

FRANCHISE DISCLOSURE DOCUMENT



Twisted Ink Franchising, Inc.
A Wyoming Corporation
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This disclosure document is for the right to own and operate a franchise (“Unit Franchise”) in which you will be responsible for operating stores (“Store(s)”) that specialize in providing customized imprinting on apparel and other items to businesses and to the general public at a specific location under the word mark “Twisted Ink™” and such other trademarks we authorize (“Marks”). Each Unit Franchise will report to and receive support directly and indirectly from our corporate headquarters, or from one of our Area Representatives where the Unit Franchise is located.

The estimated total investment necessary to begin operation of a new Twisted Ink™ Unit Franchise is **\$108,802 to \$421,252**. This amount includes \$47,000 that must be paid to the franchisor or an affiliate.

The estimated total investment necessary to begin operation of a Twisted Ink Express Franchise is **\$66,552 to \$170,752**. This amount includes \$47,000 that must be paid to the franchisor or an affiliate.

This disclosure document (“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 fourteen (14) calendar days before you sign a binding agreement with, or make any payment to us or an affiliate in connection with the proposed franchise sale. **Note, however that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Brandon Gano, Chief Executive Officer, Twisted Ink Franchising, Inc, 15 Main Street., Flemington, NJ 08822, (908) 237-3318. The terms of your contract will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

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

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

Issuance Date: August 12, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchise by mediation and/or litigation only in New Jersey. Out-of-state mediation and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, and/or litigate with the franchise in New Jersey than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Limited Operating History.** The franchisor is at an early stage of development and has 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.

REQUIRED BY THE STATE OF MICHIGAN

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 of 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 each 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 franchised 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' 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 mediation or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of mediation, to conduct mediation 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 qualification or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
 - (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 a 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.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

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EXHIBITS TO DISCLOSURE DOCUMENT:

- A. STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
- B. FRANCHISE AGREEMENT FOR UNIT FRANCHISES
- C. OPERATIONS MANUAL: TABLE OF CONTENTS
- D. FINANCIAL STATEMENTS OF FRANCHISOR
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- G. FORM UCC-1 FINANCING STATEMENT
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Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Twisted Ink Franchising, Inc, a Wyoming corporation, is offering prospective Franchisees the opportunity to own and operate a Unit Franchise in accordance with the terms described in this Disclosure Document. To simplify the language in this Disclosure Document, the terms, “We,” “Us,” or “the Company”) mean Twisted Ink Franchising, Inc., the franchisor (but not the Company’s officers, directors, agents or employees). “You” or “Franchisee” means the person who buys a franchise from us. The term “Unit Franchise” or “Unit Franchises”, mean one or several Twisted Ink™ single-unit franchises. The owner(s) or operator(s) of a Unit Franchise(s) is referred to as a “Unit Franchisee(s)” or simply as a “Franchisee(s)”. If you are a corporation, partnership, limited liability company, or other entity, your principal shareholders, partners or members will be referred to as “Owners”. Unless otherwise indicated, the term “Franchised Business” means a Unit Franchise.

The Franchisor, and any Parents Predecessor and Affiliates.

We are a Wyoming corporation, created on March 25, 2022, under the name “Twisted Ink Franchising, Inc.” We have never offered franchises in any other line of business, and have never engaged in any other business activities. We have no parents or predecessors. We intend to do business under the name “Twisted Ink Franchising, Inc.”, “Twisted Ink™” and such other trademarks we authorize (“Marks”).

Our principal business and mailing address is 15 Main Street, Flemington, NJ 08822. Our telephone number is (908) 237-3318. Our agent for service of process is disclosed in **Exhibit A**.

We have one affiliate, Twisted Ink Printing, LLC, which is located at 15 Main St., Flemington, NJ 08822. Our affiliate is owned and operated by our Founder and Chief Executive Officer. Our affiliate began operating in October 2018, and operates in substantially the same manner as a Twisted Ink™ Unit Franchise. Our affiliate does not offer franchises in any lines of business or offer goods or services to our franchisees.

