to I-Bankers do not exhibit any of the above characteristics and, therefore, are outside the scope of ASC 480. The warrants were issued in accordance with the guidance contained in ASC 815-40, Derivatives and Hedging — Contracts in Entity's Own Equity.

**Stock Based Compensation**

The Company recognizes compensation costs to employees under FASB Accounting Standards Codification 718 "Compensation - Stock Compensation" ("ASC 718"). Under ASC 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share based compensation arrangements include stock options and warrants. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

On July 8, 2020, the inception date, the Company adopted ASU No. 2018-07 "Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting." These amendments expand the scope of Topic 718, Compensation - Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned.

**Income Taxes**

The Company accounts for income taxes under FASB ASC 740, "Income Taxes" ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition.

The Company is subject to income tax examinations by major taxing authorities since inception. These examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

During the year ended March 31, 2023, the Company generated taxable income of \$274,139 and thus accrued and recognized income tax expense of \$57,569. Significant components of the Company's deferred tax assets and liabilities as of March 31, 2023 and March 31, 2022 after applying enacted corporate income tax rate, is net operating loss carryforward of \$0 and \$0, and a valuation allowance of \$0 and \$0, respectively, which the total deferred tax asset was \$0 in both years ended March 31, 2023 and March 31, 2022.

The realization of deferred tax assets, including net operating loss carryforwards, is dependent on the generation of future taxable income sufficient to realize the tax deductions, carryforwards, and credits. Valuation allowances on deferred tax assets are recognized if it is determined that it is more likely than not that the asset will not be realized.

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**Net Loss per Share of Common Stock**

The Company complies with accounting and disclosure requirements ASC Topic 260, “Earnings per Share.” Net loss per share of common stock is computed by dividing net loss by the weighted average number of shares of common stock issued and outstanding for the period, excluding shares of common stock subject to forfeiture. At March 31, 2023 and March 31, 2022, the Company did not have any dilutive securities and other contracts that could, potentially, be exercised or converted into shares of common stock and then share in the earnings (loss) of the Company. As a result, diluted loss per share of common stock is the same as basic loss per share of common stock for the period.

|                                                                                                                                                 | <b>For the Year Ended<br/>March 31, 2023</b> | <b>For the Year Ended<br/>March 31, 2022</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Numerator:</b>                                                                                                                               |                                              |                                              |
| Net loss                                                                                                                                        | \$ (400,232)                                 | \$ (414,045)                                 |
| <b>Denominator:</b>                                                                                                                             |                                              |                                              |
| Basic and diluted loss per share – Class A                                                                                                      | \$ (0.03)                                    | (0.05)                                       |
| Basic and diluted loss per share – Class B                                                                                                      | \$ (0.03)                                    | \$ (0.05)                                    |
| Denominator for basic and diluted earnings per share - Weighted-average shares of Class A common stock issued and outstanding during the period | 10,946,277                                   | 5,578,069                                    |
| Denominator for basic and diluted earnings per share - Weighted-average shares of Class B common stock issued and outstanding during the period | 2,313,390                                    | 3,162,500                                    |

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which, at times may exceed the Federal Depository Insurance Coverage of \$250,000. The Company has not experienced losses on these accounts.

**Recent Accounting Pronouncements**

In August 2020, the FASB issued FASB ASU Topic 2020-06, Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity’s Own Equity (Subtopic 815-40) (“ASU 2020-06”) to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity’s own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity’s own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2022 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The adoption of ASU 2020-06 did not have an impact on the Company’s financial statements.

Management does not believe that any other recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company’s financial statements.

**Note 3 - Related Party Transactions**

**Accrued Expenses - Related Parties**

As of March 31, 2023 and March 31, 2022, the Company had accrued expenses – related parties in amount of \$6,000 and \$21,000, respectively, of which \$6,000 was in connection with the accrued non-cash compensation to the Company’s management and directors. Pursuant to the executed Offer Letters, the Company agreed to pay the Company’s Chief Financial Officer \$5,000 in cash per month starting from August 1, 2020, and the Company’s officers and directors an aggregate of 300,000 post Business Combination shares within 10 days following a Business Combination, with the same lock-up restrictions and registration rights as the Founder Shares. The fair value of this stock issuance was determined by the fair value of the Company’s Common Stock on the grant date, at a price of \$0.02 per share. As of March 31, 2023 and March 31, 2022, the accrued expenses related to the cash compensation to the Company’s Chief Financial Officer was \$0 and \$15,000, respectively.

**DEEP MEDICINE ACQUISITION CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**Loan Payable – Related Party**

As of March 31, 2023 and March 31, 2022, the Company had loans payable to the Sponsor and its affiliates in amount of \$1,865,000 and \$500,000, respectively, including a promissory note of up to \$500,000, dated March 15, 2021, between the Company and the Sponsor (the “Sponsor Note”). The Sponsor Note is unsecured with zero interest. The proceeds of the Sponsor Note were used to pay a portion of the offering expenses of the IPO. These amounts will be repaid upon completion of an initial Business Combination. Under no circumstances shall any individual, including but not limited to any officer, director, employee or stockholder of the Company, be obligated personally for any obligations or liabilities of the Sponsor Note.

On October 15, 2022, the Company issued the Sponsor Affiliate Notes in an aggregate principal amount of \$1,265,000 to the Sponsor Affiliates, in connection with the extension of the Initial Combination Period from October 29, 2022 to January 29, 2023. The Sponsor Affiliate Notes bear no interest and are repayable in full upon the earlier of (a) the date of the consummation of the Company’s initial Business Combination, or (b) the date of the liquidation of the Company. On October 19, 2022, an aggregate of \$1,265,000 was deposited into the Company’s Trust Account, which amount will be included in the pro rata amount distributed to (i) holders of Public Shares upon the Company’s liquidation or (ii) holders of Public Shares who elect to have their shares redeemed in connection with the consummation of the Company’s initial Business Combination.

On February 9, 2023, the Company issued a promissory note in an aggregate principal amount of \$300,000 to an affiliate of the Company’s Sponsor, in connection with the extension of the Company’s time to consummate an initial Business Combination from January 29, 2023 to July 29, 2023, provided that a monthly payment of \$50,000 will be deposited into the Trust Account after January 29, 2023. This note bears no interest and is repayable in full upon the earlier of (a) the date of the consummation of the Company’s initial Business Combination, or (b) the date of the liquidation of the Company. Accordingly, an aggregate of \$100,000 has been deposited into the Company’s Trust Account as of March 31, 2023 and additional \$100,000 has been deposited subsequently.

**Working Capital Loans**

In addition, in order to finance transaction costs in connection with a Business Combination, the Sponsor, an affiliate of the Sponsor, or certain of the Company’s officers and directors or their affiliates may, but are not obligated to, loan the Company funds as may be required (“Working Capital Loans”). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender’s discretion, up to \$1.5 million of such Working Capital Loans may be convertible into private placement- equivalent units at a price of \$10.00 per unit at the option of the lender. Such units would be identical to the Private Placement Units. Except for the foregoing, the terms of such Working Capital Loans, if any, have not been determined and no written agreements exist with respect to such loans. As of March 31, 2023 and March 31, 2022, no Working Capital Loans were outstanding.

**Note 4 - Commitments and Contingency**

**Registration Rights**

The holders of the Founder Shares, Private Placement Units (and their underlying securities), the Representative Shares, the Representative Warrants (and their underlying securities), the 300,000 shares of Class A common stock issuable to the Company’s directors and officers within 10 days following the Business Combination and any Units that may be issued upon conversion of the Working Capital Loans (and their underlying securities) will be entitled to registration rights pursuant to a registration rights agreement to be signed prior to or on the effective date of the IPO requiring the Company to register such securities for resale (in the case of the Founder Shares, only after conversion to Class A common stock). The holders of these securities are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the completion of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. The registration rights agreement does not contain liquidated damages or other cash settlement provisions resulting from delays in registering the Company’s securities. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

**DEEP MEDICINE ACQUISITION CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**Underwriting Agreement**

The Company had granted the Underwriters a 30-day option from the date of IPO to purchase up to 1,650,000 additional Units to cover over-allotments, if any, at the IPO price less the underwriting discounts and commissions.

Simultaneously upon the closing of the IPO, the Underwriters exercised the over-allotment option in full. As such, the Underwriters were paid an underwriting discount and commission of \$0.20 per Unit, or \$2,530,000 in the aggregate payable upon the closing of the IPO, and I-Bankers was entitled to a business combination marketing fee of \$4,427,500 in the aggregate, which is held in the Trust Account and payable upon completion of the Business Combination.

**Note 5 - Stockholders' Equity**

The Company is authorized to issue a total of 111,000,000 shares, par value of \$0.0001 per share, consisting of (a) 110,000,000 shares of common stock, including (i) 100,000,000 shares of Class A common stock, and (ii) 10,000,000 shares of Class B common stock, and (b) 1,000,000 shares of preferred stock (the "Preferred Stock").

As of March 31, 2023 and March 31, 2022, no shares of Preferred Stock were issued or outstanding. The designations, voting and other rights and preferences of the Preferred Stock may be determined from time to time by the Company's board of directors.

As of March 31, 2023 and March 31, 2022, there were 3,783,200 shares and 620,700 shares of Class A common stock issued and outstanding, respectively, excluding 830,210 shares and 12,650,000 shares of Class A common stock, respectively, which are subject to possible redemption and presented as temporary equity.

As of March 31, 2023 and March 31, 2022, there were no shares and 3,162,500 shares of Class B common stock issued and outstanding, respectively.

Subsequent to the Company's special meeting of stockholders held on December 23, 2022, stockholders holding all of the issued and outstanding Class B common stock of the Company elected to convert their Class B common stock into Class A common stock of the Company on a one-for-one basis. The Combination Period is extended to July 29, 2023, provided that an additional amount of \$50,000 will be deposited into the Trust Account for each month after January 29, 2023. In addition, 3,162,500 shares of Class B common stock of the Company were cancelled, and 3,162,500 shares of Class A Common Stock were issued to such converting Class B stockholders. The 3,162,500 shares of Class A common stock issued pursuant to the conversion are subject to the same restrictions applicable to the Class B common stock before the conversion, including, among other things, certain transfer restrictions, waiver of redemption rights and the obligation to vote in favor of an initial Business Combination as described in the prospectus for our IPO. Additionally, stockholders holding 11,819,790 shares of the Public Shares exercised their right to redeem such shares for a pro rata portion of the funds in the Company's Trust Account. As a result, \$121,034,650 (approximately \$10.24 per share) was removed from the Company's Trust Account to pay such holders. Following redemptions, the Company had 830,210 Public Shares outstanding.

**Rights**

Each holder of a right will receive one-tenth (1/10) of one share of Class A common stock upon consummation of a Business Combination. In the event the Company will not be the surviving entity upon completion of the Company's initial Business Combination, each holder of a public right will automatically receive the 1/10 share of Class A common stock underlying such public right (without paying any additional consideration); and each holder of a Private Placement Right or right underlying Units to be issued upon conversion of the Working Capital Loans will be required to affirmatively convert its rights in order to receive the 1/10 share of Class A common stock underlying each right (without paying any additional consideration). If the Company is unable to complete an initial Business Combination within the required time period and public stockholders redeem the public shares for the funds held in the Trust Account, holders of rights will not receive any such funds in exchange for their rights and the rights will expire worthless. The Company will not issue fractional shares upon conversion of the rights. If, upon conversion of the rights, a holder would be entitled to receive a fractional interest in a share, the Company will, upon exchange, comply with Section 155 of the Delaware General Corporation Law. The Company will make the determination of how to treat fractional shares at the time of its initial Business Combination and will include such determination in the proxy materials that it will send to stockholders for their consideration of such initial Business Combination.

**DEEP MEDICINE ACQUISITION CORP.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of rights will not receive any of such funds with respect to their rights, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such rights, and the rights will expire worthless. Further, there are no contractual penalties for failure to deliver securities to the holders of the rights upon consummation of a Business Combination.

Additionally, in no event will the Company be required to net cash settle the rights, and the rights may expire worthless.

**Representative Warrants and Representative Shares**

Upon the closing of the IPO, the Company issued to the Underwriters Representative Warrants, the exercise price of which will be \$12.00 per Share, and 101,200 Representative Shares.

The Representative Warrants shall be exercisable, in whole or in part, commencing the later of October 26, 2022 and the closing of the Company's initial Business Combination and terminating on October 29, 2026. The Company accounted for the 632,500 warrants as an expense of the IPO resulting in a charge directly to stockholders' equity. The fair value of Representative Warrants was estimated to be approximately \$1,333,482 (or \$2.11 per warrant) using the Black-Scholes option-pricing model. The fair value of the Representative Warrants granted to the Underwriters was estimated as of the date of grant using the following assumptions: (1) expected volatility of 35%, (2) risk-free interest rate of 1.18% and (3) expected life of five years. The Representative Warrants and the shares of Class A common stock underlying Representative Warrants have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up immediately following October 29, 2021 pursuant to FINRA Rule 5110(e)(1).

The Representative Warrants grants to holders demand and "piggy back" rights for periods of five and seven years from October 29, 2021. The Company will bear all fees and expenses attendant to registering the securities, other than underwriting commissions which will be paid for by the holders themselves. The exercise price and number of shares issuable upon exercise of the Representative Warrants may be adjusted in certain circumstances including in the event of a stock dividend, or the Company's recapitalization, reorganization, merger or consolidation. However, the Representative Warrants will not be adjusted for issuances of Class A common stock at a price below its exercise price.

The Underwriters agreed not to transfer, assign or sell any of the Representative Shares without the Company's prior written consent until the completion of the Business Combination. The Underwriters agreed (i) to waive its redemption rights with respect to such shares in connection with the completion of the initial Business Combination and (ii) to waive its rights to liquidating distributions from the Trust Account with respect to the Representative Shares if the Company fails to complete its initial Business Combination within Initial Combination Period. The shares have been deemed compensation by FINRA and are therefore subject to a lock-up for a period of 180 days immediately following October 29, 2021 pursuant to FINRA Rule 5110(e)(1).

**Note 6 - Fair Value Measurements**

The following table presents information about the Company's assets that are measured at fair value on a recurring basis at March 31, 2023 and March 31, 2022 and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

| Description                                 | Level | March 31, 2023 | March 31, 2022 |
|---------------------------------------------|-------|----------------|----------------|
| <b>Assets:</b>                              |       |                |                |
| Marketable securities held in Trust Account | 1     | \$ 9,160,803   | \$ 127,760,867 |

**Note 7 – Subsequent Events**

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through the filing date of our Form 10-K for the year ended March 31, 2023. Based upon this review, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

## **UNAUDITED FINANCIAL STATEMENTS**

**THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**TRUGOLF HOLDINGS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS**

|                                                                                                                                                  | <b>March 31,<br/>2025<br/>(Unaudited)</b> | <b>December 31,<br/>2024</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------|
| <b>ASSETS</b>                                                                                                                                    |                                           |                              |
| <b>Current Assets:</b>                                                                                                                           |                                           |                              |
| Cash and cash equivalents                                                                                                                        | \$ 10,515,820                             | \$ 8,782,077                 |
| Restricted cash                                                                                                                                  | 2,100,000                                 | 2,100,000                    |
| Accounts receivable, net                                                                                                                         | 1,579,614                                 | 1,399,153                    |
| Inventory, net                                                                                                                                   | 3,852,977                                 | 2,349,345                    |
| Prepaid expenses and other current assets                                                                                                        | 189,961                                   | 116,619                      |
| Other current assets                                                                                                                             | -                                         | 45,737                       |
| <b>Total Current Assets</b>                                                                                                                      | <b>18,238,372</b>                         | <b>14,792,931</b>            |
| Property and equipment, net                                                                                                                      | 192,711                                   | 143,852                      |
| Capitalized software development costs, net                                                                                                      | 1,710,652                                 | 1,540,121                    |
| Right-of-use assets                                                                                                                              | 545,915                                   | 634,269                      |
| Other long-term assets                                                                                                                           | 31,023                                    | 31,023                       |
| <b>Total Assets</b>                                                                                                                              | <b>\$ 20,718,673</b>                      | <b>\$ 17,142,196</b>         |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>                                                                                                     |                                           |                              |
| <b>Current Liabilities:</b>                                                                                                                      |                                           |                              |
| Accounts payable                                                                                                                                 | \$ 2,563,454                              | \$ 2,819,703                 |
| Deferred revenue                                                                                                                                 | 4,141,790                                 | 3,113,010                    |
| Notes payable, current portion                                                                                                                   | 10,148                                    | 10,001                       |
| Notes payable to related parties, current portion                                                                                                | 2,937,000                                 | 2,937,000                    |
| Line of credit, bank                                                                                                                             | 802,738                                   | 802,738                      |
| Dividend notes payable                                                                                                                           | 4,023,923                                 | 4,023,923                    |
| Accrued interest                                                                                                                                 | 565,402                                   | 661,376                      |
| Accrued and other current liabilities                                                                                                            | 2,823,067                                 | 999,307                      |
| Accrued and other current liabilities - assumed in Merger                                                                                        | 45,008                                    | 45,008                       |
| Lease liability, current portion                                                                                                                 | 296,291                                   | 363,102                      |
| <b>Total Current Liabilities</b>                                                                                                                 | <b>18,208,821</b>                         | <b>15,775,168</b>            |
| <b>Non-current Liabilities:</b>                                                                                                                  |                                           |                              |
| Notes payable, net of current portion                                                                                                            | 7,137                                     | 9,732                        |
| Note payables to related parties, net of current portion                                                                                         | 624,000                                   | 624,000                      |
| PIPE loan payable, net                                                                                                                           | 5,165,893                                 | 4,068,953                    |
| Gross sales royalty payable                                                                                                                      | 1,000,000                                 | 1,000,000                    |
| Lease liability, net of current portion                                                                                                          | 278,071                                   | 305,125                      |
| <b>Total Liabilities</b>                                                                                                                         | <b>25,283,922</b>                         | <b>21,782,978</b>            |
| <b>Commitments and Contingencies</b>                                                                                                             |                                           |                              |
| <b>Stockholders' Deficit:</b>                                                                                                                    |                                           |                              |
| Preferred stock, \$0.0001 par value, 10 million shares authorized; zero shares issued and outstanding, respectively                              | -                                         | -                            |
| Common stock, \$0.0001 par value, 100,000,000 shares authorized:                                                                                 |                                           |                              |
| Common stock - Series A, \$0.0001 par value, 90 million shares authorized; 29,184,965 and 26,120,545 shares issued and outstanding, respectively | 2,918                                     | 2,612                        |
| Common stock - Series B, \$0.0001 par value, 10 million shares authorized; 1,716,860 and 1,716,860 shares issued and outstanding, respectively   | 172                                       | 172                          |
| Treasury stock at cost, 4,692 shares of common stock held, respectively                                                                          | (2,037,000)                               | (2,037,000)                  |
| Additional paid-in capital                                                                                                                       | 21,294,479                                | 18,548,931                   |
| Accumulated deficit                                                                                                                              | (23,825,818)                              | (21,155,496)                 |
| <b>Total Stockholders' Deficit</b>                                                                                                               | <b>(4,565,249)</b>                        | <b>(4,640,781)</b>           |
| <b>Total Liabilities and Stockholders' Deficit</b>                                                                                               | <b>\$ 20,718,673</b>                      | <b>\$ 17,142,196</b>         |

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.



**TRUGOLF HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

|                                                                  | For the<br>Three Months Ended<br>March 31, 2025 | For the<br>Three Months Ended<br>March 31, 2024 |
|------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Revenue, net                                                     | \$ 5,389,230                                    | \$ 5,012,022                                    |
| Cost of revenue                                                  | 1,726,199                                       | 1,959,023                                       |
| Total gross profit                                               | 3,663,031                                       | 3,052,999                                       |
| Operating expenses:                                              |                                                 |                                                 |
| Royalties                                                        | 225,320                                         | 329,888                                         |
| Salaries, wages and benefits                                     | 1,946,816                                       | 1,841,595                                       |
| Selling, general and administrative                              | 2,725,119                                       | 1,825,201                                       |
| Total operating expenses                                         | 4,897,255                                       | 3,996,684                                       |
| Loss from operations                                             | (1,234,224)                                     | (943,685)                                       |
| Other (expenses) income:                                         |                                                 |                                                 |
| Interest income                                                  | 54,596                                          | 30,587                                          |
| Interest expense                                                 | (1,490,694)                                     | (384,854)                                       |
| Loss on investment                                               | -                                               | (3,912)                                         |
| Total other expense                                              | (1,436,098)                                     | (358,179)                                       |
| Loss from operations before provision for income taxes           | (2,670,322)                                     | (1,301,864)                                     |
| Provision for income taxes                                       | -                                               | -                                               |
| Net loss                                                         | \$ (2,670,322)                                  | \$ (1,301,864)                                  |
| Net loss per common share Series A - basic and diluted           | \$ (0.09)                                       | \$ (0.22)                                       |
| Net loss per common share Series B - basic and diluted           | \$ (1.56)                                       | \$ (1.14)                                       |
| Weighted average shares outstanding Series A - basic and diluted | 28,461,277                                      | 5,994,704                                       |
| Weighted average shares outstanding Series B - basic and diluted | 1,716,860                                       | 1,144,573                                       |

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

**TRUGOLF HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024**  
(Unaudited)

|                                                         | <u>Preferred Stock</u> |               | <u>Class A Common Stock</u> |               | <u>Class B Common Stock</u> |               | <u>Treasury Stock</u> |               | <u>Additional</u>      | <u>Accumulated Other</u>         |                            |               |
|---------------------------------------------------------|------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|-----------------------|---------------|------------------------|----------------------------------|----------------------------|---------------|
|                                                         | <u>Shares</u>          | <u>Amount</u> | <u>Shares</u>               | <u>Amount</u> | <u>Shares</u>               | <u>Amount</u> | <u>Shares</u>         | <u>Amount</u> | <u>Paid-in Capital</u> | <u>Comprehensive Gain (Loss)</u> | <u>Accumulated Deficit</u> | <u>Total</u>  |
| <b>Balance at December 31, 2023</b>                     | -                      | \$ -          | 13,098                      | \$ 120        | -                           | \$ -          | (4,692)               | \$(2,037,000) | \$ 10,479,738          | \$ (1,662)                       | \$ (12,358,924)            | \$(3,917,728) |
| Realized gain in fair value of short-term investments   | -                      | -             | -                           | -             | -                           | -             | -                     | -             | -                      | 1,662                            | -                          | 1,662         |
| Common stock exchanged in Merger                        | -                      | -             | (13,098)                    | (120)         | -                           | -             | -                     | -             | (3,854,573)            | -                                | -                          | (3,854,693)   |
| Issuance of common stock - Series A exchanged in Merger | -                      | -             | 11,538,252                  | 1,154         | -                           | -             | -                     | -             | (1,154)                | -                                | -                          | -             |
| Issuance of common stock - Series B issued in Merger    | -                      | -             | -                           | -             | 1,716,860                   | 172           | -                     | -             | (172)                  | -                                | -                          | -             |
| Net loss                                                | -                      | -             | -                           | -             | -                           | -             | -                     | -             | -                      | -                                | (1,301,864)                | (1,301,864)   |
| <b>Balance as of March 31, 2024</b>                     | -                      | \$ -          | 11,538,252                  | \$ 1,154      | 1,716,860                   | \$ 172        | (4,692)               | \$(2,037,000) | \$ 6,623,839           | \$ -                             | \$ (13,660,788)            | \$(9,072,623) |
| <b>Balance at December 31, 2024</b>                     | -                      | \$ -          | 26,120,545                  | \$ 2,612      | 1,716,860                   | \$ 172        | (4,692)               | \$(2,037,000) | \$ 18,548,931          | \$ -                             | \$ (21,155,496)            | \$(4,640,781) |
| Issuance of common stock for interest and make good     | -                      | -             | 2,402,420                   | 240           | -                           | -             | -                     | -             | 1,087,273              | -                                | -                          | 1,087,513     |
| Issuance of common stock for conversion of notes        | -                      | -             | 662,000                     | 66            | -                           | -             | -                     | -             | 1,654,934              | -                                | -                          | 1,655,000     |
| Stock-based compensation - options                      | -                      | -             | -                           | -             | -                           | -             | -                     | -             | 3,341                  | -                                | -                          | 3,341         |
| Net loss                                                | -                      | -             | -                           | -             | -                           | -             | -                     | -             | -                      | -                                | (2,670,322)                | (2,670,322)   |
| <b>Balance as of March 31, 2025</b>                     | -                      | \$ -          | 29,184,965                  | \$ 2,918      | 1,716,860                   | \$ 172        | (4,692)               | \$(2,037,000) | \$ 21,294,479          | \$ -                             | \$ (23,825,818)            | \$(4,565,249) |

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

**TRUGOLF HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

|                                                                             | For the<br>Three Months Ended<br>March 31, 2025 | For the<br>Three Months Ended<br>March 31, 2024 |
|-----------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Cash flows from operating activities:                                       |                                                 |                                                 |
| Net loss                                                                    | \$ (2,670,322)                                  | \$ (1,301,864)                                  |
| Adjustments to reconcile net loss to net cash used in operating activities: |                                                 |                                                 |
| Depreciation and amortization                                               | 115,300                                         | 36,105                                          |
| Amortization of convertible notes discount                                  | 231,940                                         | 947                                             |
| Amortization of right-of-use asset                                          | 88,354                                          | 82,454                                          |
| Change in OCI                                                               | -                                               | 1,662                                           |
| Stock issued for make good provisions on debt conversion                    | 1,087,513                                       | -                                               |
| Stock options issued to employees                                           | 3,341                                           | -                                               |
| Changes in operating assets and liabilities:                                |                                                 |                                                 |
| Accounts receivable, net                                                    | (180,461)                                       | 468,422                                         |
| Inventory, net                                                              | (1,503,632)                                     | (216,569)                                       |
| Prepaid expenses                                                            | (73,342)                                        | 200,278                                         |
| Other current assets                                                        | 45,737                                          | 2,478,953                                       |
| Accounts payable                                                            | (256,248)                                       | 1,146,347                                       |
| Deferred revenue                                                            | 1,028,780                                       | 90,524                                          |
| Accrued interest payable                                                    | (95,974)                                        | 82,759                                          |
| Accrued and other current liabilities                                       | 1,823,760                                       | (321,090)                                       |
| Lease liability                                                             | (93,865)                                        | (80,311)                                        |
| Net cash provided by (used in) operating activities                         | (449,119)                                       | 2,668,617                                       |
| Cash flows from investing activities:                                       |                                                 |                                                 |
| Purchases of property and equipment                                         | (64,159)                                        | (332,342)                                       |
| Capitalized software, net                                                   | (270,531)                                       | -                                               |
| Net cash used in investing activities                                       | (334,690)                                       | (332,342)                                       |
| Cash flows from financing activities:                                       |                                                 |                                                 |
| Proceeds from PIPE loans, net of discount                                   | 2,520,000                                       | 4,320,000                                       |
| Cash acquired in Merger                                                     | -                                               | 103,818                                         |
| Increase in other liabilities                                               | -                                               | 18,545                                          |
| Costs of Merger paid from PIPE loan                                         | -                                               | (2,082,787)                                     |
| Repayments of line of credit                                                | -                                               | (1,980,937)                                     |
| Repayments of liabilities assumed in Merger                                 | -                                               | (15,716)                                        |
| Repayments of notes payable                                                 | (2,448)                                         | (2,295)                                         |
| Repayments of notes payable - related party                                 | -                                               | (268,500)                                       |
| Net cash provided by financing activities                                   | 2,517,552                                       | 92,128                                          |
| Net change in cash , cash equivalents and restricted cash                   | 1,733,743                                       | 2,428,403                                       |
| Cash, cash equivalents and restricted cash - beginning of year              | 10,882,077                                      | 5,397,564                                       |
| Cash, cash equivalents and restricted cash - end of year                    | \$ 12,615,820                                   | \$ 7,825,967                                    |
| Supplemental cash flow information:                                         |                                                 |                                                 |
| Cash paid for:                                                              |                                                 |                                                 |
| Interest                                                                    | \$ 108,993                                      | \$ 302,095                                      |
| Income taxes                                                                | \$ -                                            | \$ -                                            |
| Non-cash investing and financing activities:                                |                                                 |                                                 |
| PIPE note principal converted to Class A Common Stock                       | \$ 1,655,000                                    | \$ -                                            |
| Notes payable assumed in Merger                                             | \$ -                                            | \$ 1,565,000                                    |
| Accrued liabilities assumed in Merger                                       | \$ -                                            | \$ 310,724                                      |
| Remeasurement of common stock exchanged/issued in Merger                    | \$ -                                            | \$ (1,875,724)                                  |

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

**TRUGOLF HOLDINGS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1 – NATURE OF THE ORGANIZATION AND BUSINESS**

*Nature of the Business*

For over 40 years, TruGolf Holdings, Inc. (including its subsidiaries “the Company”, “we”, “us”, or “our”) has been creating indoor golf software and hardware and are focused on both the residential and commercial golf simulation industries. We design, develop, manufacture and sell golf simulators for residential and commercial applications. We offer portable, professional, commercial and custom simulators. In addition, to bundling our software with our simulators, we offer our E6 Connect and E6 Apex software as well as other gaming software on a standalone basis. We have leveraged the power of our hardware and software platform to create a collection of multi-sport games including football, soccer, soccer golf, frisbee golf, zombie dodgeball, and cowboy target practice.

TruGolf Nevada has been creating indoor golf software for 40 years. We began as a subsidiary of Access Software, Inc., a video game developer based in Salt Lake City, Utah (“Access Software”), which was co-founded in November 1982, by Christopher Jones, the Company’s largest stockholder, Chief Executive Officer, President and Chairman. In April 1999, Access Software was purchased by Microsoft Corp., for its expertise in golf software development. Following the acquisition, the core programming and graphics team of Links™, which created Links LS 1999, one of the bestselling PC sports games of 1999, were spun out to TruGolf Nevada.

Since 1999, we have focused on establishing residential and commercial golf simulation as a viable industry, and since 2007, we have focused on fabricating custom golf simulators for luxury clients. Part of our initial strategy included partnering with hardware inventors to provide them world class software. Over time, we found that it was not viable to rely on these early hardware inventors alone, we also began building and selling our own hardware. In addition, we are working with a video game company to utilize their new dynamic graphics engine which will enable us to bring photorealistic golf courses to life through our E6 software (discussed below). In addition, we have developed multiple sources and 3rd party manufacturers for the raw materials or parts for our products, including but not limited to, steel or aluminum frames, fabric, turf, screens, projectors, PCs, cameras, lasers, infrared sensors, and supporting subsystems. The availability of the frames and fabric from our principal provider, Allied ES&A, has been increased as they have moved into a much larger facility directly located in a large employee base community and we have entered into negotiations with a second supplier in order to provide alternative sourcing if needed. A third supplier, Impact Signs, has also been used in the past and TruGolf Nevada believes that it could purchase turf, and screen supplies from them as well if needed. Both turf (Controlled Products), and screen suppliers (Allied), are so specialized that we have come to rely on one vendor for each, respectively. Turf particularly experienced some delivery delays in 2022 that have been rectified, additional inventory has been secured locally, and our highest volume portable simulators have been redesigned to use less raw materials from that vendor, while adding an improved hitting surface from a second vendor, Real Feel, to mitigate risk. Negotiations with a second supplier of screen materials is in progress. Projectors (TV Specialists), PCs, lasers, IR sensors and other systems come from multiple suppliers with no historical delay in supply. We have 2 primary suppliers of cameras, IDS and Basler, and have integrated products from both in the new Apogee unit to ensure the greatest availability possible.

The Company is an “emerging growth company” as that term is used in the Jumpstart our Business Startups Act of 2012, and as such, has elected to comply with certain reduced public company reporting requirements.

*Corporate History*

Trugolf Holdings, Inc. (f/k/a Deep Medicine Acquisition Corp.) (the “Company” or “TruGolf”, “we”, “us”) was incorporated on July 8, 2020 as a Delaware corporation and formed for the purpose of effecting a business combination, with no material operation of its own. Our operations are conducted through our subsidiary TruGolf, Inc., a Nevada Corporation (“TruGolf Nevada”). TruGolf Nevada was formed as a Utah corporation on October 4, 1995, under the name “TruGolf, Incorporated”. TruGolf Nevada’s original business plan was the creation of golfing video games. On June 9, 1999, the TruGolf Nevada changed its name to “TruGolf, Inc.” Effective on April 26, 2016, TruGolf Nevada filed Articles of Merger with the State of Utah, Department of Commerce, and on April 28, 2016, TruGolf Nevada filed Articles of Merger with the Secretary of State of Nevada, pursuant to which TruGolf, Inc., a Utah corporation, merged with and into TruGolf Nevada, pursuant to a Plan of Merger. TruGolf Nevada was the surviving corporation in the merger. In connection with the Plan of Merger, TruGolf Nevada affected a four-for-one forward stock split of its outstanding common stock.

On January 31, 2024 the Company completed the previously announced business combination pursuant to the terms of the Agreement and Plan of Merger, dated as of July 21, 2023 (as amended, the “Merger Agreement”), which provided for, Merger Sub to merge with and into TruGolf Nevada, with TruGolf Nevada surviving as a direct, wholly owned subsidiary of Deep Medicine Acquisition Corp. (“DMAQ”), a Delaware corporation and TruGolf’s predecessor company as a consequence of the merger (together with the other transactions contemplated by the Merger Agreement, the “Business Combination”). In connection with the consummation of the Business Combination, DMAQ changed its name to TruGolf Holdings, Inc. TruGolf Holdings, Inc.’s Class A common stock commenced trading on The Nasdaq Global Market under the ticker symbol “TRUG” on February 1, 2024.

On May 10, 2024 the Company formed TruGolf Links Franchising, LLC (“Links”), a wholly owned subsidiary in the state of Delaware. Links has a sole member, TruGolf, Inc. Links was formed to establish and sell franchises that would use the Company’s indoor golf and recreational sports simulators and other equipment. Links offers a Service Area franchise agreement for a single location. It also offers a regional developer franchise agreement that allows the franchisee to sell franchises within its region. The upfront fees range from \$45,000 to \$100,000. Links has received proceeds of \$500,000 from its CEO and \$75,000 from a third party to purchase the franchise rights to some regions yet to be determined. As of September 30, 2024, the Company recorded \$575,000 of deferred revenue and incurred \$306,539 of expenses that are included in selling, general and administrative category.

#### *Nasdaq Compliance*

On July 15, 2024, the Company received a deficiency letter from the Listing Qualifications Department (the “Staff”) of the Nasdaq Stock Market (“Nasdaq”) notifying the Company that since it failed to file its Form 10-Q for the period ended March 31, 2024 it no longer complied with Nasdaq Listing Rule 5250(c)(1). The deficiency letter did not result in the immediate delisting of the Company’s common stock from the Nasdaq Capital Market. On August 14, 2024, the Company filed its Quarterly Report in the Form 10-Q for the period ended March 31, 2024 and the Company regained compliance with the applicable Nasdaq rule.

On August 19, 2024, the Company received a written notification (the “Equity Notice”) from the Listing Qualifications Department (the “Staff”) of the Nasdaq Stock Market (“Nasdaq”) notifying the Company that, based on the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, the Company’s stockholders’ equity was (\$10,508,104), and therefore, the Company was not in compliance with Nasdaq’s Listing Rule 5450(b)(1)(A), which requires a \$10,000,000 minimum stockholders’ equity standard (the “Global Equity Standard”).

Pursuant to Nasdaq Marketplace Rule 5810(c)(2)(C), the Company was provided 45 calendar days, or until November 18, 2024, to supply a specific plan to regain compliance with all Nasdaq Global Market listing requirements and the Company’s time frame to complete its plan. The Company submitted its plan of compliance on November 18, 2024, which was accepted by the Staff, and Nasdaq granted an extension of 180 calendar days from the date of the Equity Notice, or until March 31, 2025, to evidence compliance. On April 2, 2025, the Company received a delist determination letter from the Staff (the “Nasdaq Notice”) advising the Company that the Staff had determined that the Company had not regained compliance with the Global Equity Standard. Accordingly, the Staff indicated that unless the Company requests a hearing panel (a “Panel”) appeal of the delist determination by April 9, 2025, its securities would be delisted on April 11, 2025.

On April 9, 2025, the Company appealed Nasdaq’s determination to a Panel pursuant to the procedures set forth in the Nasdaq Listing Rule 5800 Series to stay the suspension of the Company’s securities pending the Panel’s decision and the expiration of any additional extension period granted by the Panel following the hearing. Such hearing has been set for May 15, 2025.

On November 5, 2024, the Company received a written notification (the “Bid Notice”) from the Staff notifying the Company that, for the 30 consecutive business days ended November 4, 2024, the Company’s security did not maintain a minimum bid price of \$1 per share. Nasdaq stated in its letter that in accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has a compliance period of 180 calendar days from the date of the Bid Notice (the “Compliance Period”), and that it may regain compliance if the closing bid on the Company’s security is at least \$1 for a minimum of ten consecutive days during the Compliance Period, which will end May 5, 2025. If the Company chooses to implement a reverse stock split, it must complete the split no later than 10 business days prior to the expiration of the Compliance Period, in order to regain compliance.

On November 5, 2024, the Company received an additional written notice (the “MVPHS Notice”) from the Staff notifying the Company that, for 30 consecutive business days ended November 4, 2024, the Company’s market value of publicly held securities (“MVPHS”) closed below the \$15,000,000 MVPHS threshold required for continued listing on the Nasdaq Global Market under Nasdaq Listing Rule 5450(b)(2)(C) (the “MVPHS Rule”). Nasdaq stated in its letter that in accordance with Nasdaq Listing Rule 5810(c)(3)(D), the Company has a compliance period of 180 calendar days from the date of the MVPHS Notice, and it may regain compliance if at any time during the Compliance Period the MVPHS closes at \$15,000,000 or more for a minimum of ten consecutive business days.

On May 7, 2025, the Company received written notice (the “MVPHS Notice”) from Nasdaq stating that the Company had not regained compliance with the MVPHS requirement or the bid price requirement. The Company intends to present to the Panel at the hearing a plan to regain compliance with all the continued listing requirements of Nasdaq, including the MVPHS requirement and the bid price requirement.

## *Liquidity*

The accompanying unaudited condensed consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates realization of assets and satisfying liabilities in the normal course of business. At March 31, 2025, the Company has an accumulated deficit of approximately \$23.8 million and working capital surplus of approximately \$30,000. For the three months ended March 31, 2025, the Company had a loss from operations of approximately \$1.2 million and negative cash flows from operations of approximately \$449,000. Although the Company is showing positive revenue growth and gross profit trends, the Company expects to incur further losses through the end of 2025.

To date the Company has been funding operations primarily through the reinvestment of free cash flows generated from our business operations, sale of equity in private placements, PIPE convertible debt instruments and revenues generated by the Company's services. During the three months ended March 31, 2025, the Company received \$2,520,000 in proceeds from the issuance of PIPE Convertible Notes, net of \$280,000 in original issue discounts, from a PIPE Convertible Note.

Based on its current cash resources and commitments, the Company believes it will be able to maintain its current planned development and corresponding level of expenditure for at least twelve months from the date of the issuance of these consolidated financial statements, although no assurance can be given that it will not need additional funds prior to such time.

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the unaudited condensed consolidated financial statements do not necessarily purport to represent realizable or settlement values. The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Basis of Presentation***

The accompanying unaudited condensed consolidated financial information as of and for the three months ended March 31, 2025 and 2024 has been prepared in accordance with GAAP for interim financial information and with the instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, such financial information includes all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of our financial position at such dates and the operating results and cash flows for such periods. Operating results for the three months ended March 31, 2025 are not necessarily indicative of the results that may be expected for the entire year or for any other subsequent interim period.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to the rules of the U.S. Securities and Exchange Commission (the "SEC"). These unaudited financial statements and related notes should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2024 included in the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2025.

### ***Principles of Consolidation***

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which requires management to use its judgment to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the financial statements and the reported amounts of expenses during the reported period. These assumptions and estimates could have a material effect on the financial statements. Actual results may differ materially from those estimates. The Company's management periodically reviews estimates on an ongoing basis based on information currently available, and changes in facts and circumstances may cause the Company to revise these estimates. Significant estimates include estimates used in the valuation allowance related to deferred tax assets and capitalized software costs. Actual results may differ from these estimates.

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

### ***Reclassifications***

Certain reclassifications have been made to the unaudited condensed consolidated financial statements for the three months ended March 31, 2024 to conform to the unaudited condensed consolidated financial statement presentation for the three months ended March 31, 2025. These reclassifications had no effect on net loss or cash flows as previously reported.

### ***Use of Estimates***

Preparing unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates these estimates and judgments. Actual results could differ from those estimates.

Key estimates relate primarily to determining the net realizable value and demand for inventory, useful lives associated with property and equipment and capitalized software, valuation allowances with respect to deferred tax assets, contingencies, and the valuation and assumptions underlying share-based compensation and equity warrants. On an ongoing basis, management evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

### ***Cash and Cash Equivalents***

The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. Cash equivalents primarily consist of institutional money market funds, U.S. Treasury securities, certificates of deposit, and commercial paper and are carried at cost, which approximates fair value.

### ***Concentration of Credit Risk***

The Company maintains the majority of its cash and cash equivalents in accounts with large financial institutions. At times, balances in these accounts may exceed federally insured limits; however, to date, the Company has not incurred any losses on its deposits of cash and cash equivalents.

### ***Marketable Investment Securities***

The Company generally invests its excess cash in investments in corporate fixed income securities and U.S. Treasury securities. Such investments are included in cash and cash equivalents or marketable investment securities on the accompanying consolidated balance sheets and are classified based on original maturity. The Company considers all highly liquid investments with an original maturity date of 90 days or less to be cash equivalents and considers all highly liquid investments with an original maturity greater than 90 days and less than one year to be marketable securities.

Marketable fixed income securities are classified as available-for-sale and reported at fair value with unrealized gains and losses included in accumulated other comprehensive income (loss). Realized gains and losses on the sale of marketable securities are determined using the average cost method on a first-in, first-out basis and recorded in total other income (expense), net in the statements of operations and comprehensive loss. Each reporting period, the Company evaluates whether declines in fair value below carrying value are due to expected credit losses, as well as its ability and intent to hold the investment until a forecasted recovery of the carrying value occurs. Expected credit losses are recorded as an allowance through other income (expense), net on the Company's consolidated statements of operations.

During the three months ended March 31, 2024, the Company sold and liquidated most of its marketable securities resulting in a gain of \$1,662 recorded in the unaudited condensed consolidated statements of comprehensive gain (loss). Marketable investment securities had a balance of \$10,114 as of March 31, 2025 and December 31, 2024, respectively, and are included with cash and cash equivalents on the unaudited condensed consolidated balance sheets.

### ***Accounts Receivable, net***

Accounts receivable are reported at their outstanding unpaid principal balances, net of allowances for credit losses. The Company periodically assesses its accounts and other receivables for collectability on a specific identification basis. The Company estimates its allowance using a rate loss model based on delinquency. The estimated loss rate is based on historical experience with specific customers, understanding of the Company's current economic circumstances, reasonable and supportable forecasts, and the Company's judgment as to the likelihood of ultimate payment based upon available data. Management believes the Company's credit risk is mitigated by the geographically diverse customer base and its credit evaluation procedures. The actual rate of future credit losses, however, may not be similar to past experience. The Company writes off accounts receivable against the allowance for credit losses when a balance is determined to be uncollectable. As of March 31, 2025 and December 31, 2024, the Company's allowance for credit losses was \$1,424,074 and \$1,470,868, respectively.

### ***Inventory, net***

The Company's inventory consists of raw materials and are valued at the lower of historical cost or net realizable value, where net realizable value is considered to be the estimated selling price in the ordinary course of business, less reasonably predictable cost of completion, disposal and transportation. Historic inventory costs are calculated on an average or specific cost basis. The Company records inventory write-downs for excess or obsolete inventories based upon assumptions on current and future demand forecasts. As of both March 31, 2025 and December 31, 2024, the Company had \$448,360 reserved for obsolete inventory.

### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated over the estimated useful lives of the related assets using the straight-line method. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term (including renewals that are reasonably assured) or the estimated useful lives of the improvements. For internal-use software, external costs and employee payroll expenses directly associated with developing new or enhancing existing software applications are capitalized subsequent to the preliminary stage of development. Internal-use software costs are amortized using the straight-line method over the estimated useful life of the software when the project is substantially complete and ready for its intended use.

| Category                        | Estimated Useful Life |
|---------------------------------|-----------------------|
| Computer equipment and software | 3 - 10 years          |
| Furniture and fixtures          | 3 - 15 years          |
| Vehicles                        | 5 years               |
| Equipment                       | 5 - 10 years          |

Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance, and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gains or losses are included in the Company's results of operations for the respective period.

### ***Capitalized Software Development Costs***

The Company capitalizes certain costs related to the development of our software used in our simulators. In accordance with authoritative guidance, including the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") 985-20, Software – Costs of Software to be Sold, Leased, or Marketed, the Company began to capitalize these costs when the technological feasibility was established and preliminary development efforts were successfully completed, management authorized and committed project funding, and it was probable that the project would be completed and the software would be used as intended. Such costs are amortized when placed in service, on a straight-line basis over the estimated life of the related asset, estimated to be three years beginning on February 1, 2024. Costs incurred prior to meeting these criteria together with costs incurred for training and maintenance are expensed as incurred and recorded in selling, general and administrative expenses on our consolidated statements of operations. The Company does not capitalize any testing or maintenance costs. The accounting for these capitalized software costs requires management to make significant judgments, assumptions and estimates related to the timing and amount of recognized capitalized software development costs. See [Note 6 – Property and Equipment, Net](#) for further details.



### ***Impairment of Long-Lived Assets***

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may not be recoverable. For asset groups held and used, the carrying value of the asset group is considered recoverable when the estimated undiscounted future cash flows expected to be generated from the use and eventual disposition of the asset group exceed the respective carrying value. In the event the carrying value is not recoverable, an impairment charge would be recognized for the asset group to be held and used equal to the excess of the carrying value above the estimated fair value of the asset group. Impairment charges are recognized within selling, general and administrative expenses in the consolidated statements of operations. The Company did not record a loss on impairment during the three months ended March 31, 2025 and 2024, respectively.

### ***Advertising and Marketing Costs***

The Company expenses advertising and marketing costs as they are incurred. Advertising and marketing expenses were \$352,291 and \$111,489 for the three months ended March 31, 2025 and 2024, respectively, and are recorded in operating expenses on the unaudited condensed consolidated statements of operations.

### ***Debt with Warrants***

In accordance with ASC 470-20-25, when the Company issued debt with warrants, the Company treats the fair value of the warrants as a debt discount, recorded as a contra-liability against the debt, and amortizes the balance over the life of the underlying debt as amortization of debt discount expense in the unaudited condensed consolidated statements of operations using the straight-line method. The offset to the contra-liability is recorded as either equity or liability in the Company's unaudited condensed consolidated balance sheets depending on the accounting treatment of the warrants. If the debt is retired early, the associated debt discount is then recognized immediately as amortization of debt discount expense in the unaudited condensed consolidated statements of operations.

### ***Fair Value Measurements***

As defined in ASC 820, Fair Value Measurements and Disclosures, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This fair value measurement framework applies at both initial and subsequent measurement.

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3: Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. The significant unobservable inputs used in the fair value measurement for nonrecurring fair value measurements of long-lived assets include pricing models, discounted cash flow methodologies and similar techniques.

### ***Fair Value of Financial Instruments***

The carrying value of cash, accounts receivable, accounts payable and accrued expenses, and other current liabilities approximate their fair values using Level 1 inputs, based on the short-term maturity of these instruments. The carrying amount of notes payable approximate the estimated fair value for this financial instrument as management believes that such debt and interest payable on the notes approximates the Company's incremental borrowing rate. The following table shows the Company's cash, cash equivalents, restricted cash, marketable securities, and derivative liabilities by significant investment category as of March 31, 2025 and December 31, 2024:

|                                     | <b>Fair Value</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|-------------------------------------|-------------------|----------------|----------------|----------------|
| Fair Value at December 31, 2023     | \$ 2,534,169      | \$ 55,216      | \$ 2,478,953   | \$ -           |
| Money market funds                  | (45,102)          | (45,102)       | -              | -              |
| Corporate fixed income securities   | (452,682)         | -              | (452,682)      | -              |
| U.S. treasury securities            | (2,026,271)       | -              | (2,026,271)    | -              |
| Derivative liability <sup>(1)</sup> | -                 | -              | -              | -              |
| Fair value at December 31, 2024     | \$ 10,114         | \$ 10,114      | \$ -           | \$ -           |
| Derivative liability <sup>(2)</sup> | -                 | -              | -              | -              |
| Fair value at March 31, 2025        | \$ 10,114         | \$ 10,114      | \$ -           | \$ -           |

(1) During the year ended December 31, 2024, the Company recorded a derivative liability related to the PIPE Warrants of \$142,319. During the year ended December 31, 2024, the Company recorded a gain on fair value remeasurement of \$142,319.

(2) During the three months ended March 31, 2025, the Company did not record a loss on fair value remeasurement.

### ***Leases***

A lease is defined as a contract that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration.

In accordance with ASC 842, Leases, the Company recognized a right-of-use ("ROU") asset and corresponding lease liability on its balance sheets for its office space and warehouse. See [Note 17 – Leases](#) for further discussion, including the impact on the Company's unaudited condensed consolidated financial statements and related disclosures.

ROU assets include any prepaid lease payments and exclude any lease incentives and initial direct costs incurred. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The lease terms may include options to extend or terminate the lease if it is reasonably certain that the Company will exercise that option.

Leases in which the Company is the lessee are comprised of office and warehouse rental. All of the leases are classified as operating leases. The Company has two lease agreements with remaining terms of 3.1 years and 8 months.

### ***Income Taxes***

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the unaudited condensed consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carry forwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company utilizes ASC 740, Income Taxes, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the unaudited condensed consolidated financial statements or tax returns. The Company accounts for income taxes using the asset and liability method to compute the differences between the tax basis of assets and liabilities and the related financial amounts, using currently enacted tax rates. A valuation allowance is recorded when it is "more likely than not" that a deferred tax asset will not be realized. At March 31, 2025 and December 31, 2024, the Company's net deferred tax asset has been fully reserved.

For uncertain tax positions that meet a "more likely than not" threshold, the Company recognizes the benefit of uncertain tax positions in the unaudited condensed consolidated financial statements. The Company's practice is to recognize interest and penalties, if any, related to uncertain tax positions in income tax expense in the unaudited condensed consolidated statements of operations when a determination is made that such expense is likely.

### ***Revenue Recognition***

#### ***Revenue Recognition Policy***

Revenue is recognized upon satisfaction of all contractual performance obligations and transfer of control to the customer and is measured as the amount of consideration to which the Company expects to be entitled to in exchange for corresponding goods or services. Each sales transaction results in an implicit contract with the customer to deliver a product or service at the point of sale. The Company has two distinct revenue streams: golf simulators and content software subscriptions.

Performance obligations under our contracts consist of hardware, software consisting of perpetual licenses and subscription licenses, and support within a single operating segment.

**Golf Simulators** – Substantially all the Company’s sales are multiple performance obligation arrangements for its golf simulators, for which the transaction price is equivalent to the stated price of the product or service, net of any stated discounts applicable at a point in time. Golf simulators are bundled and are comprised of both hardware, a software license (for the software to operate the simulator), and a content software subscription license. Revenue from golf simulators is recognized at the point in time when installation (hardware and software) has occurred and has been accepted by the customer. For transactions where the Company utilizes a third-party to complete the installation, the Company recognizes revenue solely for the simulator hardware upon delivery to the customer or third-party installer and then recognizes the remainder of the revenue upon installation and customer acceptance.

**Perpetual License** – Golf simulators require specific proprietary software to run the simulations. The Company records revenue from the proprietary software products under perpetual licenses. Revenue from the perpetual licenses is recognized at the time of installation and customer acceptance.

**Content Software Subscriptions** – The Company offers content software subscriptions for one and twelve months. We recognize revenue from these transactions when control has passed to the customer and the performance obligations have been satisfied. Control is considered to have passed to the customer when the software license has been delivered and accepted by the customer. The content software subscription revenue is recognized over the term of the contract.

#### *Deferred Revenue*

Deferred revenue represents either customer advance payments or performance obligations that have not yet been met.

Revenue from golf simulators and perpetual software licenses is deferred and primarily recognized upon the installation of the golf simulators and acceptance from the customer. Revenue from content software subscriptions is deferred and recognized ratably over the life of the subscription (one or twelve months). During the three months ended March 31, 2025, the Company recognized approximately \$1.2 million of golf simulator and subscription services revenue, respectively, that was included in deferred revenue balances at the beginning of the year.

#### *Remaining Performance Obligations*

As of March 31, 2025, approximately \$4.1 million of revenue is expected to be recognized from remaining performance obligations. The Company expects to recognize 100% of this revenue over the next 12 months.

#### *Disaggregated Revenue*

|                                | <b>Three Months Ended March 31,</b> |                     |
|--------------------------------|-------------------------------------|---------------------|
|                                | <b>2025</b>                         | <b>2024</b>         |
| Revenues:                      |                                     |                     |
| Golf Simulators <sup>(1)</sup> | \$ 3,587,912                        | \$ 2,724,658        |
| Content Software Subscriptions | 1,159,705                           | 2,250,699           |
| Franchise Revenue              | 75,000                              | -                   |
| Other <sup>(2)</sup>           | 566,613                             | 36,665              |
| Total net revenue              | <u>\$ 5,389,230</u>                 | <u>\$ 5,012,022</u> |

(1) Includes items such as hardware and proprietary perpetual licenses

(2) Includes items such as shipping income and installation income

#### *Cost of Revenues*

Cost of revenue includes direct materials, labor, manufacturing overhead costs and reserves for estimated warranty cost (excluding depreciation). Cost of revenues also includes charges to write down the carrying value of the inventory when it exceeds its estimated net realizable value and to provide for on-hand inventories that are either obsolete or in excess of forecasted demand, as consistently reviewed by the Company. During the three months ended March 31, 2025 and 2024, the Company recorded an expense of \$0 and \$171,502 in inventory write-down, respectively.

## Royalties

The Company has royalty agreements with certain software suppliers to pay royalties based on the number of units and subscriptions sold. The royalty percentages range between 20% and 30%. Royalty expense for the three months ended March 31, 2025 and 2024, was \$225,320 and \$329,888, respectively.

## Net Loss Per Common Share

Net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. All outstanding options and warrants are considered potentially outstanding common stock. The dilutive effect, if any, of stock options or warrants is calculated using the treasury stock method. All outstanding convertible notes are considered common stock at the beginning of the period or at the time of issuance, if later, pursuant to the if-converted method.

The following table sets forth the computations of loss per share:

|                                                                        | Three Months Ended March 31, |                  |
|------------------------------------------------------------------------|------------------------------|------------------|
|                                                                        | 2025                         | 2024             |
| <b>Numerators:</b>                                                     |                              |                  |
| Net loss                                                               | \$ (2,670,322)               | \$ (1,301,864)   |
| <b>Denominator:</b>                                                    |                              |                  |
| Weighted-average common shares Series A outstanding, basic and diluted | 28,461,277                   | 5,994,704        |
| Weighted-average common shares Series B outstanding, basic and diluted | 1,716,860                    | 1,144,573        |
| <b>Net loss per common share Series A, basic and diluted</b>           | <b>\$ (0.09)</b>             | <b>\$ (0.22)</b> |
| <b>Net loss per common share Series B, basic and diluted</b>           | <b>\$ (1.56)</b>             | <b>\$ (1.14)</b> |

Since the effect of common stock equivalents is anti-dilutive with respect to losses, the options, warrants and shares issuable upon conversion have been excluded from the Company's computation of net loss per common share for the three months ended March 31, 2025 and 2024.

The following table summarizes the securities that were excluded from the diluted per share calculation because the effect of including these potential shares was anti-dilutive due to the Company's net loss position even though the exercise price could be less than the average market price of the common shares:

|                                                                                                              |                  |
|--------------------------------------------------------------------------------------------------------------|------------------|
| Stock Options                                                                                                | 1,131,000        |
| PIPE Convertible Notes <sup>(1)</sup>                                                                        | 401,200          |
| Common Stock - Series A warrants                                                                             | 1,409,092        |
| Common stock - Series B warrants                                                                             | 1,550,000        |
| Earnout shares - Earned in three Tranches over three years (assumes achievement of revenue and VWAP targets) | 4,500,000        |
| Underwriter warrants to I-Bankers convertible at \$12.00/common share                                        | 632,500          |
| <b>Total dilutive</b>                                                                                        | <b>9,623,792</b> |

(1) Does not include shares for interest or make-whole amounts as the number of shares is undeterminable since the calculation is based on variable floating factors.

## Stock-based Compensation

The Company has the ability to grant employees a number of different stock-based awards, including restricted shares of common stock, restricted stock units, stock options, and stock appreciation rights to purchase common stock, under the TruGolf Holdings, Inc. 2024 Incentive Plan (the "2024 Plan"). The Company records stock-based compensation expense based on the fair value of stock awards at the grant date and recognizes the expense over the employees' service periods. For performance-based awards, recognition of stock-based compensation expense also includes management's estimate of the probability of performance criteria as of the end of each reporting period. Stock-based compensation expense is recognized net of estimated forfeitures and expense is not recognized for awards that do not vest if service or performance conditions are not satisfied.

Pursuant to Accounting Standards Update ("ASU") 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting, the Company accounts for stock options issued to non-employees for their services in accordance with ASC 718. The Company uses valuation methods and assumptions to value the stock options that are in line with the process for valuing employee stock options noted above.

### ***Emerging Growth Company Status***

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (i) no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these unaudited condensed consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. The JOBS Act does not preclude an emerging growth company from early adopting new or revised accounting standards. The Company expects to use the extended transition period for any new or revised accounting standards during the period which the Company remains an emerging growth company.

### ***Segment Reporting***

The Company currently operates as one business segment, which is also the sole reportable segment, focusing on the manufacturing and sales of indoor golf simulators. The Company’s business offerings have similar economic and other characteristics, including the nature of products, manufacturing, types of customers, and distribution methods. The determination of a single business segment is consistent with the unaudited condensed consolidated financial information regularly provided to the Company’s chief operating decision maker (“CODM”). The Company’s CODM is its Principal Executive and Financial Officer and Director, who reviews and evaluates consolidated profit and loss and total assets for the purpose of assessing performance, making operating decisions, allocating resources, and planning and forecasting for future periods.

### ***Warrants***

The fair value of the warrants is estimated on the date of issuance using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including the expected term of the warrants, expected stock price volatility, and expected dividends. These estimates involve inherent uncertainties and the application of management’s judgment. Expected volatilities used in the valuation model are based on the average volatility of the comparable publicly traded on recognized stock exchanges. The risk-free rate for the expected term of the option is based on the United States Treasury yield curve in effect at the time of the grant.

### ***Recently Adopted Accounting Pronouncements***

In December 2023, the FASB issued Update 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances the disclosure requirements for income tax rate reconciliation, domestic and foreign income taxes paid, and unrecognized tax benefits. The amendments of ASU 2023-09 are effective for annual periods beginning after December 15, 2024. The Company adopted this new guidance on January 1, 2025, and the adoption did not have a material effect on the Company’s unaudited condensed consolidated financial statements.

### ***Recent Accounting Pronouncements***

In January 2025, the FASB issued ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures* (Subtopic 220-40): Clarifying the Effective Date, which amends ASU 2024-03 to clarify when public business entities (PBEs) and all other entities must begin providing the new expense-disaggregation disclosures. ASU 2025-01 does not change the underlying disclosure requirements introduced by ASU 2024-03; rather, it revises paragraph 220-40-65-1 to state explicitly that the amendments are effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption continues to be permitted. The Company is currently evaluating the impact of these amendments on its consolidated financial statements and related disclosures.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable and allowance for credit losses consisted of the following:

|                                  | March 31,<br>2025   | December 31,<br>2024 |
|----------------------------------|---------------------|----------------------|
| Trade accounts receivable        | \$ 2,962,397        | \$ 2,870,021         |
| Other                            | 41,291              | -                    |
|                                  | <u>3,003,688</u>    | <u>2,870,021</u>     |
| Less allowance for credit losses | (1,424,074)         | (1,470,868)          |
| Total accounts receivable, net   | <u>\$ 1,579,614</u> | <u>\$ 1,399,153</u>  |

**NOTE 4 – INVENTORY, NET**

The following summarizes inventory:

|                                         | March 31,<br>2025   | December 31,<br>2024 |
|-----------------------------------------|---------------------|----------------------|
| Inventory - raw materials               | \$ 4,301,337        | \$ 2,797,705         |
| Less reserve allowance for obsolescence | (448,360)           | (448,360)            |
| Inventory, net                          | <u>\$ 3,852,977</u> | <u>\$ 2,349,345</u>  |

**NOTE 5 – MARKETABLE INVESTMENT SECURITIES**

In February 2023, the Company entered into a brokerage agreement and deposited \$2,500,000. In February 2023, the Company purchased \$450,751 in corporate fixed income securities (corporate bonds) and \$1,981,061 in government securities (Treasury securities). The Company terminated the brokerage agreement during the three months ended December 31, 2024, liquidated the vast majority of its investments and has \$10,114 recorded in cash and cash equivalents on its unaudited condensed consolidated balance sheet as March 31, 2025 and December 31, 2024, respectively.

**NOTE 6 – PROPERTY AND EQUIPMENT, NET**

The following summarizes property and equipment:

|                                 | March 31,<br>2025 | December 31,<br>2024 |
|---------------------------------|-------------------|----------------------|
| Software and computer equipment | \$ 860,243        | \$ 795,369           |
| Furniture and fixtures          | 228,033           | 230,883              |
| Vehicles                        | 59,545            | 59,545               |
| Equipment                       | 18,008            | 15,873               |
|                                 | <u>1,165,829</u>  | <u>1,101,670</u>     |
| Less accumulated depreciation   | (973,118)         | (957,818)            |
| Total other long-term assets    | <u>\$ 192,711</u> | <u>\$ 143,852</u>    |

The Company recorded depreciation expense was \$15,300 and \$14,317 for the three months ended March 31, 2025 and 2024, respectively.

The following summarizes capitalized software development costs as of March 31, 2025 and December 31, 2024:

|                                                                  |                     |
|------------------------------------------------------------------|---------------------|
| Capitalized software, net - beginning balance, December 31, 2024 | \$ 1,540,121        |
| Capitalized software development costs - 2025                    | 270,531             |
| Less accumulated amortization                                    | (100,000)           |
|                                                                  | <u>\$ 1,710,652</u> |

The Company recorded amortization of capitalized software costs of \$100,000 and \$18,463 for the three months ended March 31, 2025 and 2024, respectively.

**NOTE 7 – ACCRUED AND OTHER CURRENT LIABILITIES**

Accrued and other current liabilities consist of the following amounts:

|                                             | March 31,<br>2025   | December 31,<br>2024 |
|---------------------------------------------|---------------------|----------------------|
| Accrued payroll                             | \$ 279,837          | \$ 108,945           |
| Credit cards                                | 341,884             | 55,180               |
| Warranty reserve                            | 140,000             | 140,000              |
| Sales tax payable                           | 103,530             | 105,563              |
| Other accrued liabilities                   | 1,957,816           | 589,619              |
| Total accrued and other current liabilities | <u>\$ 2,823,067</u> | <u>\$ 999,307</u>    |

Accrued liabilities and other current liabilities assumed in Merger:

|                                                               |                  |
|---------------------------------------------------------------|------------------|
| Accrued tax payable                                           | \$ 45,008        |
| Total accrued and other current liabilities assumed in Merger | <u>\$ 45,008</u> |

**NOTE 8 – NOTES PAYABLE**

Notes payable consisted of the following:

|                                      | March 31,<br>2025 | December 31,<br>2024 |
|--------------------------------------|-------------------|----------------------|
| Note payable - Ethos Management Inc. | \$ -              | \$ -                 |
| Note payable - Mercedes-Benz         | 17,285            | 19,733               |
|                                      | <u>17,285</u>     | <u>19,733</u>        |
| Less current portion                 | (10,148)          | (10,001)             |
| Note payable long-term portion       | <u>\$ 7,137</u>   | <u>\$ 9,732</u>      |

*Ethos Management Inc.*

In January 2023, the Company entered into a financing agreement with Ethos Asset Management Inc. (the “Ethos Loan” or “Ethos”) in the principal amount of up to \$10 million. Pursuant to the terms of the Ethos Loan, the Company may draw down financing proceeds equal to \$833,333 each month beginning in April 2023, up to the \$10 million amount. Interest associated with the Ethos Loan is fixed at 4% per annum and has a three-year grace period for principal and interest payments. Annual principal and interest payments will commence in 2027 and continue through 2034. As a condition to funding, the Company provided Ethos with a \$1,875,000 deposit as collateral (the “Deposit Collateral”) for the note.

The Ethos Loan stipulates that fundings should happen approximately every 30 banking days, subject to Ethos completing periodic internal audits to ensure the Company was in compliance with the terms of the loan agreement. In August 2023, Ethos informed the Company that unrelated to the Company, Ethos was undergoing a routine audit of its portfolio, and pending the close of the audit, borrowers may experience delays in drawing on funds when requested. In February 2024, due to the lack of additional fundings and in accordance with the terms of the Ethos Loan, the Company sent Ethos a notice of termination for materially breaching the Ethos Loan agreement. Based on the termination for default clause in the Ethos Loan, the Company was entitled to retain all funds disbursed by Ethos and Ethos must release the Deposit Collateral. At the date of the Ethos Loan termination the principal and accrued interest owed on the Ethos Loan was \$2,383,059 and \$81,560, respectively. As a result of the Ethos Loan termination, the outstanding principal and accrued interest was offset by the Deposit Collateral leaving \$589,619, which is included in Accrued and other current liabilities on the unaudited condensed consolidated balance sheets at March 31, 2025 and December 31, 2024, respectively (See Note 7 – Accrued and Other Current Liabilities).

*Mercedes-Benz*

In November 2020, the Company entered into a \$59,545, 5.90% annual interest rate note payable with Mercedes-Benz for a delivery van. The note matures on November 20, 2026, and is secured by the van. The Company makes a monthly payment of \$908, which includes both principal and interest. The outstanding principal on the note at March 31, 2025 and December 31, 2024, was \$17,285 and \$19,733, respectively.

As a successor to DMAQ, the Company assumed notes payable from the Merger in the amount of \$1,565,000, which was comprised of: (i) an unsecured promissory note in the aggregate principal amount of \$1,265,000 issued to two affiliates of the Sponsor on October 15, 2022, in connection with the First Extensions, from October 29, 2022 to January 29, 2023, and (ii) an unsecured promissory note in the principal amount of \$300,000 issued to an affiliate of the Sponsor on February 9, 2023 in connection with the Second Extension, from January 29, 2023, to July 29, 2023, pursuant to which a monthly payment of \$50,000 had been deposited in the Trust Account after January 29, 2023 for six months. Pursuant to the fully executed Promissory Notes, each of the Promissory Notes bears no interest and is due upon the earlier of the consummation of DMA's initial business combination or the date of the liquidation of DMAQ. During the year ended December 31, 2024, the Company made a principal payment of \$100,000 to one of the note holders.

On December 31, 2024, using the proceeds from the November 7, 2024, funding of additional PIPE Convertible Notes (See [Note 9 – PIPE Convertible Notes](#)) the Company repaid the remaining balance of such notes in full. The extinguishment of one of the convertible notes resulted in extinguishment accounting. See [Note 9 – PIPE Convertible Notes](#) for additional details.