Our Business.

We currently offer two types of businesses: 1) Unit Franchises (also referred to as a “Store”); and 2) Area Representative Businesses (“Area Representative(s)”). We began offering both types of franchise in May 2022. We are not currently engaged in any other lines of business.

We offer Unit Franchises to persons or legal entities that meet our qualifications, and are willing to undertake the investment and effort to own and operate a Twisted Ink™ Unit Franchise or Store that provides customized imprinting on apparel and other items to businesses and the general public. You may purchase the right to operate a full-size store or a smaller express store, each considered a Unit Franchise. Under our Franchise Agreement, the Company gives you the right to establish and operate a Unit Franchise at a site approved by the Company. The Franchise Agreement gives you the right to operate a Unit Franchise under the trademark “Twisted Ink™” and other marks designated by the Company from time to time (all referred to as the “Marks”). Under the Agreement, unless prohibited by law, you must offer all products and services that we may specify and may not offer any products or services we have not authorized.

It is anticipated that most Stores associated with Franchised Businesses will be located in retail or commercial locations. However, in the future we may offer the right to operate a Franchised Business in a “Non-Traditional Site.” For purposes of this Disclosure Document, a “Non-Traditional Site” means any site or channel that generates customer traffic flow that is independent from the general customer traffic flow of the surrounding area, including on or within the confines or premises of military bases, shopping malls or centers, office complexes, airports, school campuses, train stations, or hospitals.

Area Representatives Businesses have a continuing right to solicit potential purchasers for our Unit Franchises in a defined territory. Area Representatives also provide development and ongoing franchise support services to the Unit Franchises within a defined territory. Depending on your area, you may have an existing Area Representative that assists us with your Unit Franchise. If your Unit Franchise is located in an area where we have an Area Representative, the Area Representative will provide, on our behalf, certain franchise sales and support services to you.

Market and Competition.

The general market for customized imprinting is businesses that are looking to promote their brand with customized apparel and other promotional items. Sales are not seasonal and are fairly consistent year-round. The first quarter of the year is typically slower than the other quarters. The last quarter of the year is typically much higher in sales than the other quarters.

Your Franchised Business may face competition from others businesses which are offering customized imprinting.

Laws and Regulations.

You are responsible for operating in full compliance with all laws that apply to your Franchised Business and any Stores that you own, operate and/or manage. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and the other licenses applicable to Stores. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files and displayed as may be required. You must comply with all state and local laws and regulations regarding the management of any Store.

State-to-state regulations differ. You must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, HIPAA, EEOC, OSHA, discrimination, employment, sexual harassment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. You agree to execute all documents, including documents with us, our agents, affiliates, etc., or others, to ensure compliance with any applicable laws, whether such laws are applicable now or in the future. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business.

Item 2

BUSINESS EXPERIENCE

Brandon Gano - Chief Executive Officer

Mr. Gano has been our Chief Executive Officer since March 2022. From October 2018 to the present, Mr. Gano has been the Owner of Twisted Ink Screen Printing, LLC in Flemington, NJ. From June 2014 to September 2018, Mr. Gano was the Vice President for Crown Trophy of Flemington, located in Flemington, NJ.

Michelle Gano – Franchise Support Manager

Ms. Gano has been our Franchise Support Manager since May 2022. From July 2020 to the present, Ms. Gano has been VIP Customer Support & High-Ticket Product Manager for Self-Publishing School an online company. From August 2016 until June 2020, Ms. Gano was a 3rd Grade Teacher for Bound Brook School District, located in Bound Brook, NJ.

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

Initial Franchise Fees.

You must pay to us an initial fee (“Initial Franchise Fee”) of \$47,000 upon signing your Franchise Agreement for each new franchise you purchase.

Discount for Purchase of Multiple Unit Franchises

If you purchase multiple Unit Franchises from us at the same time, the Initial Franchise Fee will be as follows for each Unit Franchise you purchase from us:

First Unit Franchise	\$47,000 (no discount)
Each Additional Unit Franchise	\$37,000 (\$10,000 discount)
For Express Unit Franchise	\$47,000 (no discount)
Each Additional Express Unit Franchise	\$37,000 (\$10,000 discount)

Note that to qualify for the multiple Unit Franchise discount, you must sign a separate Franchise Agreement for each Unit Franchise and pay us the total Initial Franchise Fee due for all Unit Franchises your purchase at the same time.

Payment of Fees.

The Initial Franchise Fees are fully earned and non-refundable in all or in part in consideration of administrative and other expenses incurred by us in entering into the Franchise Agreement and for our lost or deferred opportunity to enter into the Franchise Agreement with others. There is no financing available from us for the payment of the Initial Franchise Fee. We reserve the right to modify the Initial Franchise Fees in the future to reflect the changing costs of doing business and changes in the value of a Unit Franchise. We may also discount the Initial Franchise Fee: if we are unable to locate a Franchisee in a particular area we consider desirable; or based on other subjective factors we deem important to the System.

Item 6

OTHER FEES

<u>Fee (1), (2)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty Fee	6.5% of Gross Revenues (3)	Collected Monthly	Based on your Gross Revenues (3).
Contribution to the Company's Advertising Fund	Currently 1% of Gross Revenues, but may increase up to 2%	Collected Monthly	Based on Gross Revenues (3).
Minimum Local Advertising/ Marketing Requirement	Minimum of \$1,200 monthly	As incurred	This requirement is waived if you meet or exceed the minimum performance standard of \$75,000 in Gross Revenues in a quarter..
Local or Regional Advertising Cooperatives	Varies without limitation; based on a vote of the cooperative	As required by the cooperative	The amounts contributed to the Advertising Cooperative may be applied towards the Local Market Advertising requirement.
Interest	Lesser of (i) the highest commercial contract interest rate permitted by state law, and (ii) the rate of eighteen percent (18%) per annum.	From the date payments are due, and continues until outstanding balance and accrued interest are paid in full	Charged on any late payments of Royalty Fees, contributions to the Company's advertising fund, amounts due for product purchases, or any other amounts due our affiliates or us.
Audit Expenses	Cost of audit and inspection, plus any reasonable accounting and legal expenses	On demand	Payable if you fail to timely input financial data in the POS System or fail to submit required reports.
Fee for Sale of Unapproved Products or Services	\$100 per day administrative fee plus the associated royalty fees due and any costs incurred by us	As incurred	Payable if you use, sell or distribute non-authorized products or services in your Unit Franchise.

<u>Fee (1), (2)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Fine for Sale of Prohibited Items (4)	\$5,000 for 1 st Violation; \$10,000 for 2 nd Violation.	As incurred	Payable if you produce, sell or distribute Prohibited Items (defined below).
Proprietary Software (5)	\$125/month (but may increase up to \$299/month)	Monthly	Payable to cover the monthly cost of using our proprietary software.
POS System	Up to \$359/month (but may increase up to \$499/month)	Monthly	Payable to cover the monthly cost of the POS system for your franchise.
Credit Card Processing Fees	Vary based on volume and usage	Monthly and as incurred	Payable to vendor for credit card processing.
Product and Service Purchases (6)	Vary depending on the product and service.	As incurred	Payable for products and services you purchase from us and/or our affiliates.
Insurance (7)	Amount of unpaid premiums and related costs, administrative fees and late charges	On demand	Payable if you fail to maintain required insurance coverage and we obtain coverage for you.
Additional Training Fees	\$250 per day per person	See Item 11	Payable to us if you or your designated employees fail to satisfactorily complete the initial training and must be retrained, for additional employees you want trained, or for any future training courses, meetings or the annual national conventions. If you fail to attend any of these required courses or meetings, we may charge you a non-attendance fee of \$250 per day.
Renewal Fee	25% of the then current Initial Franchise Fee	Upon renewal	Payable upon renewal of the Franchise Agreement.
Remodeling, expansion, redecorating or refurnishing costs	At least \$10,000 every 4 years	As incurred	Payable directly to vendors when you remodel, expand, redecorate or refurnish your Unit Franchise.