#### **NOTE 9 – PIPE CONVERTIBLE NOTES**

On November 2, 2023 and December 7, 2023, DMAQ executed loan agreements with certain accredited investors (together, the “Prior Loan Agreements”) pursuant to which such investors agreed to loan DMAQ up to an aggregate \$11 million in exchange for the issuance of convertible notes and warrants. On February 2, 2024, the Company executed a securities purchase agreement (the “Purchase Agreement”) with each of the investors that executed the Prior Loan Agreements, which replaced the Prior Loan Agreements in their entirety, and with additional investors (together, the “PIPE Investors”). Pursuant to the terms and conditions of the Purchase Agreement, the PIPE Investors agreed to purchase from the Company (i) senior convertible notes in the aggregate principal amount of up to \$15.5 million (the “PIPE Convertible Notes”), (ii) Series A warrants to initially purchase 1,409,091 shares of the Company’s Class A common stock (the “Series A Warrants”), and (iii) Series B warrants to initially purchase 1,550,000 shares of the Company’s Class A common stock (the “Series B Warrants,” and collectively with the Series A Warrants, the “PIPE Warrants”) (the “PIPE Financing”).

Under the terms of the Purchase Agreement, the Company had the right, but not the obligation, to require that the PIPE Investors purchase additional PIPE Convertible Notes at up to two additional closings. On February 6, 2024, the first additional closing (the “First Mandatory Additional Closing”) occurred for the sale of \$4.65 million in additional PIPE Convertible Notes with an Original Issue Discount of \$465,000 for gross proceeds of \$4.185 million, subject to the filing of a registration statement and satisfaction of customary closing conditions.

In addition, pursuant to the Purchase Agreement, as amended, each PIPE Investor had the right, but not obligation, to require the Company to sell to such investor its pro rata share of up to an aggregate principal amount of \$10.85 million of additional PIPE Convertible Notes in one or more “Additional Optional Closings,” provided that the principal amount issued in each such closing is no less than \$250,000. These optional rights expire on August 30, 2025.

On August 13, 2024, the Company entered into waiver and amendment agreements (the “Waiver”) with the PIPE Investors. Under the Waiver, the parties agreed to, among other things: to (i) waive any defaults caused by the Company’s failure to timely file SEC reports through August 14, 2024, (ii) extend the deadline for Additional Optional Closings to 11 months following the effectiveness of the initial registration statement, (iii) permit the Company to raise non-convertible, unsecured debt financing from its affiliates, (iv) waive certain registration failures through September 3, 2024, and allow such failures to be cured through the issuance of common stock, and (v) allow interest payments due April 1, July 1, and October 1, 2024, to be paid in shares of common stock or added to the principal of the PIPE Convertible Notes, at the election of the applicable PIPE Investor. In connection with the Waiver, the Company issued 192,151 shares of Class A common stock to satisfy registration delay penalties and 157,582 shares of Class A common stock to satisfy accrued interest obligations. These issuances were made at the “Alternate Conversion Price” set forth in the PIPE Convertible Notes, which is defined as the lesser of the fixed conversion price or 90% of the lowest volume weighted average price (VWAP) of the Company’s Class A common stock over the five consecutive days prior to conversion. Additionally, the Company issued 190,586 shares to a PIPE Investor as a result of language in the PIPE Convertible Note related to ownership percentage prior to the Merger.



On November 7, 2024, the Company and certain PIPE Investors entered into further amendments to the Waiver (the “Amendments”) under which the PIPE Investors agreed to waive any breaches or defaults resulting from the Company’s failure to timely file SEC reports through August 21, 2024, and extended the waiver for certain registration failures through October 3, 2024. The PIPE Investors also waived defaults related to the Company’s non-compliance with the continued listing requirements of the Nasdaq Stock Market, including (i) failure to meet the minimum stockholders’ equity threshold, (ii) failure to meet the minimum market value of publicly held shares, and (iii) failure to meet the minimum bid price requirement. These waivers are effective through January 15, 2025, but may be extended through March 15, 2025, solely with respect to the bid price deficiency, provided the Company remains in compliance with all other listing requirement and files a preliminary proxy statement to seek shareholder approval of a reverse stock split. In connection with these Amendments, the Company issued 116,959 shares of Class A common stock to satisfy additional registration delay penalties and 65,790 shares of Class A common stock for unpaid interest, also at the Alternate Conversion Price.

Also on November 7, 2024, certain PIPE Investors agreed to purchase an additional \$3.3 million in principal amount of PIPE Convertible Notes with an Original Issue Discount of \$330,000 for gross proceeds of \$2.97 million. The Company used approximately \$2.5 million of the proceeds from this issuance to repay outstanding debt and cover related transaction expenses.

One of the PIPE Notes issued on November 7, 2024 was purchased in exchange for a convertible note payable and an unsecured note payable that were previously issued to the same PIPE Investor. The exchange resulted in debt extinguishment accounting as the present value of the future cash flows of the new PIPE Convertible Note was greater than 10% of the remaining present value of the cash flows of the exchanged notes. As a result, the Company recorded a loss on extinguishment of debt of \$270,594 on the consolidated statements of operations for the year ended December 31, 2024.

On December 16, 2024, a certain PIPE Investor agreed to purchase an additional \$2.1 million in the principal amount of a PIPE Convertible Note with an Original Issue Discount of \$210,000 for gross proceeds of \$1.89 million.

On January 8, 2025, certain PIPE Investors agreed to purchase an additional \$2.8 million in principal amount of PIPE Convertible Notes with an Original Issue Discount of \$280,000 for gross proceeds of \$2.52 million.

During the three months ended March 31, 2025, the Company converted an aggregate principal amount of \$1,655,000 and \$1,087,513 in accrued and make-whole interest related to the PIPE Convertible Notes into 3,064,420 shares of the Company’s Class A common stock.

PIPE Convertible Notes payable consisted of the following:

|                                                                                 |    |             |
|---------------------------------------------------------------------------------|----|-------------|
| PIPE Convertible Note Balance at January 1, 2024                                | \$ | -           |
| PIPE Convertible Notes issued                                                   |    | 10,320,594  |
| Less: Debt Discount associated with OID and Warrants                            |    | (1,147,319) |
| PIPE Convertible Notes, net                                                     |    | 9,173,275   |
| Less: Gross PIPE Convertible Note principal converted into Class A common stock |    | (5,832,600) |
| Add: Accretion of debt discount                                                 |    | 728,278     |
| Total PIPE Convertible Notes, net at December 31, 2024                          |    | 4,068,953   |
| PIPE Convertible Notes issued                                                   |    | 2,800,000   |
| Less: Debt Discount associated with OID                                         |    | (280,000)   |
| PIPE Convertible Notes, net                                                     |    | 6,588,953   |
| Less: Gross PIPE Convertible Note principal converted into Class A common stock |    | (1,655,000) |
| Add: Accretion of debt discount                                                 |    | 231,940     |
| Total PIPE Convertible Notes, net at March 31, 2025                             | \$ | 5,165,893   |

During the three months ended March 31, 2025 and 2024, amortization expense related to the Debt Discount of the PIPE Convertible Notes was \$231,940 and \$3,325, respectively. The principal balance of the PIPE Convertible Notes, net of Debt Discounts, and accrued interest related to the PIPE Convertible Notes at March 31, 2025, was \$5,165,893 and \$0, respectively. The principal balance net of Debt Discounts and accrued interest related to the PIPE Convertible Notes at December 31, 2024, was \$4,068,953 and \$154,500, respectively.

**NOTE 10 – RELATED PARTY NOTES AND LOANS PAYABLE**

Related party notes payable consisted of the following:

|                                | <b>March 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|--------------------------------|---------------------------|------------------------------|
| Note payable - ARJ Trust       | \$ 650,000                | \$ 650,000                   |
| Note payable - McKettrick      | 800,000                   | 800,000                      |
| Note payable - Carver          | 111,000                   | 111,000                      |
| Loan - Chris Jones             | 2,000,000                 | 2,000,000                    |
|                                | <u>3,561,000</u>          | <u>3,561,000</u>             |
| Less current portion           | (2,937,000)               | (2,937,000)                  |
| Note payable long-term portion | <u>\$ 624,000</u>         | <u>\$ 624,000</u>            |

Future maturities of related party notes and loan payables as of March 31, 2025:

|       |                     |
|-------|---------------------|
| 2025  | \$ 2,937,000        |
| 2026  | 287,000             |
| 2027  | 337,000             |
| Total | <u>\$ 3,561,000</u> |

*ARJ Trust*

In December 2008, the Company entered into a note payable with ARJ Trust, a trust that is indirectly controlled by the Company's chief executive officer. The note has a principal amount of \$500,000, an interest rate of 8.50% per annum, and a maturity date of March 31, 2024. The Company is required to make monthly interest-only payments of \$3,541.

In June 2010, the Company entered into a second note payable with ARJ Trust. The note has a principal amount of \$150,000, an interest rate of 8.50% per annum, and a maturity date of March 31, 2024. The Company is required to make monthly interest-only payments of \$1,063.

On March 31, 2024, the maturity date of the notes was extended to March 31, 2025. On March 31, 2025, the maturity date of the notes was extended to September 30, 2025.

The Company made interest-only payments of \$13,812 and \$10,901 during the three months ended March 31, 2025 and 2024, respectively. The principal balance of the notes was \$650,000 at both March 31, 2025 and December 31, 2024.

*McKettrick*

In May 2019, the Company entered into a \$1,750,000, zero interest rate note payable with a former shareholder to repurchase all their owned shares in the Company. The note is payable in annual installments of \$250,000 due on December 21 of each year. The note matures on December 1, 2027. If the annual installment is not paid within 10 days of the due date a late fee of 5% is charged. During the year ended December 31, 2024, the Company paid the December 2024 and 2023 installments totaling \$500,000 and \$50,000 in a negotiated extension fee for the 2023 installment. The principal balance of the note payable was \$800,000 at both March 31, 2025 and December 31, 2024.

*Carver*

In January 2021, the Company entered into a \$222,000, zero interest rate note payable with a former shareholder to repurchase all their owned shares in the Company. The note is payable in semi-annual installments of \$18,500 due on March 31 and September 30 each year and matures on October 1, 2027. The Company has not made the required installments totaling \$18,500 for the three months ended March 31, 2025 and \$37,000 for the year ended December 31, 2024. The principal balance of the note payable was \$111,000 at both March 31, 2025 and December 31, 2024.

*Chris Jones*

During the year ended December 31, 2024, the Company chief executive officer loaned the Company an aggregate of \$2 million for operating expenses. The loaned amount has a zero interest rate and no stated maturity date. The Company made no payments towards the loan during the three months ended March 31, 2025, however, the Company expects to pay back the loan in full. The principal balance of the loan payable was \$2,000,000 at March 31, 2025 and December 31, 2024.

## NOTE 11 – LINES OF CREDIT

### *JPMorgan Chase*

In December 2023, the Company entered into a \$2,000,000 variable rate line of credit with JPMorgan. The purpose of the new line of credit was to consolidate the balances outstanding on the note payable and the previous line of credit, which had matured. The line of credit matured on December 31, 2024. The line of credit had an annual interest rate of the Adjusted SOFR (Secured Overnight Financing Rate) Rate plus 3.00%.

On January 1, 2025, the maturity date of the line of credit was extended to December 31, 2025. Upon the maturity date extension the annual interest rate was increased to the Adjusted SOFR Rate plus 3.50%.

The line of credit is secured by a pledge of \$2,100,000 in the Company's deposit accounts (restricted cash) at JPMorgan. The outstanding principal balance on the line of credit was \$802,738 at March 31, 2025 and December 31, 2024.

### *Morgan Stanley*

During February 2023, the Company entered into a variable rate line of credit with Morgan Stanley which was secured by the marketable securities held in our brokerage account (See Note 5 – Marketable Investment Securities). The Company terminated the brokerage agreement during the year ended December 31, 2024, liquidated the vast majority of its investments and has \$10,114 recorded in cash and cash equivalents on its unaudited condensed consolidated balance sheet as of March 31, 2025 and December 31, 2024.

## NOTE 12 – DIVIDEND NOTES PAYABLE

Prior to the Merger, TruGolf Nevada filed its tax returns as an S Corporation. Historically, all income tax liabilities and benefits of TruGolf Nevada are passed through to the shareholders annually through distributions. No dividends were declared during 2023 or 2022. During 2021, the Board of Directors declared \$7,395,694 in dividends to the shareholders, payable in cash as the Company's liquidity allows. During 2022, TruGolf Nevada paid the shareholders an aggregate amount of \$1,965,706. In November 2022, each shareholder agreed to defer the accrued dividends payable by entering into 6.00% interest rate dividend notes payable. All outstanding and accrued interest is due and payable when the dividend notes payable mature on December 31, 2025. Interest commenced accruing on January 1, 2023.

Dividends declared, distributed, and accrued are as follows:

|                                       | March 31,<br>2025 | December 31,<br>2024 |
|---------------------------------------|-------------------|----------------------|
| Accrued interest on dividends payable | \$ 576,036        | \$ 515,677           |
| Dividends payable                     | \$ 4,023,923      | \$ 4,023,923         |

## NOTE 13 – GROSS SALES ROYALTY PAYABLE

In June 2015, the Company entered into a Royalty Purchase Agreement (the "Royalty Agreement") with a purchaser ("Purchaser") for a gross sales royalty. The Purchaser agreed to purchase a sales royalty for the sum of \$1,000,000 plus applicable taxes. Upon mutual agreement the Purchaser may purchase one or more additional royalties in an aggregate amount of up to \$1,000,000. For the period June 2015 through May 2017, the Company paid a monthly payment of \$20,833. Effective June 1, 2017, all subsequent monthly royalty payments has been equal to the greater of \$20,833 plus the amount determined in accordance with the following:

- If the trailing twelve-month revenue of the Company is equal to or less than \$6,110,000, 3.60% of the Company's monthly revenues, in perpetuity (unless terminated in accordance with the Royalty Agreement);
- If the trailing twelve-month revenue of the Company is equal to or greater than \$17,200,000, 1.30% of the Company's monthly revenues, in perpetuity (unless terminated in accordance with the Royalty Agreement); or
- If the trailing twelve-month revenue of the Company is greater than \$6,110,000 but less than \$17,200,000, such percentage of monthly revenue determined by dividing \$220,060 by the amount of the trailing twelve-month revenue and multiplying the result by 100, in perpetuity (unless terminated in accordance with the Royalty Agreement).

The royalty percentage was fixed at 3.6% based on the trailing twelve-month revenue at the time of executing the Royalty Agreement. On June 1, 2017, the royalty percentage was changed to 2.4% based on the trailing twelve-month revenues at the time as outlined in the table above.

The Royalty Agreement contains an option for a one-time buy down of the royalty rate. At any time following the date on which the Purchaser has received royalty payments that are, in the aggregate, equal to two times the then applicable Aggregate Installment Amount (\$1,000,000), the Company may purchase and extinguish 75% (but no more nor less) of all amounts owing or to become owing to the Purchaser hereunder. In the event the Company wants to exercise the buy down option, the Company would pay the Purchaser \$750,000. The adjusted royalty rate going forward would then be 0.6% (75% of the 2.4%).

The Royalty Agreement also contains an option for a buyout upon the change of control. If pursuant to a proposed change of control the acquirer under such transaction requires, as a condition to the completion of such transaction, that the Company purchase and extinguish all amounts owing or to become owing to the Purchaser hereunder, the Company will pay the greater of:

- i. An amount equal to two times the aggregate installment amount as at the date of the change of control buyout notice; and
- ii. An amount equal to A multiplied by B multiplied by C, where:
  - a. A is equal to the aggregate installment amount as at the date of the change in control divided by \$22,500,000;
  - b. B is equal to 0.8; and
  - c. C is equal to the net equity value of the Company; or in the case of a proposed asset sale, the proposed net purchase price of all or substantially all of the Company's assets.

The Royalty Agreement does not contain a stated maturity date or bear interest. The agreement provides for a perpetual payment obligation, whereby the Company is required to remit a royalty equal to either 2.4% or 0.6% of applicable revenue, depending on whether the royalty rate buy-down option has been exercised. While the royalty percentage may be reduced pursuant to the terms of the buy-down provision, the only mechanism for terminating the Royalty Agreement is through a buyout that may be required by an acquirer in connection with a change of control transaction. In the absence of such a change of control, the Royalty Agreement remains in effect indefinitely.

Because the gross sales royalty payable has no stated fixed interest rate or maturity date, it is considered variable interest perpetual debt. The periodic variable payments to the Purchaser are recorded in interest expense. The outstanding balance at March 31, 2025 and December 31, 2024, was \$1,000,000. During the three months ended March 31, 2025 and 2024, the Company incurred interest expense of \$38,911 and \$96,509, respectively.

#### **NOTE 14 – STOCKHOLDERS' DEFICIT**

##### *Preferred Stock*

The Company has authorized preferred stock of 10,000,000 shares with a par value of \$0.0001. As of March 31, 2025 and December 31, 2024, there were no shares of preferred stock issued and outstanding.

##### *Common Stock*

##### Class A Common Stock

The Class A Common Stock has voting rights of 1 vote per share and votes as a single class together with the Class B Common Stock.

##### Class B Common Stock

The Class B Common stock has voting rights of 25 votes per share, and votes as a single class together with the Class A Common Stock.

##### *Equity Transactions During the Period*

### Class A Common Stock

During the three months ended March 31, 2025, the Company issued an aggregate of 662,000 shares of Class A Common Stock with a fair value of \$2.50 per share to PIPE Convertible Note holders for conversion of an aggregate principal amount of \$1,655,000 in PIPE Convertible Notes (See Note 9 – PIPE Convertible Notes).

During the three months ended March 31, 2025, the Company issued an aggregate of 2,402,420 shares of Class A Common Stock with fair values ranging from \$0.34 - \$0.60 per share to PIPE Convertible Note holders in lieu of cash for interest and make whole provisions (See Note 9 – PIPE Convertible Notes).

### *Warrant and Option Valuation*

The Company has computed the fair value of warrants and options granted using the Black-Scholes option pricing model. The expected term for warrants and options issued to non-employees is the contractual life and the expected term used for options issued to employees and directors is the estimated period of time that options granted are expected to be outstanding. The Company utilizes the “simplified” method to develop an estimate of the expected term of “plain vanilla” employee option grants. The Company is utilizing an expected volatility figure based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

### *Warrant Offerings*

During the three months ended March 31, 2025, the Company did not issue any warrants.

### Series A Warrants

On February 2, 2024, the Company issued five year immediately vested warrants to purchase an aggregate of 1,409,092 shares of the Company’s Class A Common Stock in association with the issuance of the PIPE Convertible Notes (the “Series A Warrants”). The Series A Warrants have an exercise price of \$13.00 per share. The Series A Warrants had an aggregate grant date fair value of \$126,819. The Series A Warrants met the definition of a liability per ASC 815 – Derivatives and Hedging.

In applying the Black-Scholes option pricing model to the Series A Warrants granted or issued, the Company used the following assumptions:

|                         | <b>For the<br/>Three Months Ended<br/>March 31,<br/>2024</b> |
|-------------------------|--------------------------------------------------------------|
| Risk free interest rate | 4.03%                                                        |
| Expected term (years)   | 5.00                                                         |
| Expected volatility     | 53.12%                                                       |
| Expected dividends      | 0.00%                                                        |

The weighted average estimated fair value of the Series A Warrants granted during the three months ended March 31, 2024, was approximately \$0.09 per share.

No Series A Warrants were issued during the three months ended March 31, 2025.

### Series B Warrants

On February 2, 2024, the Company issued two-and-a-half-year immediately vested warrants to purchase an aggregate of 1,550,000 shares of the Company’s Class A Common Stock in association with the issuance of the PIPE Convertible Notes (the “Series B Warrants”). The Series B Warrants have an exercise price of \$10.00 per share. The Series B Warrants had an aggregate grant date fair value of \$15,500.

In applying the Black-Scholes option pricing model to the Series B Warrants granted or issued, the Company used the following assumptions:

|                         | For the<br>Three Months Ended<br>March 31,<br>2024 |
|-------------------------|----------------------------------------------------|
| Risk free interest rate | 4.14%                                              |
| Expected term (years)   | 2.50                                               |
| Expected volatility     | 49.40%                                             |
| Expected dividends      | 0.00%                                              |

The weighted average estimated fair value of the Series B Warrants granted during the three months ended March 31, 2024, was approximately \$0.01 per share.

No Series B Warrants were issued during the three months ended March 31, 2025.

A summary of the warrant activity during the three months ended March 31, 2025, is presented below:

|                                | Number of<br>Warrants | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Life<br>In Years | Aggregate<br>Intrinsic<br>Value |
|--------------------------------|-----------------------|------------------------------------------|------------------------------------------------------|---------------------------------|
| Outstanding, December 31, 2024 | 2,959,092             | \$ 11.43                                 |                                                      |                                 |
| Granted                        | -                     | -                                        |                                                      |                                 |
| Exercised                      | -                     | -                                        |                                                      |                                 |
| Forfeited                      | -                     | -                                        |                                                      |                                 |
| Outstanding, March 31, 2025    | 2,959,092             | \$ 11.43                                 | 2.5                                                  | \$ -                            |
| Exercisable, March 31, 2025    | 2,959,092             | \$ 11.43                                 | 2.5                                                  | \$ -                            |

The following table presents information related to stock warrants at March 31, 2025:

| Warrants Outstanding |                                      | Warrants Exercisable                              |                                      |
|----------------------|--------------------------------------|---------------------------------------------------|--------------------------------------|
| Exercise<br>Price    | Outstanding<br>Number of<br>Warrants | Weighted<br>Average<br>Remaining Life<br>In Years | Exercisable<br>Number of<br>Warrants |
| \$ 10.00             | 1,550,000                            | 1.4                                               | 1,550,000                            |
| \$ 13.00             | 1,409,092                            | 3.9                                               | 1,409,092                            |
|                      | 2,959,092                            |                                                   | 2,959,092                            |

#### NOTE 15 – STOCK-BASED COMPENSATION

The Company accounts for its stock-based compensation in accordance with the fair value recognition of ASC 718.

##### 2024 Stock Incentive Plan

The Company did not grant options during the three months March 31, 2025 or 2024.

Compensation-based stock option activity for qualified and unqualified stock options are summarized below:

|                                | Number of<br>Options | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Life In Years | Intrinsic<br>Value |
|--------------------------------|----------------------|------------------------------------------|---------------------------------------------------|--------------------|
| Outstanding, December 31, 2024 | 1,131,000            | \$ 0.93                                  |                                                   |                    |
| Granted                        | -                    | 0                                        |                                                   |                    |
| Exercised                      | -                    | 0                                        |                                                   |                    |
| Forfeited                      | -                    | 0                                        |                                                   |                    |
| Outstanding, March 31, 2025    | 1,131,000            | \$ 0.93                                  | 4.5                                               | \$ -               |
| Exercisable, March 31, 2025    | 1,103,500            | \$ 0.93                                  | 4.5                                               | \$ -               |

The following table summarizes information about options to purchase shares of the Company's Class A common stock outstanding and exercisable at March 31, 2025:

| Options Outstanding |                                     | Options Exercisable                               |                                     |
|---------------------|-------------------------------------|---------------------------------------------------|-------------------------------------|
| Exercise Price      | Outstanding<br>Number of<br>Options | Weighted<br>Average<br>Remaining<br>Life In Years | Exercisable<br>Number of<br>Options |
| \$ 0.93             | 1,131,000                           | 4.5                                               | 1,103,500                           |
|                     | 1,131,000                           |                                                   | 1,103,500                           |

Total compensation expense related to options was \$3,341 for the three months ended March 31, 2025. As of March 31, 2025, there was future compensation cost of \$7,798 with a weighted average recognition period of 0.75 years.

The aggregate intrinsic value totaled \$0 and was based on the Company's closing stock price of \$0.35 as of March 31, 2025, which would have been received by the option holders had all option holders exercised their options as of that date.

#### Stock-Based Compensation Expense

The following table presents information related to stock-based compensation expense:

|                            | For the<br>Three Months Ended<br>March 31,<br>2025 | Unrecognized at<br>March 31,<br>2025 | Weighted Average<br>Remaining<br>Amortization<br>Period<br>(Years) |
|----------------------------|----------------------------------------------------|--------------------------------------|--------------------------------------------------------------------|
| General and administrative | \$ 3,341                                           | \$ 7,798                             | 0.75                                                               |
| Total                      | \$ 3,341                                           | \$ 7,798                             | 0.75                                                               |

#### NOTE 16 – LEASES

The Company is party to two leases: (i) office space in Centerville, Utah (the "Centerville Lease") and (ii) a warehouse in North Salt Lake City, Utah (the "SLC Lease"). The Centerville lease is scheduled to expire in May 2028 and the SLC Lease is scheduled to expire in November 2025.

The Company has operating leases for its corporate headquarters and warehouse. The Company determines if an arrangement contains a lease at inception based on the ability to control a physically distinct asset. Operating lease right-of-use assets are recorded in the consolidated balance sheets on the initial measurement of the lease liability as adjusted to include prepaid rent and initial direct costs less any lease incentives received. Lease liabilities are measured at the commencement date based on the present value of the lease payments over the lease term. The Company separately accounts for lease and non-lease components within lease agreements. The Company uses its incremental borrowing rate to present value the lease liability as key inputs to determine the interest rate implicit in the lease are not shared by lessors.

Operating lease expense is recorded on a straight-line basis over the lease term. Right-of-use assets and lease liabilities for short-term leases are not recognized in the consolidated balance sheets. Payments for short-term leases are recognized in the consolidated statements of operations on a straight-line basis over the lease term.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its estimated incremental borrowing rate at lease inception point. The weighted average incremental borrowing rate applied was 8.39%. As of March 31, 2025, the Company's leases had a remaining weighted average term of 2.15 years.

The following table presents net lease cost and other supplemental lease information:

|                                                              | March 31,<br>2025 | December 31,<br>2024 |
|--------------------------------------------------------------|-------------------|----------------------|
| Lease cost                                                   |                   |                      |
| Operating lease cost (cost resulting from lease payments)    | \$ 107,336        | \$ 403,109           |
| Net lease costs                                              | <u>\$ 107,336</u> | <u>\$ 403,109</u>    |
| Operating lease - operating cash flows (fixed payments)      | \$ 107,336        | \$ 403,109           |
| Operating lease - operating cash flows (liability reduction) | \$ 93,865         | \$ 334,254           |
| Non-current leases - right-of-use assets                     | \$ 545,915        | \$ 634,269           |
| Current liabilities - operating lease liabilities            | \$ 296,291        | \$ 363,102           |
| Non-current liabilities - operating lease liabilities        | \$ 278,071        | \$ 305,125           |

Future minimum payments under non-cancelable leases for operating leases for the remaining terms of the leases following the three months ended March 31, 2025, are as follows:

| Fiscal Year                                        | Operating Leases  |
|----------------------------------------------------|-------------------|
| 2025                                               | \$ 299,654        |
| 2026                                               | 140,163           |
| 2027                                               | 144,227           |
| 2028                                               | 60,809            |
| Total future minimum lease payments                | <u>\$ 644,853</u> |
| Amount representing interest                       | (70,491)          |
| Present value of net future minimum lease payments | <u>\$ 574,362</u> |

#### NOTE 17 – SEGMENT INFORMATION

The Company currently operates as one business segment, which is also the sole reportable segment, focusing on the manufacturing and sales of indoor golf simulators. The Company's business offerings have similar economic and other characteristics, including the nature of products, manufacturing, types of customers, and distribution methods. The determination of a single business segment is consistent with the consolidated financial information regularly provided to the Company's chief operating decision maker ("CODM"). The Company's CODM is its Principal Executive and Financial Officer and Director, who reviews and evaluates consolidated profit and loss and total assets for the purpose of assessing performance, making operating decisions, allocating resources, and planning and forecasting for future periods.

In addition to the significant expense categories included within net loss presented on the Company's Consolidated Statements of Operations, see below for disaggregated amounts that comprise consulting, contract labor, personnel, business development, royalty, and marketing expenses:

|                               | For The Three Months Ended March 31, |                     |
|-------------------------------|--------------------------------------|---------------------|
|                               | 2025                                 | 2024                |
| Consulting expenses           | \$ 633,981                           | \$ 410,104          |
| Contract labor                | 613,340                              | 222,208             |
| Personnel expenses            | 1,946,816                            | 1,619,387           |
| Business development expenses | 119,610                              | 263,844             |
| Royalty expenses              | 225,320                              | 329,888             |
| Marketing expenses            | 334,378                              | 111,489             |
| Other expenses*               | 1,023,810                            | 1,039,764           |
| Total operating expenses      | <u>\$ 4,897,255</u>                  | <u>\$ 3,996,684</u> |

\* Other expenses is materially comprised of rent, insurance, stock-based compensation, depreciation and amortization, licenses, dues and subscriptions, travel and entertainment, and merchant fees.



## NOTE 18 – COMMITMENTS AND CONTINGENCIES

### *Legal Claims*

There are no material pending legal proceedings in which the Company or any of its subsidiaries is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of its voting securities, or security holder is a party adverse to the Company, or has a material interest adverse to the Company.

## NOTE 19 – CONCENTRATION OF CREDIT RISK

### *Cash Deposits*

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of March 31, 2025 and December 31, 2024, the Company had approximately \$11,244,000 and \$9,662,000, respectively, in excess of the FDIC insured limit.

## NOTE 20 – SUBSEQUENT EVENTS

### *Dividend Notes Payable*

On April 21, 2025, the Company entered into agreements with the holders of approximately \$3.9 million in outstanding notes payable (including accrued interest) originally issued in November 2022, including officers and directors of the Company, pursuant to which such note holders converted all outstanding amounts payable to such note holders into (i) 8,283,139 shares of the Company’s Class B common stock, with respect to \$2.6 million in principal and interest of such notes payable, and into (ii) 4,233,077 shares of Class A common stock, with respect to \$1.3 million in principal and interest of such notes payable, in each case at a conversion price of \$0.31204 per share, which was above the closing price of the Company’s Common Stock prior to conversion.

### *PIPE Convertible Notes*

On April 21, 2025, the Company agreed to cancel and rescind the conversion of \$300,000 of PIPE Convertible Notes, plus interest, as a result of such noteholder not being able to take possession of such conversion shares prior to the expiration of a DWAC deposit by our transfer agent with the Depository Trust Company.

On April 22, 2025, the Company entered into Exchange Agreements (the “Exchange Agreements” and each, an “Exchange Agreement”), by and among the Company and each of the Holders, pursuant to which each such Holder would exchange (i) the amounts remaining outstanding under the PIPE Convertible Notes and certain other amounts outstanding with respect thereto in the aggregate amount (the “Note Exchange”), and (ii) the PIPE Warrants. Pursuant to the Exchange Agreements, on the effective date of the Exchange Agreements, the PIPE Warrants were exchanged, in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended (the “Securities Act”), into an aggregate of 1,885 shares of the Company’s newly created Series A preferred stock (the “Series A Preferred Stock” and such Series A Preferred Stock to be issued in the exchange of the PIPE Warrants, the “Initial New Exchange Preferred Shares”, and such shares of Class A Common Stock (the “Common Stock”) issuable pursuant to the terms of the Certificate of Designations, including, without limitation, upon conversion or otherwise, collectively, the “Initial New Exchange Conversion Shares”), and (ii) a warrant to purchase up to 37,033 shares of Series A Preferred Stock.

The Note Exchange will occur on the Closing Date (as defined in the Exchange Agreements), whereby the amounts owing under the PIPE Convertible Notes will be exchanged into shares of the Company’s Series A Preferred Stock. From the date of the Exchange Agreements until the date of the Note Exchange, the conversion price of the PIPE Convertible Notes was reduced to \$1.00 per share.

Additionally, the Exchange Agreements amended the Prior Purchase Agreement and contained certain covenants of the Company to, among other items, hold one or more stockholder meetings no later than 90 days following the execution of the Exchange Agreements to approve the shares of the Company’s Common Stock issuable underlying the Series A Preferred Stock upon conversion in compliance with the rules and regulations of the Nasdaq Stock Market.

### *Issuance of Common Stock*

Subsequent to March 31, 2025, the Company issued an aggregate of 2,182,159 shares of Class A common stock with fair values ranging from \$0.221 - \$1.00 per share to PIPE Convertible Note holders in connection with the conversion of outstanding PIPE Convertible Notes, accrued interest, and make-good provisions.

On May 5, 2025, the Company issued 50,000 shares of Class A common stock with a fair value of \$0.284 per share to a PIPE Convertible Note holder in lieu of cash for accrued interest.

## GUARANTEE OF PERFORMANCE

For value received, TruGolf Holdings, Inc., a Delaware corporation (the “Guarantor”), located at 60 North 1400, West Centerville, Utah 84014, absolutely and unconditionally guarantees to assume the duties and obligations of TruGolf Links Franchising LLC, a Delaware limited liability company (the “Franchisor”), located at 60 North 1400 West Centerville, Utah 84014, under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of the Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and on its successors and assigns.

The Guarantor signs this guarantee at Centerville, Utah on the 27th day of May 2025.

Guarantor:

TRUGOLF HOLDINGS, INC.

By: *Chris Jones*  
Chris Jones (May 27, 2025 09:22 MDT)  
Name: Christopher Jones  
Title: CEO

**EXHIBIT C**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REGIONAL DEVELOPER AGREEMENT**



**TRUGOLF LINKS FRANCHISING, LLC**  
**REGIONAL DEVELOPER AGREEMENT**

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## **REGIONAL DEVELOPER AGREEMENT**

TruGolf Links Franchising, LLC (“Franchisor”) and the undersigned (the “Regional Developer”) enter into this Regional Developer Agreement (this “Agreement”) as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”).

### **RECITALS**

A. Franchisor, as the result of the expenditure of significant time, skill, effort, and money, has developed a distinctive and proprietary system (the “TruGolf Links System” or “System”) for:

(1) establishing and operating businesses that provide dedicated indoor facilities featuring indoor golf and recreational sports simulators, tournaments, family activities, a limited menu of food and beverage accommodations, and the retail sale of TruGolf home simulators and equipment (“TruGolf Links Services and Products”); and

(2) establishing and operating businesses that offer third parties the opportunity to:

(i) solicit franchises for TruGolf Links Centers (as defined below) to prospective franchisees on behalf of Franchisor;

(ii) provide ongoing support to TruGolf Links Centers; and

(iii) otherwise assist Franchisor in supporting TruGolf Links Centers and operating the TruGolf Links franchise network.