<u>Fee (1), (2)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Transfer Fee (8)	30% of the then-existing Initial Franchise Fee	Before transfer completed	Applies to any transfer of the Franchise Agreement, the franchise, or a controlling interest in the franchise.
Relocation Fee (9)	An amount set by us, currently \$5,000	Before relocation is completed	Applies to any relocation of the Unit Franchise in the same market and as approved by us.
Legal Costs and Attorney's Fees	All legal costs and attorneys' fees incurred by us	As incurred	Payable if we must enforce the Franchise Agreement, or defend our actions related to, or against your breach of, the Franchise Agreement.
Indemnification	All amounts (including attorneys' fees) incurred by us or otherwise required to be paid	As incurred	Payable to indemnify us, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns against all claims, liabilities, costs, and expenses related to your ownership and operation of your franchise.
De-Identification	All amounts incurred by us	As incurred	Payable if we de-identify the franchise upon its termination, relocation, or expiration.
Termination Fee (10)	One-half of then-current Initial Franchise Fee, plus our attorneys' fees and costs	On demand	If you or we terminate your franchise before your franchise term expires.

The tables above and accompanying notes describe the nature and amount of all other fees that you must pay to us or our affiliates, or that we or our affiliates impose or collect in whole or in part for a third party, whether on a regular periodic basis or as infrequent anticipated expenses, in carrying on your Unit Franchise.

Explanatory Notes

- (1) Except for some product and service purchases and advertising cooperative payments, all fees are uniform, and are imposed by, collected by, and payable to us. We have in the past, and may in the future, waive or defer some of the fees set forth in the table. However, we will not do so unless we determine in our sole and absolute discretion that it is in the best interest of the franchise system as a whole. All fees are non-refundable.
- (2) You must pay all amounts due to us by automatic debit. After you sign the documents we require to debit your business checking account automatically for the amounts due, we will debit your bank account for the Royalty Fee, Advertising Fee, and other amounts you owe us, including administrative fees. You must make funds available for withdrawal from your account before each due date.

If you do not report accurately your Unit Franchise's gross revenues, then we may debit your account for one hundred twenty percent (120%) of the Royalty Fee and Advertising Fee amounts that we debited during the previous day. If the Royalty Fee and Advertising Fee amounts we debit are less than the Royalty Fee and Advertising Fee amounts you actually owe us (once we determine the franchise's actual gross revenues for

the day), then we will debit your account for the balance on the day we specify. If the Royalty Fee and Advertising Fee amount we debit is greater than the Royalty Fee and Advertising Fee amount you actually owe us, then we will credit the excess amount, without interest, against the amount we otherwise would debit from your account during the following day.