Collectively, this franchise opportunity is described as the “TruGolf Links Regional Developer Business” or “Regional Developer Business” and the services provided by the Regional Developer (including the Sales Services and Support Services described in Section 5.19 below) are described as the “Regional Developer Services.” The franchisees that have been assigned by Franchisor a designated area that is located within the RD Territory (defined below in Section 1.1.1), to and for whom Franchisor has authorized Regional Developer to provide the Regional Developer Services, and prospective Franchisees who will be assigned such designated areas, are defined collectively in this Agreement as the “RD Territory Franchisees.”

B. The distinguishing characteristics of the System include, among other things: one or more specially-designed indoor facilities; site selection and layout criteria; distinctive interior and exterior image, design, décor, signage, color scheme, and furnishings, trade dress elements; proprietary products; standards, specifications, policies, and procedures for construction and management; quality, distinctiveness, and uniformity of products and services; standards, specifications, policies, and procedures for operations; training and assistance; and advertising and promotional programs, all as more particularly described and designated in the Manuals (defined below) and all of which Franchisor may change, improve, and further develop at its option from time to time;

C. Franchisor identifies the System by means of certain licensed trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the mark “TruGolf Links” and such other trade names, service marks, and trademarks as are now designated (and may hereinafter be designated) by Franchisor in writing for use in connection with the System (the “Proprietary Marks”). Franchisor uses such Proprietary Marks in order to identify for the public the source of products and services marketed thereunder and under the System, and to represent the System’s high standards of cleanliness, quality, appearance, and service;

D. Franchisor is in the business of franchising others to operate (i) Centers that sell TruGolf Links Services and Products and other products and services that Franchisor designates under the System and the Proprietary Marks (each a “TruGolf Links Center”), and (ii) TruGolf Links Regional Developer Businesses;

E. Regional Developer desires to operate a TruGolf Links Regional Developer Business and to receive the training and other assistance provided by Franchisor in connection therewith; and

F. Regional Developer understands and acknowledges the importance of Franchisor’s high standards of cleanliness, quality, appearance, and service, and the necessity of operating the business franchised under this Agreement in conformity with Franchisor’s standards and specifications.

Now, therefore, in consideration of the foregoing and of the covenants contained in this Agreement, the parties agree as follows:

## **1. GRANT**

1.1. Grant of Rights. Upon the terms and conditions set forth in this Agreement, Franchisor hereby grants to Regional Developer the right, and Regional Developer accepts and undertakes the obligation, to: (a) establish and operate one (1) TruGolf Links Regional Developer Business within the RD Territory, pursuant to a separate RD Franchise Agreement (as defined below in Section 5.21); (b) to use, only in connection with the Regional Developer Business, the Proprietary Marks and the System, as they may be changed, improved, or further developed from time to time by Franchisor; and (c) and to do so only within the RD Territory for RD Territory Franchisees.

1.1.1. RD Territory. Regional Developer shall offer and provide the Regional Developer Services only to RD Territory Franchisees and only within the RD Territory. “RD Territory” shall mean the area described in Exhibit B. Except as otherwise described in this Agreement, for so long as Regional Developer is in full compliance with this Agreement, Franchisor will not, during the term of this Agreement, license other third parties to provide the Regional Developer Services to RD Territory Franchisees. Franchisor retains all other rights not expressly granted in this Agreement, including the right to grant franchises. For example, without obligation to Regional Developer, Franchisor, its affiliates, and any person or entity authorized by Franchisor may, among other things, and without any compensation or other recourse to Regional Developer, regardless of location (e.g., within and/or outside the RD Territory) or economic impact upon Regional Developer or the Regional Developer Business:

1.1.1.1. Advertise and promote the System within and/or outside the RD Territory;

1.1.1.2. License others to operate Regional Developer Businesses at any location outside the RD Territory, including at locations that are adjacent to the RD Territory;

1.1.1.3. Offer, sell, operate, and authorize or license others to operate, TruGolf Links Centers within and outside the RD Territory; provided, however that if Regional Developer is in full compliance with this Agreement and Franchisor desires to enter into a franchise agreement for the establishment and operation of a TruGolf Links Center at a physical premises located within the RD Territory (excluding any location that is an Alternative Point of Distribution, as defined in the then-current form of franchise agreement), Franchisor shall so notify Regional Developer and offer Regional Developer the right to execute Franchisor’s then-current form of franchise agreement therefor. Regional Developer shall notify Franchisor in writing, not later than ten (10) days after receipt of notice from Franchisor, informing Franchisor of Regional Developer’s desire to enter into Franchisor’s then-current form of franchise agreement therefor. Regional Developer’s failure to provide timely notice shall be deemed to

constitute an irrevocable rejection of the offer. If Regional Developer timely provides notice of its desire to enter into such franchise agreement, Regional Developer shall return to Franchisor a fully-executed copy thereof, and remit all initial fees payable thereunder, not later than thirty (30) days after Regional Developer's receipt of the above-described notice from Franchisor. Regional Developer's failure to return to Franchisor a fully-executed copy of the franchise agreement, and remit all initial fees payable thereunder, shall be deemed to constitute an irrevocable rejection of the offer;

1.1.1.4. Offer, sell, and provide any products or services (including directly providing Regional Developer Services to RD Territory Franchisees), under any marks (including the Proprietary Marks) within and outside the RD Territory to any party (including RD Territory Franchisees), and through any means;

1.1.1.5. Offer and sell, and authorize others to offer and sell, approved products and services, including those offered, sold, or used at the TruGolf Links Centers (such as simulators, equipment, paraphrenia, clothing, and other branded merchandise and memorabilia), under the Proprietary Marks or other marks at or from any location or through any channel of distribution (including, but not limited to, retail stores, infomercials, catalogs, the Internet, e-commerce, direct response marketing campaigns, or similar marketing channels or initiatives);

1.1.1.6. Develop or become associated with other concepts (including other franchise systems), whether or not using the System and/or the Proprietary Marks, and/or offer or sell franchises under such other concepts;

1.1.1.7. Acquire, be acquired by, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not) with outlets located anywhere and, even if such businesses are located in the RD Territory: (i) convert the other businesses to TruGolf Links Centers; (ii) permit the other businesses to continue to operate under another name; and/or (iii) permit the other businesses to operate under another name and convert existing TruGolf Links Centers to such other name; or

1.1.1.8. Engage in any other activity, action, or undertaking that Franchisor or its affiliates are not expressly prohibited from taking under this Agreement.

1.2. Support Center Premises. Regional Developer must obtain the right to occupy a physical Support Center premises within the RD Territory and shall obtain Franchisor's approval thereof no later than forty-five (45) days after the Effective Date, but in no event later than the Opening (defined in Section 5.2 below) of the Regional Developer Business. The Support Center premises must satisfy Franchisor's standards and specifications as described in the Manuals or otherwise described in writing. Provided there is sufficient space for the Support Center within the RD Center (as defined in Section 5.21) that satisfies Franchisor's standards and specifications, the Support Center may be located within the RD Center. Once approved by Franchisor, the location of the Support Center will be specified in Exhibit A. Regional Developer shall not change the location of the Support Center without notifying Franchisor and obtaining Franchisor's prior written consent to such change. Regional Developer must operate the Regional Developer Business only at and from the Support Center.

1.3. No Right to Subfranchise. Regional Developer may not subfranchise, sublicense, or relicense to others any right to use the System or the Proprietary Marks.



## 2. TERM

Except as otherwise provided herein and unless sooner terminated in accordance with the provisions hereof, the term of this Agreement shall commence on the Effective Date and expire on the date that is ten (10) years after the Effective Date. There is no right to a renewal or successor term. Regional Developer accepts this Agreement with the full and complete understanding that the grant of rights to operate a franchise hereunder is not a promise or assurance that Regional Developer will be granted a renewal or successor regional developer agreement. In the event the parties continue to perform under this Agreement after expiration of the term without executing a new agreement, this Agreement will be deemed to extend on a month-to-month basis and both parties will have the right to terminate (and prevent further extensions of) this Agreement upon at least thirty (30) days' written notice.

## 3. FEES AND PAYMENTS

3.1. RD Territory Fee. Upon execution of this Agreement, Regional Developer shall pay to Franchisor an initial franchise fee in an amount equal to Seventy-Five Thousand Dollars (\$75,000) plus Seven and 1/2 Cents (\$.075) for each person in excess of one million (1,000,000) in population residing in the RD Territory (based on 2020 U.S. Census Bureau figures). For example, if the RD Territory has a residential population of 1,150,000, the initial franchise fee would be \$86,250 (\$75,000 plus 150,000 x \$.075). The RD Territory Fee is fully earned and non-refundable in consideration of the administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to offer the rights to this franchise to others.

3.2. Payments on Behalf of Regional Developer Regional Developer shall pay to Franchisor, within fifteen (15) days of any written request by Franchisor which is accompanied by reasonable substantiating material, any monies which Franchisor has paid, or has become obligated to pay, on behalf of Regional Developer, by consent or otherwise under this Agreement.

3.3. No Refunds. Upon the expiration or termination of this Agreement, Franchisor shall not refund any amounts paid pursuant to this Agreement for any reason whatsoever.

3.4. Regional Developer's Compensation. During the term of this Agreement, so long as Regional Developer is in compliance with this Agreement, Franchisor shall pay Regional Developer, as compensation for the Regional Developer Services provided by Regional Developer, the Sales Services Compensation and Support Services Compensation on a monthly basis (except as otherwise described below) in the manner designated or prescribed by Franchisor, based on a portion of the fees collected from RD Territory Franchisees provided the relevant fees are received by Franchisor from RD Territory Franchisees:

3.4.1. Sales Services Compensation. If Regional Developer is solely responsible for the recruitment of an RD Territory Franchisee, Franchisor shall pay to Regional Developer compensation equal to fifty percent (50%) of the initial franchise fee ("Initial Franchise Fee") received by Franchisor from a RD Territory Franchisee that executes a franchise agreement ("Franchise Agreement") during the term of this Agreement for a TruGolf Links Center to be operated at and from a physical premises located in the RD Territory (each, a "Franchised Business") ("Sales Services Compensation"). Franchisor shall have the sole right to determine Regional Developer's Sales Services Compensation if more than one party (other than the third parties engaged by Franchisor as described above) has recruited the RD Territory Franchisee. For the avoidance of doubt, Regional Developer shall not be entitled to receive any Sales Services Compensation (i) if Regional Developer is not in current compliance with the Development Schedule, or (ii) for an RD Territory Franchisee who has, in Franchisor's determination, been recruited by Franchisor or a third party.

3.4.1.1. Sales Services Required Conditions. Franchisor's obligation to pay Regional Developer Sales Services Compensation is subject to the following conditions: (i) Regional Developer is the first to submit to Franchisor an application pertaining to the prospective RD Territory Franchisee, (ii) both Franchisor and the Applicant (defined in Section 5.19 below) sign the Franchise Agreement and the Applicant pays Franchisor the Initial Franchise Fee; (iii) the sale is for a new TruGolf Links Franchised Business, and is not a transfer or resale of an existing TruGolf Links Franchised Business, the renewal of a TruGolf Links Franchised Business, or the grant of a successor franchise agreement; (iv) Regional Developer uses Franchisor's contact management or business management system, or such other procedure(s) as Franchisor may prescribe in the Manuals or otherwise in writing, as applicable, to input, track, and maintain a detailed history of the communications and status of the Applicant's progress, and Regional Developer guides the Applicant through Franchisor's required sales process, which includes Regional Developer's autonomous management of the lead from receipt of the contact information through all of Franchisor's then-current sales process steps culminating in Regional Developer's collaboration with Franchisor to obtain a signed Franchise Agreement and payment of the applicable Initial Franchise Fee; (v) Franchisor has received and deposited the Initial Franchise Fee from the Applicant, there are no outstanding sale contingencies; and (vi) Regional Developer is in compliance with this Agreement.

3.4.2. Support Services Compensation. Franchisor shall pay to Regional Developer compensation equal to fifty percent (50%) of the royalty fees ("Franchise Royalty Fees") received by Franchisor during the term of the Agreement from every RD Territory Franchisee for services rendered by Regional Developer to those RD Territory Franchisees ("Support Services Compensation").

3.4.2.1. Support Services Required Conditions. Except as otherwise provided in this Agreement, Franchisor's obligation to pay Regional Developer Support Services Compensation is subject to the following conditions: (i) Regional Developer provides the Support Services as described in Section 5.19 of this Agreement and/or as otherwise designated or prescribed by Franchisor, and performs such Support Services to Franchisor's satisfaction; (ii) Regional Developer is in compliance with this Agreement; and (iii) Franchisor has collected and/or received the Franchise Royalty Fees from the RD Territory Franchisees.

3.5. All Fees Payable Directly to Franchisor. Regional Developer shall not solicit or accept fees payable under a Franchise Agreement between Franchisor and an RD Territory Franchisee. All such fees must be paid directly to Franchisor. If Regional Developer receives a payment from an RD Territory Franchisee, Regional Developer shall promptly remit the payment to Franchisor and notify the RD Territory Franchisee to direct all future payments to Franchisor. No remittance shall be payable by Franchisor to Regional Developer for any transfer or renewal fees paid to Franchisor by RD Territory Franchisees.

3.6. Franchisor's Right to Waive, Reduce, Defer, and Forgive Franchise Fees. Franchisor shall have the right, at Franchisor's sole option, to waive, reduce, defer, and forgive any fees and payments due or payable by RD Territory Franchisees to Franchisor or its affiliates, including Initial Franchise Fees, Franchise Royalty Fees, and training fees. Regional Developer agrees and acknowledges that Regional Developer shall not be entitled to any remuneration relating to such waived, reduced, deferred, or forgiven fees, unless and until such fees are, in fact, paid to Franchisor. Franchisor shall have no obligation to undertake any collection efforts in the case of unpaid fees. Franchisor shall have the right, at Franchisor's option, to (i) terminate any Franchise Agreement, (ii) acquire the assets of any RD Territory Franchisee (including the Franchise Agreement), (iii) acquire an ownership interest in any RD Territory Franchisee, (iv) disapprove the transfer of any TruGolf Links Franchised Business or an ownership interest in any RD Territory Franchisee, (v) refuse to renew a Franchise Agreement or to enter into a successor Franchise Agreement, and (vi) discontinue offering or granting franchises. Regional Developer shall have no right to remuneration of any kind therefor.

3.7. Franchisor's Right to Withhold Payments to Regional Developer. Franchisor shall have the right, at Franchisor's option, to withhold all or any part of any payment described in this Section 3.7 to Regional Developer if Regional Developer fails to provide the services described in Section 5 to Franchisor's satisfaction or as an offset against any amount Regional Developer owes Franchisor under this Agreement or any related agreement. In addition, Regional Developer is not entitled to receive or earn Sales Services Compensation and/or Support Services Compensation at any time that Regional Developer is in uncured default of a noticed default of this Agreement.

3.8. Technology Fee. Regional Developer must pay Franchisor a monthly technology fee ("Technology Fee") in its then-current amount for access to and/or use of technology systems, services, platforms, and software that Franchisor requires Regional Developer to obtain or access through Franchisor, as Franchisor deems necessary and advisable in its sole determination, which may include, for example, licenses, subscriptions, development, maintenance, and/or access to Franchisor's franchise sales management CRM platform and a TruGolf Links email address. Franchisor reserves the right to change, add to, remove from, or substitute the types, nature, and ultimate vendor of technology systems, services, platforms, and software that Regional Developer must obtain or access through Franchisor. Franchisor may increase or otherwise change the amount of the Technology Fee upon prior written notice to Regional Developer, including upon changes in the technology systems, services, platforms, and software that Regional Developer must obtain or access through or from Franchisor or changes in Franchisor's costs regarding such technology systems, services, platforms, and software.

3.9. Franchisor's Right to Allocate. If there is a dispute between Regional Developer and another regional developer, or if more than one party is responsible for recruiting or providing any of the services described in this Agreement to an RD Territory Franchisee in the RD Territory, Franchisor shall have the right, in its sole judgment, to determine the share or allocation of fees for the provision of those services.

#### **4. SERVICES BY FRANCHISOR**

4.1. Initial and Ongoing Assistance. Prior to the Opening of the Regional Developer Business (defined below in Section 5.2), Franchisor shall provide to Regional Developer, its Operating Principal (as defined in Section 5.15.4.1 below), and to such of Regional Developer's other employees of which Franchisor shall approve for training, such training programs as Franchisor may designate, to be conducted at such time(s) and location(s) designated by Franchisor. Franchisor shall also provide such ongoing training as it may, from time to time, deem appropriate. Franchisor shall be responsible for the cost of instruction and materials, subject to the terms set forth in Section 5.3.4 below.

4.2. Opening Assistance. Franchisor will provide such pre-opening assistance to Regional Developer as Franchisor deems advisable. The date, time, and nature of the pre-opening support will be determined by Franchisor at its sole option.

4.3. Manuals. Franchisor shall loan or otherwise provide Regional Developer access to Franchisor's confidential Brand Standards Manual and other manuals (the "Manuals"), which may be revised from Franchisor from time to time.

4.4. Merchandising and Marketing Advice. Franchisor shall provide Regional Developer such merchandising, marketing, and other related advice as Franchisor deems advisable and as Franchisor may develop from time to time.

4.5. Ongoing Assistance. Franchisor shall provide such periodic individual or group advice, consultation, and assistance, rendered by personal visit, telephone, mail, or e-mail, and made available from time to time as Franchisor deems advisable at the time(s) and in the manner determined by Franchisor.

4.6. Bulletins and Reports. Franchisor shall provide Regional Developer such bulletins, intranet information, brochures, and reports published by Franchisor from time to time as Franchisor deems advisable regarding its plans, policies, research, developments, and activities.

4.7. Computer System. Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, hardware, and software used by, between, or among TruGolf Links Centers, including: (a) back office and contact management or business management systems, franchise sales management CRM platform, client systems, data, audio, video, and voice storage, retrieval, and transmission systems for use in the Regional Developer Business, between or among TruGolf Links Centers, and between and among the Regional Developer Business and Franchisor and/or Regional Developer; (b) printers and other peripheral devices; (c) archival back-up systems; (d) e-mail systems; and (e) Internet access mode and speed (collectively, the “Computer System”).

4.8. Inspection. Franchisor shall have the right to inspect the Computer Systems and records and reports of the Regional Developer Business prior to the Opening of the Regional Developer Business and periodically throughout the term of the Agreement as described in Section 7.4 below. Regional Developer shall not commence operation of the Regional Developer Business without Franchisor’s prior written approval.

4.9. Delegation of Duties. Regional Developer acknowledges and agrees that any designee (including Regional Developer or another regional developer designated by Franchisor), employee, or agent of Franchisor may perform any duty or obligation imposed on or available to Franchisor by this Agreement, as Franchisor may direct.

## **5. OBLIGATIONS OF REGIONAL DEVELOPER; OPERATIONAL STANDARDS**

5.1. System Standards and Development of the Regional Developer Business. Regional Developer understands and acknowledges that every detail of the Regional Developer Business is important to Regional Developer, Franchisor, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the TruGolf Links brand, products, and services, and to protect Franchisor’s reputation and goodwill.

5.2. Regional Developer Business Opening. Regional Developer shall open the Regional Developer Business according to the requirements contained herein, no later than one hundred eighty (180) days after the Effective Date. “Opening” as defined in this Agreement means the date on which Regional Developer offers Regional Developer Services to RD Territory Franchisees. In connection with the Opening of the Regional Developer Business:

5.2.1. Regional Developer shall not open the Regional Developer Business for business without first complying with all of Franchisor’s pre-opening requirements and obligations contained in this Agreement and the Manuals, and obtaining Franchisor’s prior written consent.

5.2.2. Regional Developer shall not open the Regional Developer Business for business until on or after the date the Support Center opens. Regional Developer must open the Support Center within one hundred eighty (180) days after the Effective Date

5.2.3. Regional Developer shall not open the Regional Developer Business until or Regional Developer's Operating Principal and General Manager have successfully completed all training required by Franchisor, and Regional Developer has hired and trained to Franchisor's standards a sufficient number of employees to service the anticipated level of the RD Territory Franchisees in the RD Territory.

5.2.4. Regional Developer shall not open the Regional Developer Business until all amounts due to Franchisor under this Agreement or any other related agreements have been paid.

5.3. Training. Regional Developer acknowledges that its owners and manager(s) must be knowledgeable regarding the operation of TruGolf Links Centers, including the provision of client service in accordance with the brand standards established by Franchisor, which may be modified by Franchisor from time to time. Regional Developer acknowledges that successful completion of Franchisor's training programs by Regional Developer's owners and managers is critical to properly own, operate and manage the Regional Developer Business. Regional Developer's employees must be covered by Regional Developer's workers' compensation insurance policy prior to commencing training with Franchisor, and Regional Developer must provide evidence of such coverage if requested by Franchisor. Prior to the Opening of the Regional Developer Business, Regional Developer's Operating Principal and General Manager shall attend and successfully complete, to Franchisor's satisfaction, the initial training program offered by Franchisor (the "Initial Training Program") no later than thirty (30) days after Regional Developer executes a lease for the Support Center and prior to Opening under Section 5.2. There is no fee for two attendees to attend the Initial Training Program. Franchisor may permit additional individuals to attend some or all of the initial training program, at Franchisor's option and upon payment of Franchisor's then-current training fee. All individuals who complete Franchisor's Initial Training Program are "Regional Developer's Principal Trainees". Initial training may require Regional Developer's Principal Trainees to successfully complete all examinations and tests administered by Franchisor. The training programs, including the Initial Training Program, shall be conducted at facilities designated by Franchisor, which may include company-owned TruGolf Links Centers, TruGolf Links Centers owned and operated by other franchisees, and other facilities. Regional Developer and/or its applicable personnel must successfully complete Franchisor's training program and receive Franchisor's certification. Failure to complete the Initial Training Program in accordance with this Section 5.3 may result in termination of this Agreement.

5.3.1. Operating Principal and General Manager. All aspects of the Regional Developer Business shall be conducted under the management and supervision of the Operating Principal. In addition, the daily operations of the Regional Developer Business shall be supervised under the active full-time management of the Operating Principal or General Manager who has successfully completed (to Franchisor's satisfaction) the Initial Training Program. If the Operating Principal or the General Manager cease active management of or employment at the Regional Developer Business, Regional Developer shall enroll a qualified replacement (who shall be reasonably acceptable to Franchisor) in the Initial Training Program not more than thirty (30) days after the cessation of the former person's full-time employment and/or management responsibilities. The replacement shall attend and successfully complete the Initial Training Program, to Franchisor's reasonable satisfaction, as soon as it is practical to do so. Regional Developer shall pay Franchisor's then-current training fees and per diem expenses.

5.3.2. Ongoing Training. The Regional Developer's Principal Trainees may also be required to attend such ongoing, additional, or refresher courses, seminars, and other training programs as Franchisor may reasonably specify from time to time, including up to ten (10) days of ongoing training or refresher training programs each year during the term of the Agreement. In addition, such of the Regional Developer's Principal Trainees as Franchisor may require may be required to attend Franchisor's annual convention for up to three (3) days per year, at Regional Developer's expense.

5.3.3. Annual Convention. If Franchisor elects to hold an annual convention, Regional Developer's Operating Principal (and any other designated Principal Trainees) shall attend Franchisor's annual convention, and attend the annual convention at Regional Developer's expense. Regional Developer shall be responsible for Regional Developer and any approved attendees' costs and expenses to attend the convention, including transportation, meals, and lodging. Franchisor reserves the right to charge a registration fee for franchisees to attend the annual conference in the future.

5.3.4. Training Costs. The cost of all initial training instruction and required materials shall be borne by Franchisor. All other expenses incurred in connection with training or attendance at any Franchisor's annual convention, including the costs of transportation, lodging, meals, wages, workers' compensation insurance, and trainees' meals during training sessions, for Regional Developer, its investors, and all of its employees, shall be borne by Regional Developer.

5.4. Hours of Operation. Regional Developer shall keep the Regional Developer Business open and in normal operation for such hours and days as Franchisor may from time to time specify in the Manuals or as Franchisor may otherwise approve in writing

5.5. Personnel. Regional Developer agrees to maintain a competent, conscientious, trained staff in numbers sufficient to promptly service RD Territory Franchisees and solicit prospective franchisees, including at least one (1) manager on duty at all times and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe. Regional Developer shall comply with all applicable employment, personnel, and wage and hour laws and regulations. Regional Developer is solely responsible for all employment and personnel decisions and functions of the Regional Developer Business, including those related to hiring, firing, training, compliance with wage and hour requirements, personnel policies, scheduling, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether Regional Developer receives advice from Franchisor on these subjects. Regional Developer acknowledges and agrees that all employment and personnel decisions, including hiring, firing, disciplining, compensation, benefits, and scheduling, shall be made by Regional Developer, without any influence from Franchisor, and such decisions and actions shall not be, nor be deemed to be, a decision or action of Franchisor. Further, it is the intention of the parties to this Agreement that Franchisor shall not be deemed an employer or joint employer of Regional Developer or Regional Developer's employees for any reason. Regional Developer is solely responsible for ensuring its managers and employees are adequately trained and supervised.

5.6. Standards and Specifications. To ensure that the highest degree of quality and service is maintained, Regional Developer shall operate the Regional Developer Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Regional Developer agrees:

5.6.1. To provide only and all Regional Developer Services as have been expressly approved in writing by Franchisor; to provide all Regional Developer Services as specified by Franchisor; to provide Regional Developer Services only to RD Territory Franchisees; to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue providing any Regional Developer Services which Franchisor shall have the right to disapprove, in writing, at any time.

5.6.2. To offer and provide at all times only such services as conform to Franchisor's written standards and specifications, and to refrain from deviating therefrom by the use or offer of any non-conforming items without Franchisor's specific prior written consent.

5.7. **Suppliers.** Regional Developer shall purchase, lease, or license and install at the Support Center and/or otherwise use in connection with the Regional Developer Business all equipment (including the Computer System, projectors, screens, and physical, electronic, and other security systems), products, supplies, services, and materials used in the Regional Developer Business solely from suppliers that Franchisor has approved in writing, which may be Franchisor or its affiliate. In determining whether it will approve any particular supplier, Franchisor shall consider various factors, including whether the supplier is an entity: who can demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then-current standards and specifications for such items; who possesses adequate quality controls and capacity to supply Regional Developer's needs promptly and reliably; who would enable the system, in Franchisor's sole opinion, to take advantage of marketplace efficiencies; and who has been approved in writing by Franchisor prior to any purchases by Regional Developer from any such supplier, and have not thereafter been disapproved. For the purpose of this Agreement, the term "supplier" shall include, but not be limited to, service providers, manufacturers, distributors, resellers, and other vendors. Regional Developer recognizes that Franchisor shall have the right to appoint only one manufacturer, distributor, reseller, and/or other vendor for any particular service or product, and that Franchisor may so designate itself or its affiliate. For any services or products that Franchisor deems to be proprietary to the System, Franchisor reserves the right to designate one (1) supplier, which supplier may be Franchisor or an affiliate.

5.7.1. If Regional Developer wishes to purchase any services or products or any other items from an unapproved supplier, Regional Developer shall first submit to Franchisor a written request for such approval. Regional Developer shall not purchase any services or products from any supplier until, and unless, such supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by Regional Developer or the supplier. Franchisor may also require that the supplier comply with such other requirements as Franchisor may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to Franchisor by the supplier on account of their dealings with Regional Developer or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that Franchisor may render to such suppliers. Franchisor reserves the right, at its option, to reinspect from time to time the facilities, services, and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria.

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

5.7.3. Notwithstanding anything to the contrary contained in this Agreement, Regional Developer acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some Regional Developer Businesses with some or all of the equipment, products, and services that Franchisor requires for use and/or sale in the development and/or operation of Regional Developer Businesses. Such suppliers may be affiliates of Franchisor. In this event, Franchisor may limit the number of approved suppliers with whom Regional Developer may deal, designate sources that Regional Developer must use for some or all equipment, services, and products, and/or refuse any of Regional Developer's requests if Franchisor believes that this action is in the best interests of the System or the network of Regional Developer Businesses or TruGolf Links Centers. Franchisor shall have the sole option to approve or disapprove of the suppliers who may be permitted to sell equipment, services, and products to Regional Developer.

5.7.4. Regional Developer shall comply with all terms, conditions, and obligations of all contracts and arrangements with suppliers, including contracts and arrangements negotiated by Franchisor or third parties as part of a network or multiple-franchise or multiple-TruGolf Links Franchised Business supply and distribution arrangement, and Regional Developer's contracts with and obligations to suppliers. Regional Developer shall promptly pay all suppliers in accordance with the agreed-upon terms. In the event Regional Developer fails to promptly pay one or more suppliers as required, Franchisor may, but is not required to, pay such supplier(s) on behalf of Regional Developer, and Regional Developer shall promptly reimburse Franchisor for such payment following notice from Franchisor.

5.7.5. Regional Developer acknowledges and agrees that all functions of the Regional Developer Business shall be provided by Regional Developer or Regional Developer's employees.

5.8. Inspections. Regional Developer grants Franchisor and its agents the right to enter upon the Regional Developer's business premises at any time for the purpose of conducting inspections, for among other purposes, preserving validity of the Proprietary Marks and verifying Franchisee's compliance with this Agreement and the policies and procedures outlined in the Manuals. Regional Developer shall cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, Regional Developer shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Regional Developer shall reimburse Franchisor for all of Franchisor's costs and expenses, including labor and travel expenses, incurred in conducting all such follow-up inspections after the first follow-up inspection. Regional Developer shall make such payments within fifteen (15) days of receipt of an invoice from Franchisor.

5.9. Technology and Computer System. At Franchisor's request, Regional Developer must purchase, lease, license, and/or subscribe to solely from suppliers that Franchisor has approved in writing, which may be Franchisor or its affiliate, and thereafter maintain, the Computer System, and comply with Franchisor's requirements, specifications, and policies concerning the use of technology, as they may be specified in this Agreement, or specified or modified in the Manuals or otherwise in writing. Regional Developer must pay the then-current Technology Fee in connection with any aspects of the Computer System or related technology systems, services, platforms, and software that Franchisor requires Regional Developer to obtain from or access through Franchisor.

5.9.1. Franchisor shall have the right at any time to retrieve and use such data and information from Regional Developer's Computer System that Franchisor deems necessary or desirable. In view of the contemplated interconnection of computer systems and the necessity that such systems be compatible with each other, Regional Developer expressly agrees that it shall strictly comply with Franchisor's standards and specifications for all item(s) associated with the Computer System, and will otherwise operate the Computer System in accordance with Franchisor's standards and specifications. To ensure full operational efficiency and optimum communication capability between and among equipment and computer systems installed by Regional Developer, Franchisor, and other regional developers and franchisees, Regional Developer agrees, at its expense, that Regional Developer shall keep its Computer System in good maintenance and repair, and, at its expense, and following the determination that Franchisor shall have the right to make, to the effect that same will prove economically or otherwise beneficial to all System franchisees, that Regional Developer shall promptly install such additions, changes, modifications, substitutions and/or replacement to Regional Developer's computer hardware, software, telephone, and power lines, and other related facilities, as Franchisor directs periodically in writing. Regional Developer shall provide to Franchisor, upon Franchisor's request, all e-mail lists and customer lists used or maintained by Regional Developer on the Computer System or elsewhere.



5.9.2. Franchisor has the right, but not the obligation, to develop or have developed for it, or to designate, any or all of the following: (a) computer software programs and accounting system software that Regional Developer must use in connection with the Computer System (“Required Software”), which Regional Developer must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Regional Developer must install; (c) the tangible media upon which such Regional Developer must record or receive data; (d) the database file structure of Regional Developer’s Computer System; and (e) an Extranet for informational assistance, which may include the Manuals, training other assistance materials, and management reporting solutions.

5.9.3. Regional Developer agrees to install and use the Computer System and Required Software in the manner that Franchisor requires and to use only the Computer System and Required Software that Franchisor designates.

5.9.4. Regional Developer agrees to implement and periodically upgrade and make other changes to the Computer System and Required Software as Franchisor may reasonably request in writing (collectively, “Computer Upgrades”), at Regional Developer’s own expense.

5.9.5. Regional Developer agrees to comply with Franchisor’s written specifications (whether in the Manuals or otherwise) with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at Regional Developer’s own expense.

5.9.6. Regional Developer agrees to afford Franchisor unimpeded access to its Computer System and Required Software in the manner, form, and at the times that Franchisor requests.

5.9.7. Because changes to technology are dynamic and not predictable during the term of this Agreement, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, Regional Developer agrees: (a) that Franchisor will have the right to establish, in writing, reasonable new standards to address new technologies, whether published in the Manuals or otherwise in writing, and that Franchisor has the right to implement those changes in technology into the System; and (b) to abide by Franchisor’s reasonable new standards as if this Section 5.9, and other technology provisions in this Agreement, were periodically revised for that purpose.

5.10. RD Territory Franchisee and Customer Data. Regional Developer agrees that all data that it collects from RD Territory Franchisees and RD Territory Franchisees’ customers in connection with the Regional Developer Business (“RD Territory Franchisee and Customer Data”) is deemed to be owned exclusively by Franchisor. Regional Developer has the right to use RD Territory Franchisee and Customer Data while this Agreement or a successor or renewal Regional Developer Agreement is in effect, but only in connection with operating the Regional Developer Business and only in accordance with the policies that Franchisor establishes from time to time. Regional Developer may not sell, transfer, or use RD Territory Franchisee and Customer Data for any purpose other than operating the Regional Developer Business and marketing the TruGolf Links brand’s products and services. However, if Regional Developer Transfers the Regional Developer Business (as provided in Section 12.3 below), as part of the Transfer, Regional Developer must also Transfer use of the RD Territory Franchisee and Customer Data to the buyer as part of the total purchase price paid for the Regional Developer Business. Regional Developer must secure from its vendors, customers, prospective customers, and others all consents and authorizations, and provide them all disclosures, that applicable law (including any Applicable Data Protection Laws) requires to transmit the Customer Data to Franchisor and its affiliates and for Franchisor and its affiliates to use that Customer Data in the manner that this Agreement contemplates.

5.11. Data Protection Obligations. For purposes of this Section 5.11, “Personal Information” means information that identifies, relates to, or could reasonably be linked to individuals, including but not

limited to, Regional Developer's customers, employees, independent contractors, and business contacts, and/or otherwise including particular elements of "personal information" as defined under Cal. Civ. Code § 1798.140.

5.11.1. Regional Developer acknowledges and agrees that it will collect, process, and otherwise use Personal Information, and transfer Personal Information to Franchisor, in compliance with all applicable laws, rules, and regulations applicable to privacy and security of Personal Information, including, but not limited to, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act ("Applicable Data Protection Laws"). Regional Developer agrees to hold Franchisor and its affiliates harmless of any liability and losses and expenses incurred, suffered or sustained by Franchisor and its affiliates, shareholders, officers, directors, employees and agents, as a result of Regional Developer's non-compliance with Applicable Data Protection Laws.

5.11.2. Regional Developer agrees to comply with Franchisor's standards and policies pertaining to Applicable Data Protection Laws. If there is a conflict between Franchisor's standards and policies pertaining to Applicable Data Protection Laws and actual applicable law, Regional Developer shall: (i) comply with the requirements of applicable law; (ii) immediately give Franchisor written notice of said conflict; and (iii) promptly and fully cooperate with Franchisor and its counsel in determining the most effective way, if possible, to meet its standards and policies pertaining to Applicable Data Protection Laws within the bounds of applicable law. Regional Developer agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

5.11.3. With regard to Personal Information that Regional Developer may collect, receive, or otherwise process as a result of any agreements between Regional Developer and Franchisor (or its subsidiaries or affiliates), including this Agreement, Regional Developer agrees and certifies that it will:

5.11.3.1. Process Personal Information only for the limited and specified purposes of providing services requested by Franchisor.

5.11.3.2. Assist Franchisor with the resolution of any request or inquiries that Franchisor receives from individuals and/or data protection regulators relating to Regional Developer's processing of Personal Information and, if and to the extent requested by Franchisor, cooperate with any regulators' requests.

5.11.3.3. Implement and maintain reasonable and appropriate physical, technical, and administrative safeguards, procedures, and practices to protect and maintain the confidentiality, security, accuracy, integrity, availability, and authenticity of Personal Information.

5.11.3.4. Notify Franchisor, and provide Franchisor with the ability to object, before transmitting Personal Information to a service provider, sub-processor, subcontractor, or other vendor.

5.11.3.5. Require any service provider, sub-processor, subcontractor, or other vendor that receives Personal Information to agree to provisions similar to those found within this Section 5.11.

5.11.3.6. Notify Franchisor if it believes that it can no longer meet the obligations of this Section 5.11.

5.11.3.7. Allow and contribute to reasonable audits by Franchisor, including inspections by the Franchisor or its auditor, to verify Regional Developer's compliance with data processing and security obligations and Applicable Data Protection Laws.

5.11.4. For purposes of this Section 5.11, "Security Incident" means any actual or reasonably suspected unauthorized disclosure, release, access, or acquisition of Personal Information. In the event of any Security Incident, Regional Developer shall notify Franchisor immediately but no later than forty-eight (48) hours after Regional Developer or any of its vendors become aware of a Security Incident. Such notifications shall include, at a minimum, the following information to the extent known by Regional Developer and as it becomes available: (i) detailed description of the Security Incident, (ii) the date or estimated date of the Security Incident, (iii) the date range of the Security Incident within which the Security Incident occurred, (iv) the type of Personal Information that was the subject of the Security Incident, whether the notification was delayed as a result of a law enforcement investigation, and (v) the identity of each impacted individual. Regional Developer shall take immediate action to investigate the Security Incident and shall use industry standard, reasonable efforts to mitigate the effects of any such Security Incident. Regional Developer shall also provide Franchisor with reasonable assistance to satisfy any legal obligations (including obligations to notify impacted individuals and any data protection regulator) of Franchisor in relation to such Security Incident.

5.11.5. To the extent Regional Developer's activities require a restricted transfer (as such term is defined under Applicable Data Protection Laws) of Personal Information to Franchisor, such restricted transfer shall be undertaken pursuant to a legal mechanism for transfer as approved under Applicable Data Protection Laws (which legal mechanism may include, without limitation, the entry into standard contract clauses for restricted transfers).

5.11.6. Regional Developer further agrees and certifies that it will not:

5.11.6.1. Sell, rent, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, Personal Information to another business or a third party for monetary or other valuable consideration.

5.11.6.2. Retain, use, disclose, collect, sell, or otherwise process Personal Information for any purpose other than for the specific purpose of, and as necessary for, performing services for Franchisor pursuant to a written agreement(s). For clarity, Regional Developer may not retain, use, or disclose the Personal Information for any other commercial purposes or outside of the direct business relationship between Regional Developer and Franchisor.

5.11.6.3. Combine the Personal Information that it receives from Franchisor with the Personal Information that it receives from another company or business (or that it collects from its own interaction with individuals), except if expressly permitted to do so by Franchisor or required to do so by law.

5.11.6.4. Share, rent, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, Personal Information for the purpose of cross-context behavioral advertising.

5.11.7. This Section 5.11 will survive expiration or termination of this Agreement and any other agreement(s) that may exist between Regional Developer and Franchisor (or its subsidiaries or affiliates). Existing terms in such agreement(s) remain in effect except that this Section 5.11 controls in the event of a conflict with such terms. In the event of a breach of this Section 5.11, Franchisor may take reasonable and appropriate steps to stop and remediate the unauthorized use by Regional Developer of

Personal Information. Regional Developer will make available to Franchisor all information requested by Franchisor to demonstrate Regional Developer's compliance with the obligations set out in this Section 5.11.

5.12. Website. Franchisor will maintain a Website for the benefit of Franchisor, its franchisees, and the TruGolf Links brand and System. Regional Developer shall not establish a Website or permit any other party to establish a Website that relates in any manner to the Regional Developer Business or refers to the Proprietary Marks without Franchisor's prior written consent. Franchisor has the right, but not the obligation, to provide one or more references or webpage(s) to Regional Developer's Regional Developer Business, as Franchisor may periodically designate, within Franchisor's Website. (The term "Website" as used in this Agreement means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, social networking sites (including Facebook, X (formerly known as Twitter), LinkedIn, Instagram, YouTube, etc.), blogs, vlogs, and other applications, etc.). Regional Developer agrees, if Franchisor so requires, to establish, maintain, and update a Website other than or in addition to the TruGolf Links Website for the Regional Developer Business, and/or to engage the supplier(s) that Franchisor may, at its option, designate to establish, maintain, and update such Website on Regional Developer's behalf. If Franchisor approves in writing a request for Regional Developer to use a Website, or if Franchisor instructs Regional Developer to establish and maintain a Website for the Regional Developer Business, then Franchisor shall have the right to require that Regional Developer meet any or all of the following requirements (but this provision is not meant to imply that Franchisor is obligated to permit Regional Developer to have its own Website):

5.12.1. Regional Developer agrees that any Website that is maintained for Regional Developer's benefit or that Regional Developer owns will be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's prior written approval pursuant to Section 6 below.

5.12.2. Regional Developer agrees not to use or modify any such Website without Franchisor's prior written approval as to such proposed use or modification.

5.12.3. Regional Developer agrees, in addition to any other applicable requirements, to comply with Franchisor's written standards and specifications for Websites, whether set forth in the Manuals or otherwise.

5.12.4. Regional Developer shall sign any agreements that Franchisor may require in connection with the Website.

5.13. E-Mail, Internet, and Other Media. Regional Developer must comply with Franchisor's requirements and policies (as described in the Manuals or otherwise in writing) with respect to the transmission of all e-mails and other electronic messages in connection with the Regional Developer Business and the business, and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, or in any other media, regarding the Regional Developer Business and the business. Such activities include participation in any Internet "blogs" or social networking sites. Any such activities which are not expressly permitted in the Manuals or otherwise in writing, or for which Regional Developer has not previously received approval from Franchisor, shall be subject to Franchisor's approval as described in Section 6 below.

5.13.1. Regional Developer agrees that exchanging information with Franchisor by e-mail is an important way to enable quick, effective, and efficient communication, and that Franchisor and Regional Developer are entitled to rely upon each other's use of e-mail for communicating as part of the economic bargain underlying this Agreement. To facilitate the use of e-mail to exchange information, Regional Developer authorizes the transmission of e-mail by Franchisor and Franchisor's employees,

vendors, and affiliates (on matters pertaining to the business contemplated hereunder) (together, “Official Senders”) to Regional Developer and Regional Developer’s employees during the term of this Agreement. Franchisor’s list of Official Senders shall be the master and official list of Official Senders.

5.13.2. Regional Developer agrees not to transmit or cause any other party to transmit advertisements or solicitations by telephone, text, e-mail, or other electronic media without Franchisor’s prior written consent as to: (a) the content of such advertisements or solicitations; and (b) Regional Developer’s plan for transmitting such advertisements or solicitations. Franchisor’s review of Regional Developer’s advertisements or solicitations, or of Regional Developer’s plan for transmitting such advertisements or solicitations, is only for Franchisor’s benefit and Franchisor’s review will pertain to whether the proposed advertisements or solicitations comply with Franchisor’s specifications. Regional Developer agrees that it will be solely responsible for complying with any laws pertaining to sending such advertisements and solicitations, including the Controlling the Assault of Non-Solicited Pornography and Proprietary Marketing Act of 2003 (known as the “CAN-SPAM Act of 2003”) and the Telephone Consumer Protection Act of 1991.

5.13.3. Regional Developer agrees that: (a) Official Senders are authorized to send e-mails, other electronic messages, and faxes to Regional Developer and its employees; (b) Regional Developer will cause its officers, directors, and employees (as a condition of their employment or position with Regional Developer) to give their consent (in an e-mail, electronically, or in a pen-and-paper writing, as Franchisor may reasonably require) to Official Senders’ transmission of e-mails, other electronic messages, and faxes to those persons, and that such persons shall not opt-out, or otherwise ask to no longer receive e-mails, other electronic messages, and/or faxes, from Official Senders during the time that such person works for or is affiliated with Regional Developer; and (c) Regional Developer will not opt-out, or otherwise ask to no longer receive e-mails, other electronic messages, and/or faxes, from Official Senders during the term of this Agreement

5.13.4. The consent given above in this Section 5.13 will not apply to the provision of formal notices under this Agreement by either party using e-mail unless and until the parties have otherwise agreed, in a pen-and-paper writing that both parties have signed.

5.14. Compliance with Laws and Good Business Practices. Regional Developer shall operate the Regional Developer Business in full compliance, subject to its right to contest, with all applicable laws, ordinances, and regulations, including all government regulations relating to occupational hazards and health, workers’ compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales taxes. All advertising and promotion by Regional Developer shall be factually accurate and conform to the highest standards of ethical advertising. Regional Developer shall in all dealings with RD Territory Franchisees, suppliers, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct, and shall comply with all consumer protection and unfair competition laws and regulations. Regional Developer shall refrain from any business or advertising practice that may be injurious to the business of Franchisor and the goodwill associated with the Proprietary Marks, brand, and other regional developers and franchisees.

5.15. Regional Developer Structure; Operating Principal and Owners.

5.15.1. Except as otherwise approved in writing by Franchisor, if Regional Developer is a corporation, it shall: (i) be newly organized, and confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Regional Developer Business; (ii) furnish Franchisor with a copy of its articles or certificates of incorporation and bylaws, as well as such other documents as Franchisor may reasonably request, and any amendment thereto; (iii) maintain stop transfer instructions on its records against the transfer of any equity securities and shall only

issue securities upon the face of which a legend, in a form satisfactory to Franchisor, appears which references the transfer restrictions imposed by this Agreement; (iv) not issue any voting securities or securities convertible into voting securities; and (v) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Regional Developer and furnish the list to Franchisor upon request, which list shall be amended to reflect changes in ownership, as permitted under this Agreement.

5.15.2. If Regional Developer is a partnership or limited liability partnership, it shall: (i) be newly organized, and confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Regional Developer Business; (ii) furnish Franchisor with its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto; (iii) prepare and furnish to Franchisor, upon request, a current list of all general and limited partners in Regional Developer, which list shall be amended to reflect changes in ownership, as permitted under this Agreement; and (iv) maintain stop transfer instructions on its records and in its partnership agreement against the transfer of partnership interests and equity securities, and shall only issue securities or partnership interests with documentation which bears a notice or legend, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement.

5.15.3. If Regional Developer is a limited liability company, Regional Developer shall: (i) be newly organized, and confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Regional Developer Business; (ii) furnish Franchisor with a copy of its articles of organization and operating agreement, as well as such other documents as Franchisor may reasonably request, and any amendments thereto; (iii) prepare and furnish to Franchisor, upon request, a current list of all members and managers in Regional Developer, which list shall be amended to reflect changes in ownership, as permitted under this Agreement; and (iv) maintain stop transfer instructions on its records against the transfer of equity securities and shall only issue securities upon the face of which bear a legend, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement.

5.15.4. Regional Developer shall designate, subject to the review and approval or disapproval by Franchisor, individuals to serve in the following positions:

5.15.4.1. Operating Principal. An Operating Principal shall participate personally in the direct operation of the Regional Developer Business. Regional Developer shall notify Franchisor promptly if the individual serving as the Operating Principal for the Regional Developer Business no longer serves as an employee of Regional Developer or no longer meets the requirements of being an Operating Principal for the Regional Developer Business. “Operating Principal” shall mean an individual who: (1) has completed Franchisor’s required training program, (2) Franchisor has approved to supervise the day-to-day operations of the Regional Developer Business, and (3) owns at least five percent (5%) of the equity interest in Regional Developer.

5.15.4.2. Owners. An “owner” is any person that has any direct or indirect interest in Regional Developer, or in any entity that has any direct or indirect ownership interest in Regional Developer. All owners, along with their ownership interests, shall be identified in Exhibit D hereto, and any change in ownership, whether subject to Section 12.3 or not, shall be provided to Franchisor, in advance and in writing, and Exhibit D shall be amended to reflect all changes in ownership.

5.15.4.3. General Manager. Regional Developer shall designate a Regional Developer Business general manager, subject to approval by Franchisor, and satisfactory completion of Franchisor’s training programs, who shall be responsible for the direct oversight and management of the day-to-day operations and personnel at the Regional Developer Business (the “General Manager”). The

General Manager and the Operating Principal may be the same person, if he/she is qualified to perform both roles and duties, and is approved by Franchisor.

5.16. Personal Guarantee, Indemnification, and Acknowledgement. Concurrent with its execution of this Agreement, each owner shall execute the Guarantee, Indemnification, and Acknowledgement in the form attached to this Agreement as Exhibit E; provided, however, that no guarantee shall be required from a person who acquires Regional Developer's securities (other than a controlling interest) if and after Regional Developer becomes registered under the Securities Exchange Act of 1934. In addition, Franchisor may require that the spouse (or domestic partner or other immediate family member) of an owner sign the Guarantee, Indemnification, and Acknowledgment.

5.17. System Modifications. Regional Developer acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System as Franchisor deems appropriate, including to reflect the changing market and/or to meet new and changing customer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of TruGolf Links Centers and Regional Developer Businesses. Franchisor's changes to the System may include the adoption and use of new or modified products, services, equipment, and furnishings, and new techniques and methodologies relating to the preparation, sale, promotion, and marketing of food and beverage products and services, and new trademarks, service marks, and copyrighted materials. Notwithstanding the provisions and limitations of Section 5.9, Regional Developer shall, upon reasonable notice, accept, implement, use, and display in the operation of the Regional Developer Business any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Regional Developer's sole expense. Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees or regional developers based upon the peculiarities of a particular circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any TruGolf Links Franchised Business, Regional Developer Business, or the System. Regional Developer shall not be entitled to require Franchisor to provide Regional Developer with a like or similar variation hereunder.

5.18. Development Schedule. Recognizing that time is of the essence, Regional Developer agrees to cause Franchised Businesses to be opened and continuously operating, according to the Development Schedule; that is, during each Development Period (as set forth in Exhibit B), RD Territory Franchisees (which may be Regional Developer or a third-party Franchisee approved by Franchisee) must open, each pursuant to a separate Franchise Agreement, the number of Franchised Businesses set forth in Exhibit B in the RD Territory, and by the end of each Development Period, there must be open and operating by RD Territory Franchisees the cumulative number of Franchised Businesses set forth in Exhibit B within the RD Territory. Failure by Regional Developer to adhere to the Development Schedule shall not be grounds for termination of this Agreement; however, if Regional Developer is not in current compliance with the Development Schedule, Daddy's Chicken Shack reserves the right to actively solicit, recruit, and sell franchises in the RD Territory without providing any Sales Services Compensation to Regional Developer. If Franchisor sells any franchises in the RD Territory, Regional Developer must provide Support Services to them regardless of whether Regional Developer received any Sales Service Compensation. Any Franchised Businesses opened during a given period in excess of the minimum number of Franchised Businesses required to be opened upon expiration of that period, may, at Franchisor's option, be credited to Regional Developer's obligation during the next succeeding period, if any.

5.19. Regional Developer's Sales Services and Support Services. Regional Developer must comply with applicable law in the solicitation and recruitment of RD Territory Franchisees as described in this Section 5.19 (the "Sales Services"). Regional Developer shall also provide to RD Territory Franchisees the services described below in this Section 5.19 and in the manner Franchisor designates or prescribes in

the Manuals or otherwise in writing, including providing site acquisition, review, and development services to RD Territory Franchisees, providing ongoing support and assistance to RD Territory Franchisees (including, without limitation, marketing, operational, training, and field support services), promoting the TruGolf Links brand in the RD Territory, resolving RD Territory Franchisee and customer issues, and monitoring and ensuring quality assurance and RD Territory Franchisees' compliance with brand standards and operational requirements (the "Support Services"). Regional Developer accepts the following obligations regarding the Sales Services and Support Services:

5.19.1. Summary of Sales Services. Regional Developer shall: (i) advertise, market, and recruit RD Territory Franchisees; (ii) at Franchisor's request, deliver to all RD Territory Franchisees franchise disclosure documents ("FDDs") provided by Franchisor and such other documents prescribed by Franchisor, within the times prescribed by applicable law; (iii) register itself as a franchise broker or franchise sales agent where required by applicable law, and prepare any franchise broker disclosure document required by applicable law, and provide proof of such registration and/or such franchisor broker disclosure document to Franchisor (for the avoidance of doubt, Regional Developer will be solely responsible for fully complying with the any applicable franchise broker or franchise sales agent laws); and (iv) submit to Franchisor, at the times requested by Franchisor, complete and accurate information as Franchisor requires to prepare FDDs and such other documents prescribed by Franchisor, appoint or designate Regional Developer as a broker or franchise seller, register Franchisor's franchise offerings, file or register franchise sales advertisements, and maintain such FDDs and registrations or exemptions in compliance with applicable law.

5.19.2. Recruitment Subject to Local Laws. Regional Developer shall not recruit RD Territory Franchisees in a jurisdiction which requires Franchisor to be registered to offer and sell franchises or exempt from offering and selling franchises unless the applicable offering is registered or exempt in the jurisdiction at the time of recruitment. Upon receipt of notice from Franchisor, Regional Developer shall immediately suspend all franchise recruiting activities and not resume them until Franchisor notifies Regional Developer that any required franchise registrations or exemptions are effective. Franchisor may require Regional Developer to re-disclose RD Territory Franchisees that have already been disclosed. Any suspension in Regional Developer's right to recruit RD Territory Franchisees for the purpose of compliance with applicable laws shall not affect Regional Developer's duty to comply with Regional Developer's other obligations under this Agreement (including, without limitation Regional Developer's obligations regarding Support Services, pre-opening support, and training), nor shall Regional Developer be entitled to any remuneration or other compensation from Franchisor as a result of any such suspension, regardless of the cause thereof.

5.19.3. Distribution of Franchise Documents. Regional Developer shall not distribute a franchise agreement or other agreement, FDD, advertisement, warranty, or financial performance representation or earnings claim, unless Franchisor has given its prior written approval to such use and has not subsequently withdrawn its prior written approval.

5.19.4. No Financial Performance Representations and Earnings Claims. Regional Developer shall make no representations to RD Territory Franchisees, including any oral, written, or visual representation, that states, expressly or by implication, a specific level or range of actual or potential sales, income, gross profits, or net profits (financial performance representations), unless those financial performance representations are made in a manner which complies with all applicable laws and are pre-approved by Franchisor in writing.

5.19.5. Applicant Materials. Regional Developer will submit to each qualified RD Territory Franchisee (an "Applicant"), an application or application link, in such form and manner as Franchisor may prescribe. All such Applicants shall meet Franchisor's criteria for RD Territory Franchisees



or owners of RD Territory Franchisees, as set forth in the Manuals or otherwise in writing. Each application must be submitted to Franchisor with all information respecting the Applicant, the owners of the Applicant, if applicable, the physical premises of the Applicant's proposed Franchised Business, if known, and all other information Franchisor then requires, including financial statements and other information.

5.19.6. Franchisor's Rights Regarding Applicants and Franchise Agreements. Franchisor shall have the right, at its sole option, to approve or disapprove any Applicant, regardless of whether the Applicant meets Franchisor's franchisee criteria. Franchisor shall have no obligation to sign a franchise agreement with any Applicant. Franchisor shall also have the right to (1) negotiate the terms of franchise agreements with any Applicant, (2) waive any Initial Franchise Fees, Franchise Royalty Fees, or other fees for any Applicant, and (3) enter into any franchise agreements, as Franchisor deems advisable.

5.19.7. Advertise for RD Territory Franchisees. Regional Developer shall actively advertise for RD Territory Franchisees in the RD Territory at Regional Developer's expense. Regional Developer shall submit to Franchisor for Franchisor's prior written approval samples of all advertising and promotional materials that Franchisor has not prepared or previously approved. Where required by applicable law, Regional Developer will cooperate with Franchisor to file or register franchise sales advertisements with relevant governmental authorities, and Regional Developer will not use such franchise sale advertisements until expressly authorized by Franchisor.

5.19.8. Assist with Pre-Opening Support. Regional Developer shall provide RD Territory Franchisees with such pre-opening support as and in the manner Franchisor may designate or prescribe in the Manuals or otherwise in writing.

5.19.9. Initial and Ongoing Training. Regional Developer shall provide to each RD Territory Franchisee in the RD Territory (or facilitate the provision of) such initial and ongoing training as Franchisor designates or prescribes in the Manuals or otherwise in writing in compliance with Franchisor's specifications regarding the location, duration, and content of such training. Regional Developer agrees that as part of the Support Services, Regional Developer may be required by Franchisor to assist with trainings at locations both inside and outside of the RD Territory, including training at RD Territory Franchisee meetings and conventions. Franchisor shall prescribe the requirements for such offsite trainings in the Manuals or otherwise in writing, including travel costs and expenses and training coverage requirements.

5.19.10. Do Not Solicit or Accept Commissions or "Kickbacks". Regional Developer shall neither solicit nor accept any bribe, kickback, commission, or other payment payable from any RD Territory Franchisee or any vendor selling to Regional Developer. Regional Developer shall not participate financially in or with any vendor selling to an RD Territory Franchisee nor shall Regional Developer sell or lease any items to an RD Territory Franchisee without full and prior disclosure of the details of Regional Developer's involvement in the affairs or ownership of the vendor to Franchisor, and without Franchisor's prior written approval.

5.19.11. Compliance. All Sales Services and Support Services provided by Regional Developer under this Section 5.19 shall be provided in compliance with all applicable laws and the Manuals.

5.20. No Third-Party Management. The Regional Developer Business shall be operated under the control and supervision of Regional Developer, its Operating Principal, the General Manager, or another general manager hired by and employed by Regional Developer and approved by Franchisor. Regional Developer shall not hire or retain a management company, manager (other than a manager employed by Regional Developer who has completed the Initial Training Program), or third party to undertake any of the management or operational functions of the Regional Developer Business.

5.21. Execution of Franchise Agreement and Operation of TruGolf Links Center. Contemporaneous with the execution of this Agreement, Regional Developer shall execute Franchisor's current form of franchise agreement (the "RD Franchise Agreement") for the establishment and operation of one (1) TruGolf Links Center to be located at a physical premises within the RD Territory (the "RD Center"). Regional Developer shall at all times comply with the terms of the RD Franchise Agreement and, upon opening the RD Center, shall continuously operate the RD Center throughout the term of this Agreement, in accordance with the RD Franchise Agreement. Regional Developer shall make the RD Center available and shall utilize the RD Center for the performance of Sales Services and Support Services as needed.

5.22. Equipment Upgrades. Regional Developer shall make, from time to time, such upgrades, replacements, or other changes to the equipment utilized in the Regional Developer Business and the Computer System as Franchisor may request in writing (collectively, "Equipment Upgrades"). Franchisor shall have the right to require any Equipment Upgrades it deems necessary for Regional Developer's Regional Developer Business.

## **6. ADVERTISING AND MARKETING**

Recognizing the value of advertising and marketing, and the importance of the standardization of advertising and marketing programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

6.1. Local Advertising and Social Engagement. Commencing on the Effective Date, Regional Developer must spend at least Two Hundred Dollars (\$200) per month on local advertising and social engagement (defined below in Section 6.2) (the "Local Advertising and Social Engagement Amount") within the RD Territory. All local advertising and social engagement by Regional Developer shall be in such media, and of such type and format as Franchisor may approve; shall be conducted in a dignified manner; shall conform to such standards and requirements as Franchisor may specify; and shall comply with all applicable laws. Regional Developer shall not use any advertising or promotional plans or materials unless and until Regional Developer has received written approval from Franchisor, pursuant to the procedures and terms set forth in Section 6.3 below. Regional Developer shall comply with all of Franchisor's written instructions, policies, procedures, and restrictions regarding advertising and marketing.

6.2. Costs of Local Advertising and Social Engagement. As used in this Agreement, the term "local advertising and social engagement" shall consist only of the direct costs of purchasing and producing local advertising, marketing, promotion, and social media engagement, including for advertising materials (including, but not limited to, camera ready advertising and point-of-sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of advertising and sales promotion spent by Regional Developer in the RD Territory, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; however, the parties expressly agree that advertising and sales promotion shall not include costs or expenses incurred by or on behalf of Regional Developer in connection with any of the following:

6.2.1. Salaries and expenses of any employees of Regional Developer, including salaries or expenses for attendance at advertising meetings or activities, or incentives provided or offered to such employees;

6.2.2. Charitable, political, or other contributions or donations, whether in cash or services; or

6.2.3. The value of discounts provided to customers.

6.3. Approvals. For all proposed local advertising and social engagement, Regional Developer shall submit samples of such plans and materials to Franchisor in the manner that Franchisor prescribes, for Franchisor's review and prior written approval. If written approval is not received by Regional Developer from Franchisor within fifteen (15) days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have disapproved them. Regional Developer acknowledges and agrees that any and all copyright in and to advertising and promotional materials developed by or on behalf of Regional Developer shall be the sole property of Franchisor, and Regional Developer agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision.

6.4. Promotional Materials. Franchisor may make available to Regional Developer from time to time, at Regional Developer's expense, advertising plans and promotional materials, including newspaper mats, merchandising materials, sales aids, special promotions, direct mail materials, community relations programs, and similar advertising and promotional materials for use in local advertising and social engagement. Franchisor may provide periodic marketing assistance to Regional Developer, including telephone and e-mail marketing assistance, and templates or other materials for e-mail-based marketing. Franchisor shall have the right to require all advertising and promotional materials and accessories, signs, decorations, all forms and stationery used in the Regional Developer Business, and other items which may be designated by Franchisor, to bear the Franchisor's then-current Proprietary Marks and logos in the form, color, location, and manner then-prescribed by Franchisor.

## **7. RECORDS AND REPORTS**

7.1. Records. Regional Developer shall maintain for a period of not less than three (3) years during the term of this Agreement, and, for not less than three (3) years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles, as required by law, and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing. Regional Developer shall prepare and maintain all books and records required under this Agreement and as prescribed by Franchisor during each fiscal year during the term of this Agreement and for the three (3) years prior to each fiscal year. To the extent books and records are created and/or maintained in an electronic form, all such books and records must be capable of being reviewed by Franchisor or its designee without special hardware or software.

7.2. Periodic Reports. Regional Developer shall, at its expense, provide to Franchisor, in a format specified by Franchisor, such financial and operating reports that Franchisor prescribes.

7.3. Reporting Requirements. Regional Developer shall submit to Franchisor such forms, reports, records, information, and data as and when Franchisor may reasonably designate, in the form and format, and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manuals or otherwise in writing.

7.4. Audit. Franchisor or its designee shall have the right at all reasonable times to examine, copy, and/or personally review or audit, at Franchisor's expense, all books, records, and sales and income tax returns of Regional Developer. Regional Developer shall cooperate fully with all audits and requests for information made by Franchisor or its designees. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Regional Developer.

7.5. Data. All data provided by Regional Developer in any form, and whether required by this Section 7.5 or any other requirement under the System or in the Manuals, including data uploaded to Franchisor's computer system from Regional Developer's Computer System, and/or downloaded from the

Regional Developer's Computer System to Franchisor's computer system, is and will be owned exclusively by Franchisor, including without limitation, RD Territory Franchisee and Customer Data (described in Section 5.10 above), customer lists, and e-mail lists, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Regional Developer. In addition, all other data created or collected by Regional Developer in connection with the System, or in connection with Regional Developer's operation of the business (including but not limited to customer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Regional Developer, at no additional cost, solely for the term of this Agreement and solely for Regional Developer's use in connection with the business franchised under this Agreement. Franchisor may use all such information, data, and reports in any manner, including, without limitation, providing financial and operating reports to franchisees and operators operating under the System, preparing franchise disclosure documents, and providing information to prospective franchisees, and/or in complying with government regulations.

## **8. PROPRIETARY MARKS**

8.1. Use of the Proprietary Marks. With respect to Regional Developer's use of the Proprietary Marks, Regional Developer agrees that:

8.1.1. Regional Developer shall use only the Proprietary Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor. All items bearing the Proprietary Marks shall bear the then-current logo.

8.1.2. Regional Developer shall use the Proprietary Marks only for the operation of the business franchised hereunder, or in Franchisor-approved advertising for the business conducted within the RD Territory.

8.1.3. Regional Developer shall identify itself (in a manner reasonably acceptable to Franchisor) as the independent owner of the franchised Regional Developer Business in conjunction with any use of the Proprietary Marks, including uses on invoices, order forms, receipts, and contracts, as Franchisor may designate in writing.

8.1.4. Regional Developer's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

8.1.5. Regional Developer shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor.

8.1.6. Regional Developer shall not use the Proprietary Marks or any variant thereof as part of its corporate or other legal name, or as part of any e-mail address, domain name, websites, or other identification of Regional Developer in any electronic medium (including e-mail addresses, account names in a social media site, and the like) of Regional Developer or the Regional Developer Business in any forum or medium.

8.1.7. Regional Developer shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

8.1.8. With respect to litigation or action involving the Proprietary Marks, the parties agree that:

8.1.8.1. Regional Developer shall promptly notify Franchisor of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to Franchisor's ownership of, or Regional Developer's right to use, the Proprietary Marks licensed hereunder. Regional Developer acknowledges that Franchisor or its affiliate shall have the right to direct and control any administrative or arbitral proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor or its affiliate shall also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

8.1.8.2. Except to the extent that any litigation or arbitration involving the Proprietary Marks is the result of Regional Developer's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement or involving any other claim against Franchisor, Franchisor will reimburse Regional Developer for its out-of-pocket litigation and arbitration costs in doing such acts and things, except that Regional Developer shall bear the salary costs of its employees, and Franchisor or its affiliate shall bear the costs of any judgment or settlement but only if the claim on which the judgment or settlement is made is only related to the validity or ownership of the Proprietary Marks. To the extent that such litigation or arbitration is the result of Regional Developer's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Regional Developer shall reimburse Franchisor or its affiliate for the cost of such litigation or arbitration (or, upon Franchisor's written request, pay Franchisor's legal fees directly), including attorney's fees, as well as the cost of any judgment or settlement.

8.1.8.3. If Franchisor or its affiliate undertakes the defense or prosecution of any litigation or arbitration relating to the Proprietary Marks, Regional Developer shall execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action.

8.2. Regional Developer Acknowledgements Regarding Proprietary Marks. Regional Developer expressly understands and acknowledges that:

8.2.1. As between Regional Developer and Franchisor, Franchisor or its affiliates are the exclusive owner of the Proprietary Marks. The Proprietary Marks are valid and serve to identify the System and those who are authorized by Franchisor to operate and/or develop under the System.

8.2.2. Neither Regional Developer nor any owner of Regional Developer shall directly or indirectly contest the validity of ownership of the Proprietary Marks by Franchisor or its affiliate, or Franchisor's license to use and sublicense the Proprietary Marks. Nor shall Regional Developer or any owner of Regional Developer, directly or indirectly, seek to register the Proprietary Marks with any government agency, except with the express prior written consent of Franchisor. Regional Developer shall not grant, or attempt to grant, a security interest in, or otherwise encumber, any Proprietary Marks or record any security interest or encumbrance against any application or registration regarding any Proprietary Marks.

8.2.3. Regional Developer's right to use Proprietary Marks is derived solely from this Agreement and limited to its operation of the Regional Developer Business pursuant to and in compliance with this Agreement and Franchisor's standards and specifications. Regional Developer's use of the Proprietary Marks does not give Regional Developer any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

8.2.4. Any and all goodwill arising from Regional Developer's use of the Proprietary Marks shall inure solely and exclusively to the benefit of Franchisor. This Agreement does not confer any goodwill or other interests in Proprietary Marks upon Regional Developer other than the limited right to operate the Regional Developer Business in compliance with this Agreement. Upon expiration or

termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Regional Developers' use of the System or the Proprietary Marks.

8.2.5. The right and license of the Proprietary Marks granted hereunder to Regional Developer is nonexclusive, and Franchisor and its affiliates thus have and retain the rights, among others:

8.2.5.1. To use the Proprietary Marks itself in connection with selling services and products;

8.2.5.2. To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees or regional developers or other licensees authorized to operate using the Proprietary Marks;

8.2.5.3. To develop and establish other systems using the same or similar marks, or any other marks, and to grant licenses or franchises thereto without providing any rights therein to Regional Developer.

8.2.6. Franchisor may, at any time, at its sole option, require Regional Developer to use any additional, alternative, or substitute Proprietary Marks. If Franchisor for any reason is required to or deems it advisable to modify or discontinue the use of any Proprietary Marks and/or use one or more additional, alternative, or substitute trademarks or service marks, Regional Developer will comply with Franchisor's directions within a reasonable time after receiving notice from Franchisor. All costs and expenses relating to the modification or discontinuance of the use of any Proprietary Marks and/or the use of one or more additional, alternative, or substitute trademarks or service marks will be paid by Regional Developer. All provisions of this Agreement applicable to Proprietary Marks apply to any additional, alternative, or substitute trademarks and service marks or other commercial symbols that Franchisor authorizes Regional Developer to use pursuant to this Agreement.

## **9. MANUALS**

9.1. Manuals. In order to protect the reputation and goodwill of Franchisor, its affiliates, and the TruGolf Links brand and System and to maintain high standards of operation under the Proprietary Marks, Regional Developer shall conduct its business in accordance with the Manuals, one (1) copy of which Regional Developer acknowledges having received on loan from Franchisor for the term of this Agreement. The Manuals may consist of multiple volumes of printed text, video, and/or audio tapes and files, computer disks, and other electronically stored data, and various and periodic or episodic operational and/or management bulletins, in any format, and Regional Developer acknowledges and agrees that Franchisor may provide a portion or all of the Manuals (including updates and amendments), and other instructional information and materials in, or via, electronic media, including through the Internet.

9.2. Confidentiality of the Manuals. Regional Developer shall at all times treat the Manuals, any other manuals created for or approved for use in the operation of the Regional Developer Business, and the information contained therein, as confidential, and shall use best efforts to maintain such information as secret and confidential, protect it from viewing by others, and treat the Manuals with the same degree of care as it would treat its most highly confidential documents. Regional Developer shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

9.3. Protection of the Manuals. The Manuals shall at all times remain the sole property of Franchisor and shall at all times be kept in a secure place on the business premises of Regional Developer.

Regional Developer shall ensure that the Manuals are kept current and up to date; and, in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's home office shall be controlling.

9.4. Revisions to the Manuals. Franchisor may from time to time revise the contents of the Manuals, and Regional Developer expressly agrees to make corresponding revisions to its copy of the Manuals and to comply with each new or changed standard immediately upon receipt of such revision.

## **10. CONFIDENTIALITY AND COVENANTS NOT TO COMPETE**

10.1. Confidential Information. Regional Developer shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, trade secrets, knowledge, or know how concerning the methods of operation of the System or the business franchised hereunder which may be communicated to Regional Developer or of which Regional Developer may be apprised by virtue of Regional Developer's operation under the terms of this Agreement (the "Confidential Information"). Regional Developer shall divulge such Confidential Information only to such of its employees as must have access to it in order to operate the Regional Developer Business. Any and all information, knowledge, know how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Regional Developer can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Regional Developer, had become or later becomes a part of the public domain, through publication or communication by others. Any employee who may have access to any Confidential Information regarding the Regional Developer Business shall execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with Regional Developer. Such covenants shall be on the then-current form provided by Franchisor, which form shall, among other things, designate Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Manuals.

10.2. Irreparable Injury. Regional Developer acknowledges that any failure to comply with the requirements of this Section 10 will cause Franchisor irreparable injury, and Regional Developer agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 10.

10.3. Information Exchange. Regional Developer agrees to disclose to Franchisor all ideas, concepts, methods, techniques, and products conceived or developed by Regional Developer, its affiliates, owners, agents, or employees during the term of this Agreement relating to the development and/or operation of the Regional Developer Business. Regional Developer hereby grants to Franchisor, and agrees to procure from its affiliates, owners, agents, or employees, a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques, and products in all food service businesses operated by Franchisor or its affiliates, franchisees, and designees. Franchisor shall have no obligation to make any payments to Regional Developer with respect to any such ideas, concepts, methods, techniques, or products. Regional Developer agrees that Regional Developer will not use or allow any other person or entity to use any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

10.4. Full Time and Best Efforts. During the term of this Agreement, except as otherwise approved in writing by Franchisor, the Operating Principal or a General Manager appointed in accordance with Section 5 shall devote full time, energy, and best efforts to the management and operation of the Regional Developer Business.

10.5. In-Term Covenants. Regional Developer specifically acknowledges that, pursuant to this Agreement, Regional Developer will receive valuable trade secrets, specialized training and Confidential Information, including information regarding Franchisor's operational, sales, promotional, and marketing methods and techniques and the System. During the term of this Agreement, except as otherwise approved in writing by Franchisor, Regional Developer shall not within anywhere in the United States, either directly or indirectly, for Regional Developer, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

10.5.1. Divert or attempt to divert any business, member, or customer of the Regional Developer Business or of any TruGolf Links Franchised Business using the System 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 Proprietary Marks, brand, and the System.

10.5.2. Except as otherwise approved in writing by Franchisor, directly or indirectly, own, maintain, operate, engage in, have any interest in, or provide any assistance to (whether as owner, stockholder, partner, officer, director, employee, consultant, franchisor, franchisee, lessor, or otherwise) any "Competitive Business," which means any business that, as determined by Franchisor in its sole determination, is the same as or substantially similar to the TruGolf Links Franchised Business or the TruGolf Links brand, including, without limitation, any business that is primarily related to golf or that provides facilities for golf simulators.

10.6. Post-Term Covenants. Except as otherwise approved in writing by Franchisor, Regional Developer shall not, for a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 12.3 below; (b) expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 10.6, either (1) directly or indirectly own, maintain, operate, engage in, have any interest in, or provide any assistance to (whether as owner, stockholder, partner, officer, director, employee, consultant, franchisor, franchisee, lessor, or otherwise) any Competitive Business which is, or is intended to be, located: (a) within the RD Territory or (b) within ten (10) miles of any TruGolf Links Center owned and/or operated or under construction by Franchisor, Franchisor's affiliate, or a franchisee or licensee of Franchisor as of the time that the obligations under this Section 10.6 commence, or (2) do or perform, directly or indirectly, any act injurious to the goodwill associated with the Proprietary Marks and the System. If Regional Developer does not comply with the post-term covenants as specified in this Section 10.6, the post-term non-compete period shall not begin to run until Regional Developer begins to comply.

10.7. Publicly-Held Corporations. Section 10.6 above shall not apply to ownership by Regional Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "publicly held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

10.8. Individual Covenants. Regional Developer shall require and obtain execution of covenants similar to those set forth in Sections 8, 9, 10, 12, and 14 (as modified to apply to an individual, if applicable) from any or all of Regional Developer's owners holding a five percent (5%) or greater interest in Regional Developer, the Operating Principal, and the General Manager; provided, only those individuals with an ownership interest in Regional Developer must agree to covenants similar to those set forth in Sections 10.5.2 and 10.6. The covenants required by this Section 10.8 shall be in the form provided in Exhibit E and/or Exhibit F to this Agreement. Regional Developer shall deliver to Franchisor copies of such executed



covenants immediately upon Franchisor's request. Failure by Regional Developer to obtain execution of a covenant required by this Section 10.8 shall constitute a default under this Section 10.

10.9. Severability. 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 10 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Regional Developer agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 10.

10.10. Scope of Covenants. Franchisor shall have the right to reduce the scope of any covenant set forth in Sections 10.5 and 10.6 in this Agreement, or any portion thereof, without Regional Developer's consent, effective immediately upon receipt by Regional Developer of written notice thereof; and Regional Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 24 below.

10.11. Enforcement of Claims. The existence of any claims Regional Developer may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 10. Regional Developer agrees to pay all costs and expenses (including reasonable attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses)) incurred by Franchisor in connection with the enforcement of this Section 10.

10.12. Irreparable Injury. Regional Developer acknowledges that Regional Developer's violation of the terms of this Section 10 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Regional Developer accordingly consents to the issuance of an injunction prohibiting any conduct by Regional Developer in violation of the terms of this Section 10.

10.13. Remedies Not Exclusive. The remedies in this Section 10 are in addition to the other right and remedies available to Franchisor and shall not serve as an election of remedies or a waiver of any other rights.

## **11. INSURANCE**

11.1. Regional Developer shall comply with the following insurance provisions:

11.1.1. Insurance Requirements. Prior to the commencement of any activities or operations pursuant to this Agreement, Regional Developer shall procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement), at Regional Developer's expense, the following insurance policy or policies in connection with the Regional Developer Business. Such policy or policies shall be written by an insurance company or companies approved by Franchisor, having a rating of at least "A"- VII in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that Franchisor reasonably designates if A.M. Best Company no longer publishes the Key Rating Guide) and licensed to do business in the state in which the Regional Developer Business is located. All policies will be primary and non-contributory to any insurance Franchisor may carry and include a waiver of subrogation in Franchisor's favor. Such policy or policies shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified for all regional developers from time to time by Franchisor in the Manuals or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances), the following:

11.1.1.1. Comprehensive General Liability. A comprehensive general liability policy in the amount of not less than \$1,000,000 bodily injury aggregate and \$1,000,000 per occurrence, including operations, products, and completed operations, broad form contractual liability, personal injury, and advertising liability. This coverage part will also include sexual misconduct liability coverage for not less than \$100,000 per occurrence.

11.1.1.2. Business Income and Extra Expense. Business income and extra expense insurance in an amount not less than adequate to pay for continuing expenses for a limit of fifty percent (50%) of annual sales or twelve (12) months actual loss sustained basis.

11.1.1.3. Automobile Liability Insurance. Business automobile liability insurance, including a combined single bodily injury and property damage coverage for all owned, non-owned, and hired vehicles, with limits of liability not less than One Million Dollars (\$1,000,000) per occurrence for both bodily injury and property damage.

11.1.1.4. Statutory Workers' Compensation Insurance and Employers' Liability. Statutory workers' compensation insurance and employer's liability insurance for a minimum limit of at least One Million Dollars (\$1,000,000), as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Regional Developer Business is located. Regional Developer shall have and maintain such insurance for all of its employees prior to any employee commencing any training with Franchisor. Regional Developer agrees to obtain a waiver of subrogation endorsement on its workers' compensation policy, and shall provide to Franchisor proof of both (i) the effective workers' compensation policy, and (ii) the endorsement to such policy waiving the insurer's right of subrogation.

11.1.1.5. Commercial Umbrella Liability Insurance. Commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages to not less than Three Million Dollars (\$3,000,000) total limit of liability.

11.1.1.6. Cyber Liability Insurance. Cyber liability insurance in an amount that Franchisor designates.

11.1.1.7. Other Insurance. Any other insurance coverage that is required by Regional Developer's lease for the Support Center and by federal, state, or municipal law.

11.2. Referenced in Manuals. All policies listed in Section 11.1 (unless otherwise noted below) shall contain such endorsements as shall, from time to time, be provided in the Manuals.

11.3. Policy Cancellation. In the event of cancellation, modification, expiration, or non-renewal of any policy, thirty (30) days' advance written notice must be provided to Franchisor in the manner provided in Section 11.6 below. Regional Developer shall arrange for a copy of such notification to be sent to Franchisor by the insurance company.

11.4. No Waiver of Obligations. Regional Developer's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Regional Developer's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 16.1.3 below.

11.5. Franchisor to be Additional Named Insured. All insurance policies shall list Franchisor and its affiliates, and their respective officers, directors, partners, members, subsidiaries, employees, and agents as additional named insureds, and shall also contain a provision that Franchisor, although named as

an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents, or employees by reason of the negligence of Regional Developer or its servants, agents, or employees. Additional insured status shall include coverage for ongoing and completed operations. The additional insured endorsement form shall be ISO CG 20-26 or such equivalent form that Franchisor approves in writing that provides comparable coverage. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) Franchisor's negligent acts, errors, or omissions or other additional insureds. Regional Developer shall maintain such additional insured status for Franchisor on Regional Developer's liability policies continuously during the term of the Regional Developer Agreement.

11.6. Evidence of Insurance. At least thirty (30) days prior to the time any insurance is first required to be carried by Regional Developer, and thereafter at least thirty (30) days prior to the expiration or renewal of any such policy, Regional Developer shall deliver to Franchisor, certificates of insurance, endorsements, insurance declarations, and/or other documents requested by Franchisor (collectively, "certificates"), evidencing the required minimum coverage required hereunder. All certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Franchisor in the event of cancellation, modification, expiration, or non-renewal of the coverages evidenced by such certificates. Further certificates evidencing the insurance required by Section 11.1.1 above shall expressly provide that any interest of same therein shall not be affected by any breach by Regional Developer of any policy provisions for which such certificates evidence coverage. In the event that Regional Developer fails to obtain the required insurance or to provide evidence reasonably satisfactory to Franchisor of the insurance policies required by Section 11, Franchisor shall have the right, but not the obligation, to obtain such required policies on Regional Developer's behalf, and Regional Developer agrees that it will promptly reimburse Franchisor for all costs related to obtaining such policies, and pay Franchisor an administrative fee equal to eighteen percent (18%) of such costs, upon notice from Franchisor.

11.7. Proof of Insurance. In addition to its obligations under Section 11.6 above, on the first (1st) anniversary of the Effective Date, and on each subsequent anniversary thereof during the term of this Agreement and any renewal hereof, Regional Developer shall provide Franchisor with proof of insurance evidencing the proper coverage with limits not less than those required hereunder, in such form as Franchisor may reasonably require.

11.8. Policy Limit Changes. Franchisor shall have the right, from time to time, to make such changes in minimum policy limits, endorsements, and types of coverage as it deems advisable.

11.9. Franchisor's Insurance. Regional Developer acknowledges and agrees that any insurance policies maintained by Franchisor for Franchisor's benefit shall have no effect upon Regional Developer's obligation to obtain any insurance required by this Section 11.

## **12. TRANSFER OF INTEREST**

12.1. Franchisor Transfers. Franchisor has the right to transfer or assign this Agreement, the System, Confidential Information, and all or any part of Franchisor's rights or obligations under this Agreement or Franchisor's interest in the System and Confidential Information to any person or legal entity without Regional Developer's consent. Any transferee or assignee of this Agreement from Franchisor will become solely responsible for all of Franchisor's obligations under this Agreement from the date of the transfer or assignment. Without limiting the foregoing, Franchisor may sell its assets (including its rights in the Proprietary Marks and the System) to a third party; may offer its securities privately or publicly; may merge with or acquire other legal entities, or be acquired by another legal entity; and may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring. Nothing contained in this Agreement will require Franchisor to remain in the business of operating or licensing the

operation of TruGolf Links Centers or other businesses or to offer any services or products to Regional Developer, whether or not bearing the Proprietary Marks, if Franchisor transfers or assigns its rights in or obligations under this Agreement and the System.

12.2. Owners. Each owner of Regional Developer, and the interest of each of them in Franchisee, is identified in Exhibit D hereto. Regional Developer represents and warrants that its owners are set forth on Exhibit D attached to this Agreement, and covenants that Regional Developer will not permit the identity of such owners, or their respective interests in Regional Developer, to change without Franchisor's consent and without complying with this Agreement.

12.3. Regional Developer Transfers. Regional Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Regional Developer, and that Franchisor has granted this franchise in reliance on Regional Developer or its owners' business skill, financial capacity, and personal character. Accordingly:

12.3.1. Regional Developer and its owners shall not, without Franchisor's prior written consent, transfer, assign, sell, convey, pledge, gift, or otherwise encumber: (a) this Agreement or any of Regional Developer's rights and obligations under this Agreement; (b) the Regional Developer Business or all or substantially all of the assets of the Regional Developer Business; (c) Regional Developer; or (d) any direct or indirect ownership interest in Regional Developer (individually and collectively, a "Transfer").

12.3.2. If Regional Developer is a corporation or limited liability company, Regional Developer shall not, without Franchisor's prior written consent, issue any voting securities or securities convertible into voting securities, and the recipient of any such securities shall become an owner under this Agreement, if so designated by Franchisor.

12.3.3. If Regional Developer is a partnership or limited partnership, the partners of the partnership shall not, without Franchisor's prior written consent, admit additional general partners, remove a general partner, or otherwise alter the powers of any general partner.

12.3.4. Regional Developer's owner shall not, without Franchisor's prior written consent, transfer, assign, sell, convey, pledge, gift, or otherwise encumber any interest of an owner in Regional Developer as shown in Exhibit D.

12.4. Conditions for Approval. No Transfer is permitted or authorized without Franchisor's prior written consent. Franchisor will not unreasonably withhold any consent required by Section 12.3 above; provided, Franchisor may require, among other things, any or all of the following as conditions of Franchisor's consent:

12.4.1. Regional Developer and the proposed transferee shall comply with Franchisor's then-current transfer policies. Regional Developer and the proposed transferee shall provide Franchisor with all information and documents requested by Franchisor for its evaluation of the proposed transfer, transaction, and transferee, including the business and financial terms of the proposed transaction, financial and operational information regarding the proposed transferee, and evidence of any financing that may be required to complete the transaction and/or fund the transferee's operation after the transfer.

12.4.2. Regional Developer and its owners shall execute a general release (which shall include a release from the transferor, Regional Developer, Regional Developer's owners, and guarantors), in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, successors, and assigns, and their respective owners, directors, officers, shareholders, equity holders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including claims

arising under this Agreement, any other agreement between Franchisor and Regional Developer or their affiliates, and federal, state, and local laws and rules.

12.4.3. The transferee of an owner shall be designated as an owner and each transferee who is designated as an owner shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as an owner under the terms of this Agreement as long as such person or entity owns any interest in Regional Developer; and, if Regional Developer's obligations were guaranteed by the transferor, the owner shall guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor.

12.4.4. Prior to, and after the transfer, the transferee and its owners shall meet Franchisor's educational, managerial, and business standards; each shall possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Regional Developer Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Regional Developer Business. The price, consideration, and other proposed terms of the proposed transfer must not, in Franchisor's reasonable business judgment, have the effect of negatively impacting the future viability of the Regional Developer Business.

12.4.5. At Franchisor's option, the transferee shall execute the regional developer agreement then being offered to new regional developers, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement, including higher local advertising obligations, different Sales Services Compensation or Support Services Compensation, and a different or modified RD Territory, provided however that the term of such regional developer agreement shall be equal to the then unexpired term of this Agreement.

12.4.6. At Franchisor's option, Regional Developer or transferee, at the sole cost and expense of Regional Developer or transferee, shall upgrade the Regional Developer Business to conform to the then-current standards and specifications of new Regional Developer Business then being established in the System, and shall complete the upgrading and other requirements set forth in this Section 12.4.6 or as required under Section 5.9 above within the time specified by Franchisor.

12.4.7. All of Regional Developer's monetary obligations hereunder shall be paid in full on a current basis, and Regional Developer must not be otherwise in default of any of Regional Developer's obligations hereunder including Regional Developer's reporting obligations.

12.4.8. The transferor shall remain liable for all of the obligations to Franchisor in connection with the Regional Developer Business that arose prior to the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability.

12.4.9. Transferee and its Operating Principal, and such other owners or managers as specified by Franchisor, shall successfully complete (to Franchisor's satisfaction) all training programs required by Franchisor (including the Initial Training Program) upon such terms and conditions as Franchisor may reasonably require (and while Franchisor will not charge a training fee for attendance at such training programs, the transferee shall be responsible for the salary and all expenses of all persons who attend such training).

12.4.10. To compensate Franchisor for Franchisor's legal, accounting, training, and other expenses incurred in connection with the transfer, Regional Developer shall pay Franchisor a non-refundable transfer fee in the amount of Five Thousand Dollars (\$5,000) per each TruGolf Links Center in

the RD Territory. The transfer fee shall be paid at the earlier of (a) when the transferee signs the new regional developer agreement, or (b) when the transferee begins training. The transfer fee is non-refundable. In addition, in the event a proposed transfer is not consummated or closed, for any reason except for disapproval by Franchisor, Regional Developer or the proposed transferee shall reimburse Franchisor for all of Franchisor's costs and expenses incurred in connection with Franchisor's evaluation of the proposed transfer, including attorneys' and accountants' fees, background checks, and training, if applicable, to the extent the portion of the transfer fee paid does not cover those costs and expenses.

12.4.11. The transferor must certify to Franchisor that the transferor has provided to the transferee true, complete, and accurate copies of Regional Developer's financial information and documents regarding the operation of the Regional Developer Business, including the trailing two years of financial statements and monthly cash reports, contracts, and such other information as may be specified by Franchisor.

12.4.12. The transferor must acknowledge and agree that the transferor shall remain bound by the covenants contained in Section 10 above.

12.5. Transfers to Entities for the Convenience of Ownership. If Regional Developer desires to transfer all of Regional Developer's interest in this Agreement, or if all of Regional Developer's owners desire to transfer all of their ownership interests in Regional Developer, to a corporation, limited liability company, or other entity, solely for the convenience of ownership and/or for tax or estate planning reasons, Franchisor shall not unreasonably withhold Franchisor's consent to such transfer, and Franchisor shall not require that Regional Developer comply with the provisions and conditions of Section 12.4 or 12.6, if Regional Developer complies with all of the following conditions:

12.5.1. Regional Developer shall provide written notice to Franchisor not less than thirty (30) days prior to the date of the proposed transfer, and shall provide Franchisor with such documents and information as Franchisor may request in support of Regional Developer's request, which may include, among other things, entity formation and good standing certifications, evidence of insurance in the name of the new regional developer entity, and bank information for the new regional developer entity.

12.5.2. Regional Developer and Regional Developer's owners shall own all of the outstanding equity interests in the new regional developer entity, and shall own the same percentage ownership interests in the new regional developer entity as they own in Regional Developer.

12.5.3. Each owner who owns at least twenty percent (20%) of the outstanding equity interests in the new regional developer entity shall execute a Guarantee, Indemnification, and Acknowledgment in the form attached as Exhibit E hereto.

12.5.4. Regional Developer and Regional Developer's owners shall comply with the provisions of Sections 12.4.1, 12.4.2, 12.4.6, 12.4.7, and 12.4.11 of this Agreement, and the new entity and its owners shall comply with Sections 5.15 and 5.16 of this Agreement.

12.5.5. Regional Developer and Regional Developer's owners shall execute such transfer documents, agreements, and other materials as Franchisor may require.

12.6. Right of First Refusal.

12.6.1. If Regional Developer or any owner desires to accept any bona fide offer from a third party to purchase Regional Developer, all or substantially all of the assets of the Regional Developer Business, or any direct or indirect interest in Regional Developer, Regional Developer or such owner shall

promptly notify Franchisor of such offer and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of all such information, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, the closing on such purchase shall occur within sixty (60) days after the date of notice to the seller of the election to purchase by Franchisor.

12.6.2. Any change in the terms of the bona fide offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Franchisor's failure to exercise the option afforded by this Section 12.6 shall not constitute consent to a proposed transfer, a waiver of any other provision of this Agreement, including all of the requirements of this Section 12 with respect to a proposed transfer, or a waiver of any subsequent offer.

12.6.3. In the event the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one (1) independent appraiser, then an independent appraiser shall be promptly designated by Franchisor and another independent appraiser shall be promptly designated by Regional Developer, which two (2) appraisers shall, in turn, promptly designate a third appraiser; all three (3) appraisers shall promptly confer and reach a single determination, which determination shall be binding upon Franchisor and Regional Developer. The cost of any such appraisal shall be shared equally by Franchisor and Regional Developer. If Franchisor elects to exercise its right under this Section 12.6, Franchisor shall have the right to set off all amounts due from Regional Developer, and one-half (½) of the cost of the appraisal, if any, against any payment to the seller.

12.7. Within six (6) months after Regional Developer's death (if a natural person) or the death of an owner of Regional Developer, the executor, administrator, or other personal representative of the deceased will transfer the interest of the deceased in this Agreement or Regional Developer to a third party approved by Franchisor in accordance with Section 12.4. If no personal representative is designated or appointed and no probate proceedings are instituted with respect to the estate of the deceased, the distributee of the interest of the deceased must be approved by Franchisor. If the distributee is not approved by Franchisor, the distributee will transfer the interest of the deceased to a third party approved by Franchisor within six (6) months after the date of death of the deceased in accordance with Section 12.4.

12.8. Transfer Upon Permanent Disability. Upon Regional Developer's permanent disability or the permanent disability of any owner with a controlling interest in Regional Developer, Franchisor may require Regional Developer's or the owner's interest to be transferred to a third party approved by Franchisor within six (6) months after notice to Regional Developer. "Permanent disability" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months and from which condition recovery within six (6) consecutive months from the date of determination of disability is unlikely. If Franchisor and Regional Developer or Regional Developer's representative disagree as to whether a person has a permanent disability, the existence of the permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 12.8 as of the date of refusal. Franchisor shall pay the cost of the required examination.

12.9. Notification Upon Death or Permanent Disability. Within ten (10) days after the death or permanent disability of Regional Developer (if a natural person) or an owner, Regional Developer or Regional Developer's representative shall notify Franchisor of the death or permanent disability in writing. Any transfer upon death or permanent disability will be subject to the same terms and conditions set out in this Section 12 for any transfer.

12.10. No Waiver of Claims. Franchisor's consent to a transfer which is the subject of this Section 12 shall not constitute a waiver of any claims Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

12.11. Insolvency. If Regional Developer or any person holding any interest (direct or indirect) in Regional Developer becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding, intent, and agreement that any transfer in this Agreement, Regional Developer, Regional Developer's obligations and/or rights hereunder, all or substantially all of the assets of the Regional Developer Business, or any indirect or direct interest in Regional Developer shall be subject to all of the terms of this Section 12.

12.12. Securities Offerings. All materials for an offering of stock or partnership interests in Regional Developer or any of Regional Developer's affiliates which are required by federal or state law shall be submitted to Franchisor for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No offering by Regional Developer or any of Regional Developer's affiliates shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of the securities of Regional Developer or Regional Developer's affiliates; and Franchisor's review of any offering shall be limited solely to the relationship between Franchisor and Regional Developer and any subsidiaries and affiliates, if applicable, and shall not constitute any opinion as to any legal requirement. Franchisor may, at its option, require the offering materials to contain a written statement prescribed by Franchisor concerning the limitations stated in the preceding sentence. Regional Developer (and the offeror if not Regional Developer), the owners, and all other participants in the offering must fully indemnify Franchisor, its subsidiaries, affiliates, successor, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in connection with the offering and shall execute any and all documents required by Franchisor to endorse such indemnification; provided, there will be no indemnification for Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. For each proposed offering, Regional Developer shall pay Franchisor a non-refundable fee of Ten Thousand Dollars (\$10,000) or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. Regional Developer shall give Franchisor written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 12 commences. Any such offering shall be subject to all of the other provisions of this Section 12; and further, without limiting the foregoing, it is agreed that any such offering shall be subject to Franchisor's approval as to the structure and voting control of the offeror (and Regional Developer, if Regional Developer is not the offeror) after the financing is completed.

### **13. DEFAULT AND TERMINATION**

13.1. Automatic Termination. Regional Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Regional Developer, if Regional Developer shall become insolvent or make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Regional Developer or such a petition is filed against and



not opposed by Regional Developer; or if Regional Developer is adjudicated bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for Regional Developer's business or assets is filed and consented to by Regional Developer; or if a receiver or other custodian (permanent or temporary) of Regional Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Regional Developer; or if a final judgment of Ten Thousand Dollars (\$10,000) or more against Regional Developer or Regional Developer's affiliate remains unsatisfied or of record for thirty (30) days or longer (unless appealed or a supersedeas bond is filed); or if Regional Developer is dissolved; or if an attachment or execution is levied against Regional Developer's business or property, including Regional Developer's bank accounts, property, or any receivables and is not dismissed within thirty (30) days.

13.2. Termination Upon Notice Without Opportunity to Cure. Regional Developer shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Regional Developer any opportunity to cure the default, effective immediately upon the delivery of written notice to Regional Developer by Franchisor (in the manner set forth under Section 20 below), upon the occurrence of any of the following events:

13.2.1. If Regional Developer fails to open the Regional Developer Business in accordance with Franchisor's standards and specifications;

13.2.2. If Regional Developer, its Operating Principal, or managers fail to complete the Initial Training Program pursuant to Section 5.3 of this Agreement;

13.2.3. If Regional Developer at any time without the written consent of Franchisor ceases to operate or otherwise abandons the Regional Developer Business for three (3) consecutive business days, or otherwise forfeits the right to do or transact business in the jurisdiction where the Regional Developer Business is located;

13.2.4. If Regional Developer, any owner of Regional Developer, or any affiliate of Regional Developer is convicted of or pleads no contest to a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein;

13.2.5. If Regional Developer engages in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice;

13.2.6. If a threat or danger to public health or safety results from the operation of the Regional Developer Business;

13.2.7. If Regional Developer or any of Regional Developer's owners purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 12;

13.2.8. If Regional Developer fails to permit an inspection or an audit pursuant to Section 7.4;

13.2.9. If Regional Developer fails to comply with the covenants in Section 10.5 or fails to timely obtain execution of the covenants required under Section 10.8;

13.2.10.If, contrary to the terms of Sections 9 or 10 above, Regional Developer discloses or divulges the contents of the Manuals or other Confidential Information provided to Regional Developer by Franchisor;

13.2.11.If Regional Developer knowingly maintains false books or records, or submits any false reports (including information provided as part of Regional Developer's application for this franchise) to Franchisor;

13.2.12.If Regional Developer makes, or has made, any misrepresentation or engaged in any act of fraud in connection with obtaining this Agreement or in conducting the business franchised and licensed under this Agreement;

13.2.13.If Regional Developer fails to pay any supplier or vendor when due, and fails to cure such default within the time period specified by the supplier or vendor, or in the applicable supply contract;

13.2.14.If Regional Developer fails to pay any third party, including a lender, seller or lessor of products, services, or equipment, any amount due by Regional Developer to such parties on any note, financing, obligation, or financial instrument when due, and such failure to pay the full amount owed is not cured after any notice required by the contract or under applicable law;

13.2.15.If Regional Developer makes any unauthorized or improper use of the Proprietary Marks, or if Regional Developer or any owner of Regional Developer fails to utilize the Proprietary Marks solely in the manner and for the purposes directed by Franchisor, or directly or indirectly contests the validity of Franchisor's ownership of the Proprietary Marks or Franchisor's right to use and to license others to use the Proprietary Marks;

13.2.16.If Regional Developer fails to submit to Franchisor any financial or other information required under this Agreement;

13.2.17.If Regional Developer fails to operate the Regional Developer Business in accordance with this Agreement, including operating the Regional Developer Business in compliance with the operating standards and specifications established from time to time by Franchisor as to the quality of service, specifications, and use of Computer System;

13.2.18.If the RD Franchise Agreement or any other agreement between Regional Developer (or any of its affiliates) and Franchisor (or any of its affiliates) is terminated for cause, or if the RD Franchise Agreement expires or is terminated for any reason (provided, a renewal or replacement agreement is not executed by the parties and effective without interruption upon such expiration or termination);

13.2.19.If Regional Developer fails on more than three (3) occasions during any 12-month period to comply with one or more requirements of this Agreement with Franchisor, regardless of whether the prior defaults were cured;

13.2.20.If Regional Developer fails to comply with any applicable laws as more specifically set forth in Section 15.3;

13.2.21.If Regional Developer, prior to operating the Regional Developer Business, does not obtain Franchisor's prior written approval of an Operating Principal.

13.3. Termination With Opportunity to Cure. Except as otherwise provided in Sections 13.1 and 13.2 above, upon any other default by Regional Developer of Regional Developer's obligations hereunder, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 20 below) setting forth the nature of such default to Regional Developer at least thirty (30) days prior to the effective date of termination (or, with respect to monetary defaults, five (5) days); provided, however, that Regional Developer may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof satisfactory to Franchisor, all within the thirty (30) (or five (5)) day period. If any such default is not cured within the specified time, this Agreement shall terminate without further notice to Regional Developer effective immediately upon the expiration of the thirty (30) (or five (5)) day period or such longer period as applicable law may require.

13.4. Assignment Upon Bankruptcy. If, for any reason, this Agreement is not terminated pursuant to this Section 13, and the Agreement is assumed, or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of the Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: (i) the name and address of the proposed assignee; and (ii) all of the terms and conditions of the proposed assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to Franchisor upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Regional Developer out of the consideration to be paid by such assignee for the assignment of this Agreement. In the event Franchisor does not elect to exercise the options described in this Section 13.4, any transfer or assignment pursuant to the United States Bankruptcy Code shall be subject to the same terms and conditions of any other transfer or assignment set forth in Section 12.

13.5. Compliance with Development Schedule. Regional Developer acknowledges and agrees that time is of the essence, and that Regional Developer has agreed to strict compliance with the Development Schedule. If Regional Developer fails to comply with the Development Schedule, Franchisor may, at its option, offer and sell franchises in the RD Territory without providing Sales Services Compensation to Regional Developer and may take any of the actions described in Section 13.6 below, without affording Regional Developer any opportunity to cure the default, effective immediately upon the provision of notice to Regional Developer (in the manner provided under Section 20 hereof).

13.6. Other Remedies. In the event of a default of this Agreement by the Regional Developer, Franchisor has the right to undertake any one or more of the following actions in addition to, or in lieu of, terminating this Agreement: Franchisor may designate a third party to provide, some or all of the Sales Services or Support Services described in Sections 3 and 5.19 of this Agreement and withhold all or part of any payments otherwise owing to Regional Developer for the provision of such services. Such action shall be without prejudice to Franchisor's right to this Agreement in accordance with Sections 13.2 or 13.3 above, and/or to terminate any other rights, options, or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

## **14. OBLIGATIONS UPON TERMINATION OR EXPIRATION**

14.1. Upon termination or expiration of this Agreement, all rights granted hereunder to Regional Developer shall forthwith terminate, and:

14.1.1. Cease Operations. Regional Developer shall immediately cease to operate the Regional Developer Business, and shall not thereafter, directly or indirectly, represent to the public or hold Regional Developer out as a present or former franchisee of Franchisor.

14.1.2. Cease Use of Proprietary Marks. Regional Developer shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the mark “TruGolf Links” and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Regional Developer shall cease to use all signs, advertising materials, displays, stationery, forms, and any other articles that display the Proprietary Marks, remove all such articles, and/or permit Franchisor to enter the Regional Developer Business and remove or permanently cover all signs or advertisements identifiable in any way with Franchisor’s name or business, at Regional Developer’s expense.

14.1.3. Cancellation of Assumed Names. Regional Developer shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Proprietary Mark “TruGolf Links” and all other Proprietary Marks, and/or any other service mark or trademark, and Regional Developer shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

14.1.4. Pay Monies Owed. Regional Developer shall pay Franchisor all sums then due, together with any other damages suffered by Franchisor as a result of the default. Regional Developer shall also pay to Franchisor, in addition to any amounts then due and owing, all expenses incurred by Franchisor as a result of any default, including reasonable attorneys’ fees, expenses, and costs, and interest on such attorneys’ fees, expenses, and costs.

14.1.5. Return of Manuals and Other Materials. Regional Developer shall immediately deliver to Franchisor the Manuals, plans, specifications, designs, records, data, samples, models, programs, handbooks, and drawings relating to the TruGolf Links brand, System, operations, or business, and all other materials containing Confidential Information (including any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be Franchisor’s property.

14.1.6. No Confusion. Regional Developer agrees that, if it continues to operate or subsequently begins to operate any other business, Regional Developer shall not use any reproduction, counterfeit copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor’s rights in and to the Proprietary Marks, and further agrees not to utilize any designation of origin, description, trademark, service mark, or representation which suggests or represents a present or past association or connection with Franchisor, the brand, the System, or the Proprietary Marks.

14.1.7. Listings. Regional Developer shall cease use of, and if Franchisor requests shall transfer to Franchisor, all telephone numbers, customer lists, and any domain names, websites, e-mail addresses, and any other identifiers, whether or not authorized by Franchisor, used by Franchisor while operating the Regional Developer Business, and shall promptly execute such documents or take such steps necessary to remove reference to the Regional Developer Business from all trade or business telephone directories, including “yellow” and “white” pages, or at Franchisor’s request transfer same to Franchisor.

14.1.8. Option to Purchase Regional Developer Business Inventory and Equipment. Franchisor shall have the option, to be exercised within thirty (30) days after expiration or termination of this Agreement, to purchase from Regional Developer any or all of the equipment or inventory related to the operation of the Regional Developer Business, at the lesser of the fair market value or Regional Developer’s book value. The book value shall be determined based upon a five (5) year straight line

depreciation of original costs. For equipment that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost. If Franchisor elects to exercise any option to purchase herein provided, Franchisor shall set off all amounts due from Regional Developer. Notwithstanding any term or provision in this subparagraph to the contrary, Franchisor expressly reserves the right, but not the obligation, to negotiate to purchase the equipment directly from the lessor of the equipment. The transfer of the equipment from Regional Developer to Franchisor shall take place within sixty (60) days after the expiration or termination of this Agreement upon receipt of payment or any applicable transfer and release documents from Franchisor; provided, however, that if the transfer cannot take place within that time period because of delays caused by Regional Developer's lender or lessor, the time period shall extend by a like number of days. If Franchisor exercises the foregoing option, Regional Developer shall leave all of the equipment at the Regional Developer Business in good working order and repair and shall allow Franchisor to use the equipment without charge until the transfer of the equipment takes place.

14.1.9. Damages and Costs. Regional Developer shall pay Franchisor all damages, costs, interest, and expenses, including reasonable attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses), incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 14.1.

14.1.10. Other Rights of Regional Developer. The termination of this Agreement shall not affect the rights of Regional Developer to operate other TruGolf Links Centers in accordance with the terms of any other applicable franchise agreements with Franchisor until and unless the other franchise agreements, or any of them, terminate or expire; provided, however, that this Section 14.1.10 shall not serve to negate or otherwise effect any cross-default provisions contained in such franchise agreements.

14.1.11. Final Payments by Franchisor. Franchisor shall pay Regional Developer within one hundred twenty days (120) after expiration or termination of this Agreement, any Sales Services Compensation or Support Services Compensation due to Regional Developer for Regional Developer Services performed prior to the date of expiration or termination of this Agreement.

## **15. TAXES, PERMITS, AND INDEBTEDNESS**

15.1. Taxes. Regional Developer shall promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Regional Developer in the conduct of the Regional Developer Business. If Regional Developer is required to deduct any sales tax, gross receipts tax, income tax, withholding tax, or similar tax from any payment to Franchisor, then, to the extent that Franchisor is not able to successfully obtain and utilize a tax credit from the applicable taxing authorities, the amount payable by Franchisor shall be increased by such amount as is necessary to make the actual amount received (after such withholding tax and after any additional taxes on account of such additional payment) equal to the amount that Franchisor would have received had no tax payment been required, provided that such shortfall is not caused by Franchisor's gross negligence, willful misconduct, or fraud in filing the claims, or for reasons that can be solely attributable to Franchisor.

15.2. Tax Disputes. In the event of any bona fide dispute as to Regional Developer's liability for taxes assessed or other indebtedness, Regional Developer may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law.

15.3. Compliance With Laws and Good Business Practices. Regional Developer shall comply with all applicable federal, state, and local laws, rules, ordinances, and regulations, including government contracting, employment, labor, and wage and hour laws, tax laws, and local operating laws and regulations.

Regional Developer shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Regional Developer Business, including licenses to do business, health certificates (if necessary), fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of such laws are in conflict with the terms of this Agreement, the Manuals, or Franchisor's other instructions, Regional Developer shall: (a) comply with such laws; and (b) immediately provide written notice describing the nature of such conflict to Franchisor. All advertising and promotion by Regional Developer shall be factually accurate and conform to the highest standards of ethical advertising. Regional Developer shall in all dealings with its customers, suppliers, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct, and shall comply with all consumer protection and unfair competition laws and regulations. Regional Developer agrees to refrain from any business or advertising practice which may be injurious to the business of Franchisor, the System, and/or the goodwill associated with the Proprietary Marks.

15.4. Notification of Claims. Regional Developer shall notify Franchisor in writing within three (3) 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 within three (3) days occurrence of any accident or injury which may adversely affect the operation of the Regional Developer Business or Regional Developer's financial condition, or give rise to liability or a claim against Regional Developer or Franchisor.

## **16. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

16.1. It is understood and agreed by the parties hereto that this Agreement does not in any way create the relationship of principal, agent, fiduciary, joint venture, joint employer, or employer/employee between Franchisor and Regional Developer; that Regional Developer shall be an independent contractor; and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee, or servant of the other for any purpose whatsoever. For the avoidance of doubt, Franchisor is not the employer or joint employer of Regional Developer or Regional Developer's employees.

16.1.1. Identification as Independent Contractor. At all times during the term of this Agreement and any extensions hereof, Regional Developer shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor.

16.1.2. No Agency. Regional Developer shall not act or attempt to act or represent itself, directly or by implication, as an agent of Franchisor. It is understood and agreed that nothing in this Agreement authorizes Regional Developer to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission by Regional Developer in Regional Developer's conduct of the Regional Developer Business or for any claim or judgment arising therefrom against Regional Developer or Franchisor. Regional Developer shall not have the authority, express or implied, to bind or obligate Franchisor in any way.

16.1.3. Indemnification. Regional Developer, on behalf of itself, its affiliates, and their respective owners, will, to the fullest extent permissible under applicable law, indemnify, defend and hold harmless Franchisor, its affiliates, and each of their respective owners, officers, directors, members, employees and agents (the "Indemnified Parties") against and reimburse any one or more of the Indemnified Parties for any and all losses, compensatory, exemplary or punitive damages, arbitration costs, mediation costs, settlement amounts, judgments, court costs, fines, charges, costs, and expenses, including, without limitation, reasonable attorneys' fees, and consequential damages (together, "Losses and Expenses") arising

out or from or related to, any claims, directly or indirectly, arising out of or from or related to the operation of the Regional Developer Business, any breach of this Agreement or the Manuals by Regional Developer, its affiliates, any of their respective owners, or any breach by Regional Developer, its affiliate, or any of their respective owners of any other agreement between Franchisor or its affiliate, on the one hand, and Regional Developer, its affiliate, or any of their respective owners, on the other hand. The indemnity set forth above includes claims, directly or indirectly, arising out of, from, or related to the Indemnified Parties' negligence, but not claims caused solely by the Indemnified Parties' gross negligence, fraud, or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. Franchisor has the right, at its option, to defend any such claim against it at Regional Developer's sole cost and expense with counsel of Franchisor's choosing. If Regional Developer defends any claim, it may not enter into any settlement agreement or otherwise resolve or conclude the matter without Franchisor's prior written consent. This indemnity will continue in full force and effect subsequent to, and notwithstanding, the expiration or termination of this Agreement. Under no circumstances will Franchisor or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate its or Regional Developer's Losses and Expenses, in order to maintain and recover fully a claim against Regional Developer, Regional Developer's affiliate, or their respective owners. Any failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts recoverable by Franchisor or another Indemnified Party from Regional Developer, Regional Developer's affiliate, or their respective owners. Regional Developer's obligations under this Section 16.1.3 will survive the expiration or termination of this Agreement.

## **17. GOVERNING LAW AND DISPUTE RESOLUTION**

17.1. Governing Law. This Agreement and the relationship of the parties shall be governed and construed in accordance with the laws of Utah, without regard to its conflicts of laws provisions. Nothing in this Section 17 is intended by the parties to subject this Agreement to any franchise, business opportunity, antitrust, consumer protection, or any other law, rule, or regulation of the State of Utah to which this Agreement would not otherwise be subject.

17.2. Venue. Subject to the terms and provisions of Section 17.3 below, the parties agree that any action brought by one party against the other in any court, whether federal or state, shall be brought only before a federal or state court encompassing Centerville, Utah. The parties agree that this Section 17.2 shall not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue shall be as set forth above. Regional Developer and its owners hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action, and Regional Developer and its owners waive any and all rights to proceed on a consolidated, common, or class basis.

17.3. Arbitration. Except as otherwise provided in this Agreement, any claim, controversy, or dispute arising out of or relating to this Agreement, the Regional Developer Business, or the relationship created by this Agreement, including any claim by Regional Developer or its owners, concerning the entry into, the performance under, or the termination of this Agreement, or any other agreement between the parties or their affiliates will be resolved via binding arbitration under the authority of the Federal Arbitration Act in accordance with the following provisions:

17.3.1. Any arbitration will be administered by the American Arbitration Association (or its successor) pursuant to its then-current commercial arbitration rules and procedures. The arbitrator will have the authority to decide issues regarding arbitrability and the scope of the arbitrator's jurisdiction. The arbitration must take place in the Salt Lake City, Utah metropolitan area (or the metropolitan area in which

our headquarters are located at the time of the dispute if we relocate our headquarters from Centerville, Utah).

17.3.2. Any arbitration must be on an individual basis, and not as part of a common, consolidated, or class action. The parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. If a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties will submit all claims to the jurisdiction of the courts.

17.3.3. The arbitrator must follow the law and not disregard the terms of this Agreement or its related agreements. Except as otherwise provided in this Agreement, the arbitrator will have the authority to award any interim, interlocutory, or final remedy or relief that a court of the State of Utah could order or grant, including, without limitation, general damages, specific performance of any obligation created under this Agreement, the issuance of an injunction or other extraordinary relief, or the imposition of sanctions for abuse or frustration of the arbitration process; however, the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or other prohibited damages; or (iii) make an award that extends, modifies, or suspends any lawful term of this Agreement or its related agreements or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any state or federal court of competent jurisdiction. The decision of the arbitrator will be binding and final on all parties to the dispute.

17.3.4. Except as necessary to obtain interim or provisional relief, to enforce any arbitration award or order, or to comply with any franchise-specific disclosure obligation, the arbitration proceeding and award will be maintained as strictly confidential and neither party hereto nor the arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties hereto.

17.3.5. Each party will bear its share of the costs of the arbitration proceeding. The prevailing party to the arbitration will have the right to an award of its reasonable attorneys' fees and costs incurred after the filing of the demand for arbitration. If either Franchisor or Regional Developer seeks to enforce this Agreement in any arbitral or other proceeding, the prevailing party will be entitled to recover its reasonable costs and expenses (including reasonable attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses) and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel or living expenses) incurred in connection with such judicial or other proceeding.

17.3.6. This agreement to arbitrate will survive the expiration or termination of this Agreement.

17.4. Injunctive Relief. Notwithstanding anything to the contrary contained in this Section 17, either party may file suit in a court of competent jurisdiction (pursuant to Section 17.2) for the entry of temporary or preliminary injunctive relief, restraining orders, and orders of specific performance, including injunctive relief pertaining to Regional Developer's use or misuse of the System, Proprietary Marks, or Confidential Information, or impermissible competition, prior to or after the expiration or termination of this Agreement. The parties hereto agree that seeking and obtaining such relief will not waive the parties' agreements to arbitrate.

17.5. Limitation of Actions. Except with regard to claims related to Regional Developer's obligations to make payments to Franchisor pursuant to this Agreement, Regional Developer's indemnification obligations, and claims related to unauthorized use of the Proprietary Marks or Confidential



Information (all of which claims will be subject only to the applicable state or federal statute of limitations, any and all claims and actions arising out of or relating to this Agreement, the parties' relationship, or Regional Developer's operation of the Regional Developer Business (including any defenses and any claims of set-off or recoupment) shall be irrevocably barred unless brought or asserted before the expiration of the earlier of (A) the time period for bringing an action under any applicable state or federal statute of limitations; (B) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (C) two (2) years after the first act or omission giving rise to an alleged claim.

17.6. Waiver of Damages. Except with respect to the exclusions set forth in this Section 17.6, to the fullest extent permitted by applicable law and as provided below, Franchisor, Regional Developer, and Regional Developer's owners waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary, treble, incidental, indirect, consequential, or other similar damages against Franchisor, Regional Developer, any of their respective affiliates, owners, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, and employees, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort, statutory or otherwise). However, the foregoing waiver will not apply to any claim (a) by any party for attorneys' fees or costs and expenses under this Agreement; (b) for any damages whatsoever, including, without limitation, consequential damages, for adverse harm to the Proprietary Marks or the System; or (c) indemnification and damages for any third-party claims arising under Section 16.1.3. Notwithstanding anything to the contrary in this Agreement, if any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of limited waiver by agreement of punitive, exemplary, incidental, indirect, or consequential damages will continue in full force and effect.

17.7. Waiver of Jury Trial. The parties hereto irrevocably waive trial by jury in any action, proceeding, or counterclaim in connection with any matter or dispute of any kind arising under or in any way connected with this Agreement or any right or remedy hereunder, whether at law or in equity, brought by either party hereto.

## **18. TIME IS OF THE ESSENCE**

As to all reports and fees payable to or to be made to Franchisor and any inspections initiated by Franchisor under Section 7.4, time shall be of the essence.

## **19. APPROVALS, WAIVERS, AND BINDING EFFECTS**

19.1. Approvals. Whenever this Agreement requires Franchisor's prior approval or consent, Regional Developer shall make a timely written request to Franchisor for the approval or consent, which Franchisor shall grant, if at all, only in writing.

19.2. Waivers. Except as set forth in this Agreement, no rights or remedies set forth in this Agreement shall exclude any other right or remedy allowed by law or in equity. No waiver by a party of any covenant or condition or breach of any covenant or condition of this Agreement shall constitute a waiver of any subsequent breach or nonobservance on any other occasion of the same or any other covenant or condition of this Agreement. Subsequent acceptance by Franchisor of payments due to Franchisor as applicable shall not constitute a waiver by Franchisor of any prior breach. No failure by any party to this Agreement to take action on account of any default by any other party, or to exercise any right hereunder, whether in a single instance or repeatedly, shall constitute a waiver of any such default or right or the performance required of such other party.

19.3. **Binding Effect; No Other Rights.** This Agreement shall bind the parties and their respective executors, administrators, successors, and assigns. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Regional Developer, Franchisor, and such of the parties' respective successors and assigns as may be contemplated (and, as to Regional Developer, permitted) by Sections 12.1 and 12.3 above, any rights or remedies under or by reason of this Agreement.

## **20. NOTICES**

20.1. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, a recognized overnight delivery service (e.g., UPS, FedEx, etc.), or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses below, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

|             |                                                                                                                                     |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Franchisor: | TruGolf Links Franchising, LLC<br>60 North 1400 West<br>Centerville, Utah 84014<br>Attn: Nathan Larsen, President<br>n8@trugolf.com |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------|

|                     |                                                                                 |
|---------------------|---------------------------------------------------------------------------------|
| Regional Developer: | Regional Developer's notice address set forth on<br>Exhibit A to this Agreement |
|---------------------|---------------------------------------------------------------------------------|

## **21. FORCE MAJEURE**

Neither Franchisor nor Regional Developer will be liable for loss or damage or deemed to be in breach of this Agreement if performance is rendered impossible or commercially impractical by a Force Majeure Event (defined below). Any delay resulting from any Force Majeure Event will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable in the judgment of the Party to whom performance is owed, except no Force Majeure Event will operate to excuse Regional Developer from the prompt payment of any fee or other amount due to Franchisor or its affiliates under this Agreement. Regional Developer or Franchisor will, within five (5) days of the occurrence of the Force Majeure Event, give a written notice to the other party stating the nature of the Force Majeure Event, its anticipated duration, and any action being taken to avoid or minimize its effect. Any suspension of performance will be of no greater scope and of no longer duration than is reasonably required; provided, however, if the suspension of performance continues for ninety (90) days from the date of the occurrence and such failure to perform would constitute an event of default of this Agreement in the absence of such Force Majeure Event, Franchisor may, subject to any applicable franchise relationship law, terminate this Agreement immediately by giving written notice to Regional Developer. As used in this Agreement, "Force Majeure Event" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire, or other natural catastrophe); strikes, lockouts, or other industrial disturbances; war (declared or undeclared), riot, terrorist act, or other civil disturbances; cybersecurity incidents; epidemics; pandemics; public health emergencies; governmental action (except as relates to franchise registrations or exemptions); or any other cause that is beyond the reasonable control of the party affected thereby and that materially and adversely affects the ability of such party to perform. Financial inability of a party hereto will not constitute a Force Majeure Event.

## **22. IMMUNITY FOR CERTAIN LIMITED DISCLOSURES**

Notwithstanding anything in this Agreement to the contrary, Regional Developer and its affiliates may, in accordance with any applicable law, including the federal Defend Trade Secrets Act, disclose Confidential Information, including Franchisor's trade secrets, (a) in confidence, to federal, state, or local government officials, or to an attorney of Regional Developer, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

## **23. ENTIRE AGREEMENT AND AMENDMENT**

This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete agreement between Franchisor and Regional Developer concerning the Agreement's subject matter, and supersede any and all prior or contemporaneous negotiations, discussions, understandings, and agreements. There are no other oral or written understandings or agreements between Franchisor and Regional Developer relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Regional Developer Agreement or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. Except for those permitted to be made unilaterally by Franchisor hereunder, 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. The System and Manuals are subject to change by Franchisor at any time, at Franchisor's option.

## **24. SEVERABILITY; ENFORCEMENT OF COVENANTS; CONSTRUCTION**

24.1. Severability. If any of the provisions of this Agreement may be construed in more than one way, one of which would render the provision illegal or otherwise voidable or unenforceable, such provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to its fair meaning and not strictly against any party. In the event any court or other government authority shall determine that any provision in this Agreement is not enforceable as written, the parties agree that the provision shall be amended so that it is enforceable to the fullest extent permissible under the laws and public policies of the jurisdiction in which enforcement is sought and affords the parties the same basic rights and obligations and has the same economic effect. If any provision in this Agreement is held invalid or otherwise unenforceable by any court or other government authority or in any other proceeding, such findings shall not invalidate the remainder of the Agreement.

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

24.3. Construction. All captions and headings 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. Each pronoun used in this Agreement shall include the other numbers and genders, as appropriate. The words "include" and "including" will be construed to include the words "without limitation."

## **25. JOINT AND SEVERAL OBLIGATION**

If Regional Developer consists of more than one person or entity, each person and entity shall have joint and several liability for Regional Developer's obligations under this Agreement.

## **26. INCORPORATION OF EXHIBITS**

All exhibits referred to in this Agreement constitute an integral part of this Agreement.

## **27. COUNTERPARTS**

This Agreement may be executed in any number of counterparts each of which when so executed will be an original, but all of which together will constitute one (1) and the same instrument.

## **28. SURVIVAL OF PROVISIONS**

All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

## **29. REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENTS**

29.1. Regional Developer represents, warrants, and acknowledges to Franchisor as follows:

29.1.1. Independent Investigation. Regional Developer has conducted an independent investigation of the business contemplated by this Agreement.

29.1.2. Receipt of Documents. Regional Developer acknowledges receipt of a copy of this Agreement, the exhibit(s) hereto, and agreements relating hereto, if any, with all of the blank lines therein filled in, at least seven (7) days prior to the date on which this Agreement was executed. Regional Developer further acknowledges receipt of the franchise disclosure document required by the Federal Trade Commission's Franchise Rule at least fourteen (14) days prior to the date on which this Agreement was executed.

29.1.3. Modification of Offers. Regional Developer understands that present and future regional developers of Franchisor may operate under different forms of agreements and, consequently, the obligations and rights of the parties to those agreements may differ from the obligations and rights contained in this Agreement. Regional Developer also acknowledges and agrees that Franchisor may modify the offer of TruGolf Links regional developer franchises to other regional developers in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

29.1.4. No Other Obligations. Each party represents and warrants to the others that his/her/its execution of this Agreement and all exhibits and addenda hereto do not violate or breach any other agreement, contract, or covenant to which such party is bound, and further represents and warrants to the other parties that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

29.1.5. Compliance with Anti-Terrorism Laws and Other Laws. Regional Developer and its owners represent and warrant to Franchisor that: (a) neither Regional Developer nor any of its owners have made any untrue statement of any material fact nor omitted to state any material fact in Regional

Developer and their franchise application and other documents and information submitted to Franchisor, or in obtaining the rights granted herein; (b) neither Regional Developer nor any of its owners have any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as otherwise completely and accurately disclosed in Regional Developer's franchise application materials; (c) Regional Developer and its owners have a legal right to own and operate the Regional Developer Business, and the owner or officer that executes this Regional Developer Agreement on Regional Developer's behalf has all legal right an authority to execute on Regional Developer's behalf and to legally and contractually bind Regional Developer; and (d) neither Regional Developer nor its owners (i) have been designated as suspected terrorists under U.S. Executive Order 13244; (ii) is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx> /); (iii) have not violated and will not violate any law (in effect now or which may become effective in the future) prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (text currently available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13244 (text currently available at <http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html>), the Foreign Corrupt Practices Act, or any similar law.

### **30. BUSINESS JUDGMENT**

Regional Developer understands and agrees that Franchisor may operate and change the System in any manner that is not expressly and specifically prohibited by this Agreement. Whenever Franchisor has expressly reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Regional Developer a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise its right and/or discretion on the basis of Franchisor's sole judgment of what is in the best interest of Franchisor and the System and brand overall, including Franchisor, its affiliates, and the franchise and regional developer network, at the time Franchisor's decision is made or Franchisor's right or discretion is exercised, without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (2) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (3) Franchisor's decision or the action it takes applies differently to Regional Developer and one or more other regional developers or Franchisor company-owned or affiliate-owned operations; or (4) Franchisor's decision or the exercise of its right or discretion is adverse to Regional Developer's interests. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Regional Developer agree that such covenant shall not imply any rights or obligations that are inconsistent with the express wording of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions, and/or refrain from taking actions not inconsistent with Regional Developer's rights and obligations hereunder.

[Signatures Follow Next Page]

Executed as of the day and year first set forth above.

Franchisor:

TruGolf Links Franchising, LLC

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

Name: Dr. Ben Litalien, CFE

Its: Chief Development Officer

Regional Developer:

\_\_\_\_\_

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

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

Its: \_\_\_\_\_

**EXHIBIT A**

**IDENTIFICATION OF REGIONAL DEVELOPER**

1. Name of Regional Developer: \_\_\_\_\_
2. Type of Entity \_\_\_\_\_
3. State of Formation \_\_\_\_\_
4. Notice Address \_\_\_\_\_  
\_\_\_\_\_
5. Address of Support Center \_\_\_\_\_  
\_\_\_\_\_

## **EXHIBIT B**

### **RD TERRITORY AND DEVELOPMENT SCHEDULE**

1. RD Territory. The RD Territory shall consist of: \_\_\_\_\_

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2. Development Schedule. Recognizing that time is of the essence, Regional Developer agrees to satisfy the Development Schedule set forth below:

| <b>Development Period</b> | <b>Number of Franchised Businesses to be Opened during the Development Period</b> | <b>Cumulative Number of Franchised Businesses to be Open and Operating in the RD Territory at the end of each Development Period</b> |
|---------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 1                         |                                                                                   |                                                                                                                                      |
| 2                         |                                                                                   |                                                                                                                                      |
| 3                         |                                                                                   |                                                                                                                                      |
| 4                         |                                                                                   |                                                                                                                                      |
| 5                         |                                                                                   |                                                                                                                                      |
| 6                         |                                                                                   |                                                                                                                                      |
| 7                         |                                                                                   |                                                                                                                                      |
| 8                         |                                                                                   |                                                                                                                                      |
| 9                         |                                                                                   |                                                                                                                                      |
| 10                        |                                                                                   |                                                                                                                                      |

\*Development Period means each twelve (12) calendar month period during the term of this Agreement, except for the first Development Period which will commence on the Effective Date and end on December 31 of the same year.



**EXHIBIT C**

**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS  
(DIRECT DEBITS)**

The undersigned depositor (“Depositor”) hereby authorizes TruGolf Links Franchising, LLC (“Franchisor”) to initiate debit entries and/or credit correction entries to the Depositor’s checking and/or savings account(s) indicated below and the depository (“Depository”) to debit such account pursuant to Franchisor’s instructions.

\_\_\_\_\_  
Depository

\_\_\_\_\_  
Branch

\_\_\_\_\_  
Street Address, City, State, Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number

\_\_\_\_\_  
Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Franchisor and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Franchisor and Depositor with 30 days’ prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor’s account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

\_\_\_\_\_  
Depositor

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

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

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

## **EXHIBIT D**

### **STATEMENT OF OWNERSHIP INTERESTS**

The following is a list of all of Regional Developer's owners, the percentage of their ownership interest and a description of the nature of their ownership interest:

| <u>Individual/Entity Name</u> | <u>Percentage of Ownership/Nature of Interest*</u> |
|-------------------------------|----------------------------------------------------|
|-------------------------------|----------------------------------------------------|

\* Must equal 100%.

## **EXHIBIT E**

### **GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT**

As an inducement to TruGolf Links Franchising, LLC (“Franchisor”) to execute the TruGolf Links Regional Developer Agreement between Franchisor and \_\_\_\_\_ (“Regional Developer”), dated \_\_\_\_\_, 20\_\_ (the “Agreement”), the undersigned jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Regional Developer’s monetary and other obligations under the Agreement will be punctually paid and performed.

The undersigned each jointly and severally agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement and its related agreements. Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Regional Developer under the Agreement and waive any right to require Franchisor to: (a) proceed against Regional Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Regional Developer; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Regional Developer; or (d) give notice of demand for payment by Regional Developer. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Regional Developer, or settle, adjust, or compromise any claims against Regional Developer, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned each hereby jointly and severally agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney’s fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Regional Developer to perform any obligation of Regional Developer under the Agreement, any amendment thereto, or any other agreement executed by Regional Developer referred to therein.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by, and personally liable for the breach of, all of the covenants and obligations contained in Sections 8, 9, 10, 12, 14, and 17 of the Agreement (provided only those guarantors that directly or indirectly hold an ownership interest in Franchisee make, and are individually bound by, the non-compete covenants set forth in Sections 10.5.2 and 10.6 of the Agreement), and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the Proprietary Marks or System licensed to Regional Developer under the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

If Franchisor is required to enforce this Guarantee in a judicial or arbitration proceeding, and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants’, attorneys’, attorneys’ assistants’, arbitrators’, and expert witness fees, costs, and expenses, costs of investigation and proof of facts, court costs, other litigation

expenses, travel and living expenses, and interest, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs.

Subject to the obligations and provisions below, each of the undersigned agrees that all actions arising under this Guarantee or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, shall be governed by the provisions of Section 17 of the Agreement, and must be arbitrated in the Salt Lake City, Utah metropolitan area (or the metropolitan area in which our headquarters are located at the time of the dispute if we relocate our headquarters from Centerville, Utah) or litigated in the state or federal court encompassing Centerville, Utah, in accordance with Section 17 of the Agreement, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guarantee and any orders and awards in the courts of the state or states in which he or she is domiciled.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 17 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of Utah. In the event of any conflict of law, the laws of the State of Utah shall prevail (without regard to, and without giving effect to, the application of Utah conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTOR(S)

Signed: \_\_\_\_\_

(In his/her individual capacity)

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

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

\_\_\_\_\_

Signed: \_\_\_\_\_

(In his/her individual capacity)

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

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

\_\_\_\_\_

Signed: \_\_\_\_\_

(In his/her individual capacity)

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

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

\_\_\_\_\_

---

## **EXHIBIT F**

### **NON-DISCLOSURE AGREEMENT**

THIS NON-DISCLOSURE AGREEMENT (“Agreement”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (the “Regional Developer”), and \_\_\_\_\_, who is an owner, manager, supervisor, member, partner, or a person in a managerial position with, Regional Developer (the “Obligee”).

#### **BACKGROUND:**

A. TruGolf Links Franchising, LLC (“Franchisor”), as the result of the expenditure of significant time, skill, effort and money, has developed a distinctive and proprietary system (the “TruGolf Links System” or “System”) for establishing and operating businesses that offer third parties the opportunity to:

(i) offer franchises for businesses that provide dedicated indoor facilities featuring a high-tech simulator bays for golf and a variety of arcade games, a full bar and snack bar featuring high quality assembled and ready-to-eat menu items, a retail sales area with logo apparel and other items, the sale of TruGolf home simulators and equipment, and event space, (b) operate in accordance with Franchisor’s distinctive and proprietary business methods, and (c) are identified by certain licensed trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the mark “TruGolf Links” and such other trade names, service marks and trademarks as are now designated (and may hereinafter be designated) by Franchisor in writing (“TruGolf Links Centers”) to prospective franchisees on behalf of Franchisor;

(ii) provide ongoing support to TruGolf Links Centers and;

(iii) otherwise assist Franchisor in supporting TruGolf Links Centers and operating the TruGolf Links franchise network

(each referred to generally as a “Regional Developer Business”);

B. Franchisor and Regional Developer have executed a Regional Developer Agreement (“Regional Developer Agreement”) granting Regional Developer the right to operate one (1) Regional Developer Business;

C. Obligee, by virtue of his or her position with Regional Developer, will gain access to certain of Franchisor’s Confidential Information, as defined herein, and must therefore be bound by the same confidentiality agreement that Regional Developer is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Confidential Information. Obligee shall not, during the term of the Regional Developer Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, trade secrets, knowledge, or know how concerning the methods of operation of the Regional Developer Business which may be communicated to Obligee or of which Obligee may be apprised by virtue of Regional Developer’s operation under the terms of this Agreement. Any and all information, knowledge, know how, and techniques which

Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Obligee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Regional Developer, had become or later becomes a part of the public domain, through publication or communication by others. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Manuals.

2. Injunctive Relief. Obligee acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Obligee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

3. Severability. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then the Obligee agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect Franchisor's and/or Regional Developer's legitimate business needs as permitted by applicable law and public policy. In so doing, the Obligee agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid.

4. Delay. No delay or failure by Franchisor or the Regional Developer to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

5. Jurisdiction, Venue, and Choice of Law. This Agreement shall be interpreted and construed in accordance with, and any disputes arising under or in connection with this Agreement will be governed by, with the laws of the State of Utah, without regard to its conflicts of laws provisions. The parties agree that an action arising out of, related to, or seeking to enforce this Agreement may be brought in federal or state court encompassing Centerville, Utah, and the parties expressly consent to and waive any objections or challenges to personal jurisdiction and venue in such court.

6. Third-Party Beneficiary. Obligee hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Regional Developer.

**IN WITNESS WHEREOF**, the Regional Developer and the Obligee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

REGIONAL DEVELOPER

OBLIGEE

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT D**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**STATE SPECIFIC ADDENDA**



## **CALIFORNIA**

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.
2. Neither the franchisor, nor any person or franchise broker identified in Item 2 of this Disclosure Document 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 the person from membership in the association or exchange.
3. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Regional Developer Agreement contains a provision that is inconsistent with the law, the law will control.
4. The Regional Developer Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.)
5. The Regional Developer Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
7. The Regional Developer Agreement requires binding arbitration. The arbitration will occur the Salt Lake City, Utah metropolitan area, with each party paying their own costs, plus one-half the arbitrator's fees.
8. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professional Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Regional Developer Agreement restricting venue to a forum outside the state of California.
9. The Regional Developer Agreement requires application of the laws of Utah. This provision may not be enforceable under California Law.
10. 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.
11. You must sign a general release of claims if you renew or transfer your franchise. California corporations code §31512 voids a waiver of your rights under the franchise investment law (California corporations code §§31000 through 31516). Business and professions code §20010 voids a waiver of your rights under the franchise relations act (business and professions code §§20000 through 20043).
12. 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.

13. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
14. 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.
15. 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 registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

{ See the last page of this Exhibit D for your Signature. }

## HAWAII

1. Release. The language contained in Section 2.2.5 of the Regional Developer Agreement is hereby deleted in its entirety and the following is substituted in its place:

Franchisee and Franchisor shall execute a mutual general release, in a form prescribed by Franchisor, of any and all claims which each may have against the other and their affiliates (except as to amounts then due to Franchisor for royalties, advertising contributions, materials, and the like), and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, excluding only such claims as each may have that arise under the Hawaii Franchise Investment Law.

2. Conditions for Approval of Transfer. The language contained in Section 12.4 of the Regional Developer Agreement is hereby deleted in its entirety and the following is substituted in its place:

Franchisor and the transferor shall have executed a mutual general release, in a form prescribed by Franchisor, of any and all claims which each may have against the other and their affiliates, and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, excluding only such claims as each may have that arise under the Hawaii Franchise Investment Law.

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

4. **THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

{ See the last page of this Exhibit D for your Signature. }

## **ILLINOIS**

In recognition of the Illinois Franchise Disclosure Act and the Rules and Regulations promulgated thereunder, the Disclosure Document and Regional Developer Agreement shall be modified as follows:

1. Illinois law shall apply to and govern the Regional Developer Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a regional developer agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a regional developer agreement may provide for arbitration to take place outside of Illinois.
3. Franchisees' right upon Termination and Non-Renewal 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.

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.

{ See the last page of this Exhibit D for your Signature. }

## **INDIANA**

It is unlawful for any regional developer agreement between any franchisor and a franchisee who is a resident of Indiana or a non-resident who is to operate the franchise in Indiana to contain a provision that requires a franchisee not to compete with the franchisor in an area greater than the exclusive territory granted in the regional developer agreement or, if no exclusive territory is granted, in an area of more than reasonable size, upon Termination of a regional developer agreement. (Ind. Code § 23-2-2.7-1(9)). Accordingly, the Regional Developer Agreement and Item 17 of the Disclosure Document are amended to apply to the area within a 2-mile radius of any of the TruGolf Links Centers operating within the RD Territory.

The Regional Developer Agreement requires binding arbitration. The arbitration will occur in a state other than Indiana, with costs being borne by the non-prevailing party. The provision concerning the place where arbitration will occur is deleted from the Regional Developer Agreement.

The Regional Developer Agreement requires application of the laws of another state. This provision is deleted from the Indiana Regional Developer Agreement.

Item 17 of the Disclosure Document, Sections (u), (v), and (w), is amended to omit any reference to selection of an out-of-Indiana forum or choice of law.

The Regional Developer Agreement requires you to sign a general release of claims as a condition of renewing or reselling the franchise. Under the law of Indiana any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise laws of Indiana is void. The Regional Developer Agreement and Item 17 of the Disclosure Document, Sections (b) (renewal) and (k) (transfer) are amended to omit the requirement that an Indiana franchisee sign a general release of claims as a condition of renewal or resale. This will not prevent Franchisor from requiring you to sign a general release of claims as part of a settlement of a dispute.

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.

## **MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Disclosure Document shall be modified as follows:

Item 17 of the Disclosure Document provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

Item 17 of the Disclosure Document is amended to state “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.”

Item 17 of the Disclosure Document is amended to state “Any claim arising under the Maryland Franchise and Disclosure Law must be brought within 3 years after the grant of the franchise.”

Item 17(v) of the Disclosure Document is amended to state “A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Regional Developer Agreement shall be modified as follows:

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

Any claim arising under the Maryland Franchise and Disclosure Law must be brought within three (3) years after the grant of the franchise.

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.

Any provision contained in the Regional Developer Agreement that requires the Franchisee to assent to a release, estoppel, or waiver of liability is not intended to nor shall it 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.

{See the last page of this Exhibit D for your Signature.}

## **MINNESOTA**

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require (except in certain specific cases) that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Regional Developer Agreement, and that consent to transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400(J) may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Regional Developer Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Notwithstanding the foregoing, this shall not bar enforcement of an arbitration clause.

In accordance with Minnesota Rule 2860.4400(J), to the extent required by law, the Disclosure Document and Regional Developer Agreement are modified so that we cannot require you to waive your rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes.

Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release of liability imposed by Minn. Stat. Chapter 80C; provided, this shall not bar the voluntary settlement of disputes. The Disclosure Document and Regional Developer Agreement are modified accordingly, to the extent required by Minnesota law.

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), Minnesota considers it unfair not to protect the franchisee's right to use the trademarks. To the extent required by Minnesota law, we will protect your right to use the primary trademark, service mark, trade name, logotype, or other commercial symbol from third parties or will indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit, or demand regarding your use of our primary trade name in accordance with the requirements of the Regional Developer Agreement and our standards.

Pursuant to Minn. Stat. Sec. 80C.17, Subd. 5, to the extent required by law, the Regional Developer Agreement and Item 17 of the Disclosure Document are amended to state that no action may be commenced pursuant to Minn. Stat. Sec. 80C.17 more than three years after the cause of action accrues.

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.

{ See the last page of this Exhibit D for your Signature. }

## **NEW YORK**

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

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

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.



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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

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

6. 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. 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.

## **NORTH DAKOTA**

Item 17(i) of the Disclosure Document and Section 14 of the Regional Developer Agreement, which require you to consent to termination or liquidated damages, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby amended to the extent required by law.

Item 17(r) of the Disclosure Document and Section 10.6 of the Regional Developer Agreement restricting competition are generally considered unenforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby amended to the extent required by law.

Item 17(u) of the Disclosure Document and Section 17 of the Regional Developer Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby amended to the extent required by law. The site of arbitration or mediation must be agreeable to all parties.

Item 17(v) of the Disclosure Document and Section 17.2 of the Regional Developer Agreement requiring franchisee to consent to resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and such requirement is hereby deleted to the extent required by law. Any litigation under the agreement shall be conducted in North Dakota or a mutually agreed upon location. The provisions of this paragraph are subject to the United States Arbitration Act (9 U.S.C. § 1 et seq.).

Item 17(w) of the Disclosure Document and Section 17.1 of the Regional Developer Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby amended to the extent required by law.

Any provisions in the Regional Developer Agreement which require the franchisee to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby amended to the extent required by law.

Sections of the Disclosure Document and Section 17.5 of the Regional Developer Agreement requiring the franchisee to consent to a limitation of claims within one year may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby amended to the extent required by law.

Sections of the Disclosure Document and Section 17.6 of the Regional Developer Agreement requiring the franchisee to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby amended to the extent required by law.

Any provisions in the Regional Developer Agreement which stipulate that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement, which may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, are hereby amended to the extent required by law. The prevailing party in any enforcement action is entitled to recover costs and expenses including attorney's fees.

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.

{See the last page of this Exhibit D for your Signature.}

## **RHODE ISLAND**

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

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

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.

## **SOUTH DAKOTA**

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.

## **VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Disclosure Document and Regional Developer Agreement for TruGolf Links Franchising, LLC for use in the Commonwealth of Virginia is amended as follows:

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

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

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.

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, REGIONAL DEVELOPER AGREEMENT, FRANCHISEE DISCLOSURE QUESTIONNAIRE, AND 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).

{ See the last page of this Exhibit D for your Signature. }

## **WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Regional Developer Agreement if such provision is in conflict with that law. The Disclosure Document and Regional Developer Agreement are amended accordingly.

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.

**ACKNOWLEDGMENT:**

If any one of the preceding State Specific Addenda (“Addenda”) is checked as an “Applicable Addenda” below or if the jurisdictional requirements for application of one of the following State’s franchise sales law is independently satisfied, then that Addenda will be incorporated into the Disclosure Document and/or, if applicable as indicated in such Addenda, the Regional Developer Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Disclosure Document or, as applicable, Regional Developer Agreement or other specified agreement(s), the terms of the Applicable Addenda will supersede the terms of the Disclosure Document or, as applicable, Regional Developer Agreement or other specified agreement(s).

- |                                     |                                       |
|-------------------------------------|---------------------------------------|
| <input type="checkbox"/> California | <input type="checkbox"/> New York     |
| <input type="checkbox"/> Hawaii     | <input type="checkbox"/> North Dakota |
| <input type="checkbox"/> Illinois   | <input type="checkbox"/> Rhode Island |
| <input type="checkbox"/> Indiana    | <input type="checkbox"/> Virginia     |
| <input type="checkbox"/> Maryland   | <input type="checkbox"/> Washington   |
| <input type="checkbox"/> Minnesota  | <input type="checkbox"/> Wisconsin    |

**FRANCHISOR:****TRUGOLF LINKS FRANCHISING, LLC**

By: \_\_\_\_\_  
Title: Authorized Signatory

**REGIONAL DEVELOPER**

\_\_\_\_\_

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

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

**EXHIBIT E**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**LISTS OF CURRENT AND FORMER REGIONAL DEVELOPERS**

**LIST OF CURRENT REGIONAL DEVELOPERS  
AS OF DECEMBER 31, 2024**

*None*

**REGIONAL DEVELOPER AGREEMENTS SIGNED BUT OUTLET NOT OPENED  
AS OF DECEMBER 31, 2024**

| <b>REGIONAL<br/>DEVELOPER/OWNER</b> | <b>CITY</b> | <b>STATE</b> | <b>PHONE</b> |
|-------------------------------------|-------------|--------------|--------------|
| Nick Reimondo                       | Princeton   | NJ           | 917-584-3381 |

**LIST OF FORMER REGIONAL DEVELOPERS  
AS OF DECEMBER 31, 2024**

*None*

**TRANSFERS  
AS OF DECEMBER 31, 2024**

*None*

**EXHIBIT F**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**FORM OF GENERAL RELEASE**

## **FORM OF GENERAL RELEASE**

The Regional Developer, on behalf of itself and its subsidiaries, affiliates, heirs, successors and assigns, hereby releases and discharges any and all liabilities, obligations or claims, whether known or unknown, including without limitation, any claimed violation or breach of the Regional Developer Agreement or federal or state laws, including franchise investment laws, against TruGolf Links Franchising, LLC (“Franchisor”), including its current and former parents, officers, directors, limited liability company managers, employees, subsidiaries or affiliates, and any and all of its respective past and present representatives. The Regional Developer realizes the facts as presently known or understood to exist with respect to any known or unknown claims it may have against Franchisor may, in fact, be either incorrect or incomplete, or both. Notwithstanding such possibility, the Regional Developer freely enters into this Agreement and assumes all risks of any such possibility and waives any rights whatsoever to attack the validity and finality of this Agreement even if the present knowledge and understanding of the facts on the part of the Regional Developer is in any way incorrect. The Regional Developer expressly waives any and all rights and benefits against Franchisor conferred upon themselves by the provisions of Section 1542 of the California Civil Code. Section 1542 of the California Civil Code 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.**

**EXHIBIT G**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**MANUAL TABLE OF CONTENTS**





# Regional Developer Manual

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# Regional Developer Manual

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**EXHIBIT H**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**RESELLER ADDENDUM**

## **RESELLER ADDENDUM TO REGIONAL DEVELOPER AGREEMENT**

**THIS RESELLER ADDENDUM** (“Addendum”) to the Agreement (defined below) is made and entered into as of \_\_\_\_\_ (“Addendum Effective Date”) by and between **TRUGOLF LINKS FRANCHISING, LLC** (“Franchisor”); **TRUGOLF, INC.** (“Supplier”); and \_\_\_\_\_ (“Regional Developer”). Franchisor, Supplier, and Regional Developer are sometimes referred to individually as a “Party” and collectively as the “Parties.”

### **RECITALS**

A. Franchisor and Regional Developer are parties to a Regional Developer Agreement dated \_\_\_\_\_ (“Agreement”), under which Franchisor granted Regional Developer the right to solicit franchises for the establishment and operation of, and provide services to, TruGolf franchise locations, within the RD Territory (as defined in the Agreement).

B. Supplier is the manufacturer and producer of indoor golf and recreation sports simulators, equipment, hardware, and software, as more particularly identified on Exhibit A (the “Products”).

C. Regional Developer desires the right to purchase Products from Supplier for resale to non-franchisee third-party end users (“Consumers”), and Supplier and Franchisor are willing to grant Regional Developer the right to sell and distribute Products in the RD Territory, pursuant to the terms and conditions of this Addendum.

### **AGREEMENT**

**FOR AND IN CONSIDERATION** of the foregoing Recitals, the promises set forth in this Addendum, and for other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Recitals; Capitalized Terms. The Recitals set forth above are incorporated into and made part of this Addendum. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement.

2. Term. The term of this Addendum begins on the Addendum Effective Date and will thereafter be coterminous with the Agreement, unless terminated in accordance with Section 10 of this Addendum. For the avoidance of doubt, this Addendum will automatically expire and terminate upon the expiration, non-renewal, or termination of the Agreement.

3. Authorized Reseller of Products.

a. Subject to Regional Developer’s compliance with this Addendum and the Agreement, Supplier will sell Products to Regional Developer, and Supplier and Franchisor will allow Regional Developer to market and resell the Products on a non-exclusive basis in the RD Territory.

b. Regional Developer will use its best efforts to promote the retail sale and distribution of Products, to support Consumers, and to positively develop and promote the TruGolf brand and its reputation and goodwill, within the RD Territory. Regional Developer will maintain, or cause to be maintained, a sales staff for the distribution of Products. In connection with its performance under this Addendum, Regional Developer agrees to abide by the standards which Franchisor or Supplier may from time to time prescribe in the Manuals or otherwise in writing (the “Standards”) applicable to the purchase,

sale, storage, delivery, installation, marketing, promotion, and support of Products, which Standards may be revised by Franchisor or Supplier from time to time.

c. Supplier may require Regional Developer to input data related to the Product purchases into a computer system of Supplier's designation, and Regional Developer agrees to promptly do so upon Supplier's request. Regional Developer will provide timely feedback to Supplier on any potential or known issues with the Products, sales, services, or marketing. Upon request from Supplier, Regional Developer will promptly furnish Supplier with available sales and depletion reports, details of all promotional programs with respect to the Products, and copies of signed sales orders, payment, feedback, or forecasting.

d. During the term of this Addendum, Supplier will not directly market Products to any customer Supplier knows to be a consummated Consumer of Regional Developer; provided, nothing in this Section 3(e) will be construed as preventing Franchisor and/or Supplier from marketing or promoting the Products or TruGolf centers generally anywhere, including in the RD Territory, or otherwise limit any of the reserved rights set forth in Section 1.1.1 of the Agreement. Without limiting Section 10 of the Agreement, during the term of this Addendum, Regional Developer will not sell, resell, represent, or distribute, either directly or indirectly, any products or services that, as determined by Supplier and/or Franchisor, are similar to or competitive with the Products.

4. Non-Exclusivity; Authorized Consumers. Regional Developer acknowledges and agrees that the rights granted under this Addendum are non-exclusive, Regional Developer has no territorial protection or exclusivity whatsoever, and Supplier, Franchisor, and their affiliates retain the right to conduct all activities (or to authorize a third party to conduct such activities) related to the advertisement, promotion, offer, and sale of the Products at any location or through any means, regardless of the proximity to or the economic or other effect on Regional Developer, the RD Territory, or the Regional Developer Business. Regional Developer acknowledges and agrees that it is prohibited from selling or attempting to sell any Products to any franchisees (including any RD Territory Franchisees) or other regional developers of Franchisor.

5. Purchase Price.

a. Supplier will sell Products to Regional Developer at the Purchase Price pursuant to an accepted Purchase Order, as described below. The "Purchase Price" of the Products will be Supplier's then-current manufacturer's suggested retail price ("MSRP"), subject to the following discounts:

i. A five percent (5%) discount off MSRP in connection with sales to qualified warm leads generated by Regional Developer that close with the help of Supplier, Franchisor, or their affiliate.

ii. A twenty-five percent (25%) discount off MSRP in connection with sales consummated by Regional Developer directly without help from Supplier, Franchisor, or their affiliate; provided, Regional Developer (1) Regional Developer spends at amount equal to at least three percent (3%) of forecasted Product sales volume for the year on branded co-marketing and brand building, as approved by Supplier or Franchisor, and (2) Regional Developer performs in connection with such sale (i) the installs and (ii) Tier II (deep troubleshooting) support.

b. Supplier will invoice Regional Developer for each shipment of Products upon delivery of such Products to the Shipping Point. Regional Developer must pay Supplier for the Products within thirty (30) calendar days from Regional Developer's receipt of the Products. If Regional Developer fails to timely pay for any shipment of Products, Supplier may, in addition to all other rights and remedies

available at law and in equity and not as an election of remedies, withhold shipment for future purchases until all past due amounts are paid, and/or require a letter of credit for future purchases.

c. Regional Developer will purchase Products only from Supplier. Regional Developer is expressly precluded from purchasing or obtaining Products from any source other than Supplier (including, without limitation, any franchisee or other regional developer of Franchisor), except as expressly designated and approved by Supplier.

6. Marketing; Limited License. Regional Developer will market and promote the Products within the RD Territory. Supplier will provide marketing assets or collateral to Regional Developer, as Supplier deems appropriate in Supplier's sole determination, to assist in the retail sale of the Products. For the avoidance of doubt, Regional Developer's uses of any local advertising, marketing, promotion, or social media engagement under this Addendum are subject to the requirements and restrictions set forth in Section 6 of the Agreement, provided either Supplier or Franchisor may provide the required approvals. Regional Developer must obtain approval from Supplier or Franchisor for any new, or materially changed, marketing materials or executions that use the Proprietary Marks (including, without limitation, the TruGolf or TruGolf Links marks) prior to use. During the term of this Addendum (including any renewal periods), Regional Developer is granted the limited license to use and display the Proprietary Marks solely in connection with advertising or marketing Products specifically approved in writing by Supplier for Regional Developer to provide to Consumers, in accordance with this Addendum, the Agreement, and any Standards pertaining to the reproduction, display, or use of the Proprietary Marks or as otherwise specifically approved by Supplier or Franchisor prior to such use. Except as expressly authorized in the Agreement or hereunder, any other use or display of trademarks, service marks, logos, or trade names of Franchisor or Supplier is prohibited. For the avoidance of doubt, all uses by Regional Developer of the Proprietary Marks must be in compliance with the Standards and Agreement, including, without limitation, Sections 6 and 8 of the Agreement.

7. Product Orders. Supplier will sell to Regional Developer the Products as requested by Regional Developer in a Purchase Order accepted by Supplier in accordance with the terms of this Addendum. As used herein, "Purchase Order" means any purchase order (via an electronic data interchange (EDI) communication or another manner reasonably acceptable to the Supplier) submitted by Regional Developer for Products, including, without limitation, any modification of such Purchase Order agreed to by Regional Developer and Supplier in writing. All Purchase Orders are subject to these terms. Any reference to a Purchase Order herein refers to the Purchase Order(s) applicable to the Product ordered by Regional Developer. If there is a conflict between this Addendum and any Purchase Order, this Addendum will control. Orders placed pursuant to a Purchase Order will not be binding on Supplier until accepted in writing or electronically by an authorized representative of the Supplier. If a Purchase Order is not expressly accepted or rejected by the Supplier within three (3) full business days of receipt, it will be deemed to be rejected. Supplier will fill any accepted Purchase Orders for Products as promptly as reasonably practicable subject to Product availability.

8. Delivery. Products purchased will be shipped to the designated location by Regional Developer ("Shipping Point"). Supplier will bear all risk and shipping, storage, and related costs associated with delivering the Products to the Shipping Point, ready for unloading. Title and risk of loss or damage to Products will pass to Regional Developer once Products are available for unloading at the Shipping Point. The date of delivery to the destination will be stated by Supplier according to the best estimate and the Supplier will use commercially reasonable efforts to fulfill the Purchase Order, in full, with conforming Product(s), on such date. If Supplier fails to deliver Product in accordance with this Section 8, Regional Developer is entitled to cancel the applicable Purchase Order without liability as a result of such cancellation, provided that the subject Product has not yet been placed with a carrier for shipment to Shipping Point. Notwithstanding the foregoing, Supplier will not, under any circumstances, be liable or



responsible for any delay or non-delivery of Products, or any other Losses and Expenses for mis-shipment, shortage of Products incurred by Distributor or asserted by any third party, or any other claim for Losses and Expenses caused directly or indirectly by Supplier, or any other party, including any consequential damages. REGIONAL DEVELOPER WILL HAVE NO OTHER REMEDIES FOR BREACH AS A RESULT OF DELAY OR NON-DELIVERY OF PRODUCT AND IS NOT ENTITLED TO MAKE ANY CLAIM FOR OTHER DAMAGES, CONSEQUENTIAL LOSS OR OTHER INDIRECT LOSS DUE TO A DELAY IN THE DELIVERY OR NON-DELIVERY OF ANY PRODUCT.

9. Acceptance. Upon receipt of Products, Regional Developer will promptly inspect the Product to confirm compliance with the Purchase Order. Regional Developer will promptly notify Supplier of any shortage or failure to conform, apparent defect, or other discrepancies in the Product received from Supplier but in any case no later than two (2) days after receipt, and Supplier will, within seven (7) business days of receipt of any such notice from Regional Developer, begin efforts to provide additional or replacement Products to correct such shortage, defect, non-conformance or other discrepancy or, at Supplier's direction, provide a merchandise credit memo to Regional Developer for the cost paid by Regional Developer for the missing, defective, damaged or non-conforming Products. Once accepted or the requisite time for notifying Supplier of a defect has passed, all such Products are non-refundable.

10. Termination. Except as set forth in this Section or as prohibited by applicable law, Franchisor or Supplier may terminate this Addendum for cause if Regional Developer fails to comply with any provision or requirement of this Addendum and fails to cure such default within thirty (30) days of receiving written notice of default. Without limiting the foregoing, Franchisor or Supplier may, upon written notice to Regional Developer, without affording Regional Developer an opportunity to cure, immediately terminate this Addendum if Regional Developer breaches Sections 6, 14, or 15 of this Addendum. If any applicable law requires a notice or cure period prior to termination longer than set forth in this Section, this Addendum will be deemed amended to conform to the minimum notice or cure period required by such applicable law.

11. Warranty. Supplier warrants and agrees that all Products sold under this Agreement shall be free from material defects in workmanship and materials when delivered to Regional Developer. Aside from the foregoing, the only warranties applicable to the Products are those written, limited warranties issued by Supplier to Consumers, as may be revised by Supplier from time to time; provided that such revisions will not apply to previously purchased Products. Except for its express limited obligations under its written warranties, Supplier and Franchisor assume no other obligation or liability for any representations or warranties made by Regional Developer in connection with the sale of any Product by Regional Developer. Regional Developer is not authorized to make any warranty beyond or in addition to the terms of Supplier's written warranties. In the event there are any issues or defects associated with the Products, Regional Developer agrees to promptly inform Supplier of such issues and to cooperate in any ameliorating efforts as Suppliers deem necessary, in its sole determination. **SUPPLIER AND FRANCHISOR EXPRESSLY DISCLAIM ALL OTHER WARRANTIES, PROMISES, AND OBLIGATIONS, EXPRESS, IMPLIED, OR STATUTORY. ANY AND ALL IMPLIED WARRANTIES, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND/OR FITNESS FOR PARTICULAR PURPOSE ARE HEREBY EXPRESSLY DISCLAIMED.**

12. Product Recall. If Regional Developer, Franchisor, Supplier, or any governmental agency having jurisdiction identifies a defective Product, whether based on information received through customer complaints, warranty returns, insurance claims or payments, product liability claims or lawsuits, reports of production problems, or product testing, Supplier and Regional Developer will, at their combined expense: (a) implement a corrective action plan that complies with applicable law; (2) notify any required

governmental agency or authority, and submit all required reports, in compliance with applicable law; and (3) pick up and take back all inventory of recalled Products.

13. **Indemnification.** Regional Developer will indemnify, defend, and hold harmless Franchisor, Supplier, and their affiliates, their successors and assigns, and each of their respective partners, officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them from all Losses and Expenses incurred in connection with any third-party claim that arises out of or is based upon any of the following: (A) any unauthorized use of the Proprietary Marks or other intellectual property in connection with the advertising, marketing, promotion, offer, sale, handling, storage, display, assembly, transportation, shipping, or delivery of the Products; (B) Regional Developer's failure to comply with any of Supplier's warranties or the terms of any warranty program; or (C) Regional Developer's negligent acts or omissions or other failure to comply with this Addendum and the Standards, or other terms and conditions applicable to the advertising, marketing, promotion, offer, sale, handling, storage, display, assembly, transportation, shipping, or delivery of the Products, or applicable law. Notwithstanding the foregoing, no indemnity will apply to indemnify either Supplier or Franchisor for their gross negligence or willful acts or omissions.

14. **Intellectual Property.** Supplier is and will be the sole owners of all right, title, and interest in and to any intellectual property rights, as applicable, created as a result of or related to the Products and product specifications. Supplier (and its employees, representatives, or agents) will not copy, reverse engineer, decompile, or disassemble any Product. Supplier does not grant Regional Developer any ownership right with respect to any of the Proprietary Marks or intellectual property rights created as a result of Regional Developer's sale of the Products or performance under this Addendum. Regional Developer, without reservation, irrevocably sells, assigns, transfers, and conveys, and will be deemed to have irrevocably sold, assigned, transferred, and conveyed to Franchisor and Supplier, as applicable, all right, title, and interest (past, present, future, and throughout the world) in and to the Products; and any and all claims, of any nature whatsoever, for past, present or future infringement or violation of such intellectual property rights. If Regional Developer has any rights to work product that cannot be assigned to Franchisor or Supplier, Regional Developer unconditionally and irrevocably waives the enforcement of such rights, and if such rights cannot be waived, Regional Developer hereby grants to Franchisor and Supplier a fully paid-up, exclusive, irrevocable, perpetual, worldwide license to display, copy, distribute, perform, or use in any manner and to make derivative works of the work product. Regional Developer will have no ownership in and will refrain from making any claims or asserting any ownership right or interest in the Proprietary Marks. During the term of this Agreement and thereafter, Regional Developer will have no right or authority to use, display, license, refer to, or in any way benefit from the Proprietary Marks, except as expressly authorized in the limited license above. Supplier will promptly execute such documents and perform such acts as Supplier, in its sole determination, deems necessary so as to prevent any products labeled in imitation of the Products from being distributed in the RD Territory.

15. **Confidentiality.** Regional Developer acknowledges and agrees information relating to the Products or business of Supplier or Franchisor (including, without limitation, business processes, product information, product specifications, subcontract arrangements, computer programs, names and expertise of employees and consultants, know-how, formulas, processes, algorithms, prices, ideas, inventions (whether patentable or not), schematics and other technical, business, financial, customer and product development plans, forecasts strategies and information) constitute "Confidential Information" under the Agreement and this Addendum. Regional Developer must comply with the requirement of the Agreement, specifically including Section 10 of the Agreement, in connection with such Confidential Information.

16. **Non-Disparagement.** Regional Developer agrees not to disparage, impugn, or otherwise speak or write negatively, directly or indirectly, about Franchisor, Supplier, the Products, the TruGolf or TruGolf Links brand, system, or franchisees, or any other service-marked or trademarked concept, brand,

products (including the Products), or services of Franchisor, Supplier, or their affiliates, or take any other action that would subject such concept, brand, products (including the Products), or services to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of Franchisor, Supplier, their affiliates, or their brands, systems, franchisees, products (including Products), or services.

17. Force Majeure Event. The Parties shall not be held responsible for failure to perform their obligations under this Addendum or any Purchase Order due to a Force Majeure Event to the extent and for the length of time that performance is rendered impossible or commercially impractical.

18. Governing Law and Dispute Resolution. This Addendum will be governed, construed, interpreted, and enforced under the law designated in Section 17.1 of the Agreement, without giving effect to any conflicts of law. Any disputes, claims, or controversies between the Parties (including Supplier) arising out of or relating to this Addendum will be resolved in accordance with Section 17 of the Agreement.

19. Notices. Any and all notices required or permitted under this Addendum must be delivered in accordance with Section 20 of the Agreement. Unless otherwise indicated by Supplier or Franchisor in writing, notice to Supplier and Franchisor may be delivered to the same address.

20. Independent Contractor. This Addendum does not in any way create the relationship of principal, agent, fiduciary, joint venture, joint employer, or employer/employee between Franchisor and Supplier, on the one hand, and Regional Developer, on the other hand. Regional Developer is an independent contractor. Nothing in this Addendum is intended to constitute either Party as an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee, or servant of the other for any purpose whatsoever. For the avoidance of doubt, Franchisor and Supplier are not the employer or joint employer of Regional Developer or Regional Developer's employees.

21. Miscellaneous. This Addendum amends the Agreement. Except as expressly set forth by this Addendum, all provisions, representations, and acknowledgements of the Agreement are hereby ratified and confirmed and remain in full force and effect. If there is any conflict or inconsistency between the terms of this Addendum and the terms of the Agreement, the terms of this Addendum will control. This Addendum embodies the entire agreement and understanding between the Parties as to the subject matter hereof and supersedes all prior negotiations, agreements, and understandings between the Parties, whether written or oral, related to the subject matter hereof. No verbal statement, agreement, promise, undertaking, understanding, or arrangement made prior to or contemporaneously with the execution of this Addendum will be binding on any of the Parties, unless expressly set forth herein. Nor will any verbal agreement, statement, promise, undertaking, understanding, arrangement, act, or omission of any Party, occurring subsequent to the date hereof be deemed an Addendum or modification of this Addendum or the Agreement unless reduced to writing and signed by the Parties hereto or their respective successors or assigns. This Addendum may not be modified or amended, or any term hereof waived or discharged, except in a writing signed by the Parties hereto. This Addendum may not be assigned by Regional Developer without the express consent of Franchisor and solely in connection with a Transfer of the Agreement pursuant to Section 12 of the Agreement. This Addendum is binding upon and inures to the benefit of the Parties and their respective successors or assigns. No waiver of a breach of the terms of this Addendum shall be effective unless made in writing, and no such waiver shall be deemed a waiver of any other existing or subsequent breach. The Parties intend the provisions of this Addendum be enforced to the fullest extent permitted by applicable law. If any provision or part of this Addendum is found to be invalid, void, unenforceable, or contrary to law, the remainder of this Addendum will continue to be in full force and effect. Each Party has cooperated in the drafting and preparation of this Addendum. Hence, in any construction to be made of this Addendum, the same will not be construed against any Party. This Addendum may be executed in one or more counterparts, any one of which need not contain the signature of more than one party and all of which

taken together will constitute one and the same agreement. Additionally, this Addendum may be executed and transmitted by electronic means, all of which will be considered an original for all purposes.

*(Signature page follows)*

**IN WITNESS WHEREOF**, the Parties hereto have executed and delivered this Addendum as of the Addendum Effective Date.

**REGIONAL DEVELOPER:**

**[REGIONAL DEVELOPER ENTITY]**

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

**FRANCHISOR:**

**TRUGOLF LINKS FRANCHISING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**SUPPLIER:**

**TRUGOLF, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## **EXHIBIT A (PRODUCTS)**

1. TruGolf standard golf simulator bay

### State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

| State        | Effective Date |
|--------------|----------------|
| California   | Pending        |
| Hawaii       | Not Registered |
| Illinois     | Pending        |
| Indiana      | Not Registered |
| Maryland     | Not Registered |
| Michigan     | Not Registered |
| Minnesota    | Not Registered |
| New York     | Pending        |
| North Dakota | Not Registered |
| Rhode Island | Not Registered |
| South Dakota | Not Registered |
| Virginia     | Not Registered |
| Washington   | Not Registered |
| Wisconsin    | Not Registered |

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 Regional Developer Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If TruGolf Links Franchising, LLC (“Franchisor”) offers you a franchise, Franchisor must provide this Disclosure Document to you at least 14 calendar days (or sooner, if required by applicable state law) before you sign a binding agreement with, or make a payment to, Franchisor or any affiliate of Franchisor in connection with the proposed franchise sale.

New York and Iowa require that Franchisor give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Franchisor 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 Franchisor 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 applicable state agency listed on Exhibit A to this Disclosure Document.

The names, principal business addresses, and telephone numbers of the franchise sellers offering the franchise (with name and contact information to be inserted as necessary) are:

| Name             | Principal Business Address                  | Telephone Number |
|------------------|---------------------------------------------|------------------|
| Dr. Ben Litalien | 60 North 1400 West, Centerville, Utah 84014 | 801-298-1997     |
| Andrew Johnson   | 60 North 1400 West, Centerville, Utah 84014 | 801-298-1997     |
|                  |                                             |                  |

We have authorized the persons listed on Exhibit A to this Franchise Disclosure Document to receive service of process for us in the listed states.

Issuance Date: May 29, 2025

I have received this Disclosure Document dated May 29, 2025. Please refer to the State Effective Dates page for the effective date of this Disclosure Document in your state. This Disclosure Document included the following exhibits:

|           |                                                        |           |                                                 |
|-----------|--------------------------------------------------------|-----------|-------------------------------------------------|
| Exhibit A | State Administrators and Agents for Service of Process | Exhibit E | Lists of Current and Former Regional Developers |
| Exhibit B | Financial Statements and Guarantee of Performance      | Exhibit F | Form of General Release                         |
| Exhibit C | Regional Developer Agreement                           | Exhibit G | Manual Table of Contents                        |
| Exhibit D | State Specific Addenda                                 | Exhibit H | Reseller Addendum                               |

Date of Receipt

Signature of Prospective Regional Developer (on behalf of the prospective regional developer and any corporation, limited liability company, or other business entity having or proposed to have an interest in the prospective regional developer)

By \_\_\_\_\_  
Print Name

**[Retain this copy for your records.]**



## RECEIPT

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\_\_\_\_\_  
Date of Receipt

\_\_\_\_\_  
Signature of Prospective Regional Developer (on behalf of the prospective regional developer and any corporation, limited liability company, or other business entity having or proposed to have an interest in the prospective regional developer)

By \_\_\_\_\_  
Print Name

**[Return this copy to us.]**