- (3) “Gross Revenues” means the total of all revenue and receipts derived from the operation of the franchise, including all amounts received at or away from the Unit Franchise, or through the business the Unit Franchise conducts (such as fees for custom imprinting services and products, fees for the sale of any other services or products, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits the franchise actually makes.
- (4) A “Prohibited Item” includes any type of printed item that contains hate speech or of an offensive nature. You must refer to our current Manual for specific examples of what constitutes a Prohibited Item. Any potentially compromising designs must be approved by us prior to production. If you produce, sell or distribute a Prohibited Item, you will have to pay us a \$5,000 fine for your first violation, and \$10,000 for your second violation. We reserve the right to immediately terminate your Franchise and this Agreement if you violate the prohibition relating to Prohibited Items for a third time.
- (5) The monthly charge of our proprietary management software, and other required software necessary to operate your franchise, is currently \$125. We reserve the right to increase this fee up to \$299 after giving you thirty (30) days prior written notice.
- (6) In addition to products and services that you are required to purchase from us, we or our affiliates may offer you products and services to assist you in connection with the operation of your franchise. We or our affiliates, as applicable, may charge you a fee if you choose to use us or our affiliates in connection with any such products or services.
- (7) If you fail to pay the premiums for insurance required to operate your franchise, including but not limited to, general or professional liability insurance, or to include us and the area developer for your area as an additional insured on such insurance, we may obtain such insurance coverage for you, and you will be required to reimburse us within ten (10) days of receipt of a demand for reimbursement from us, together with a \$250 administrative fee per event, and any other fees, including attorneys’ fees, incurred by us. We will have the right to debit your account the amounts owed to us for such premiums and fees if you fail to pay us within ten (10) days of our request for reimbursement.
- (8) You must reimburse us for reasonable expenses incurred by us in investigating and processing any proposed transfer to a new owner where the transfer is not finalized for any reason, and you will be responsible for all expenses we incur including but not limited to attorneys’ fees we incur. If you are in default of your Franchise Agreement, or any other agreement with us, we may deny you the right to transfer the Franchise and/or in addition to the Transfer Fee, should we permit the transfer, we may require you to pay any amounts we deem necessary, in our sole discretion, to cure the default(s), provided that the default(s) is/are curable. For transfers of an ownership interest of less than five percent (5%) or transfers of any ownership interest to a spouse, child, sibling, or parent, or a trust or similar entity, which do not result in creation of a controlling ownership stake, you must pay an administrative fee of \$2,500.
- (9) Any Unit Franchise relocation site needs to be approved by the Company in the same manner as the approval of the Unit Franchise’s initial site and must be within the same trading areas as the previous Unit Franchise location, as same is determined by us in our sole and absolute discretion. The relocation fee is due to the Company within a week after the site approval by the Company.
- (10) You must pay the termination fee, plus any costs and attorneys’ fees incurred by us, if you improperly attempt to terminate or close your Unit Franchise or Franchise Agreement before your term expires, or we terminate

your Franchise Agreement for any reason set forth in the Franchise Agreement. We may also recover from you any damages suffered by us (e.g., lost future revenues) resulting from your improper or wrongful termination of the franchise. Termination fees may be unenforceable in certain states.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (Full Size Unit Franchise)					
Type of Expenditure	Amount		Method Of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (1)	\$47,000	\$47,000	Lump sum	When you sign the Franchise Agreement	Us
Security Deposits (2)	\$5,000	\$8,000	As agreed	Before opening	Landlord and /or utility companies
Lease Expenses (3 months) (3)	\$6,000	\$12,000	As agreed	As agreed	Landlord
Leasehold Improvements (4)	\$0	\$95,000	As agreed	Before opening	Landlord or construction contractors
Architecture and Design	\$0	\$5,000	As Agreed	Before opening	Vendors
Signage and Displays (5)	\$1,000	\$6,000	As agreed	Before opening	Vendors
Office Equipment, including furniture and fixtures (6)	\$2,000	\$15,000	As agreed	Before opening	Vendors
Equipment (7)	\$8,000	\$140,500	As Agreed	Before opening	Vendors
Supplies	\$500	\$5,000	As agreed	As incurred	Vendors
Inventory (8)	\$0	\$4,000	As agreed	As incurred	Vendors
Training Expenses, including salaries and travel (9)	\$2,500	\$3,500	As agreed	Before opening	Us or our designated trainers and to third-parties
Security System (10) (set up plus 3-months)	\$0	\$1,500	As agreed	Before opening	Vendors
Telephone System (11)	\$50	\$300	As agreed	Before opening	Vendors

YOUR ESTIMATED INITIAL INVESTMENT (Full Size Unit Franchise)					
Type of Expenditure	Amount		Method Of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Business Licenses and Permits (12)	\$300	\$3,000	As required	Before opening	Governmental agencies
Professional Fees (13)	\$1,000	\$5,000	As agreed	Before opening	Attorneys, accountants, and other professionals
Computer System (14)	\$1,000	\$2,000	As incurred	Before opening	Vendors
Proprietary Software (set up plus 3-months) (\$199/month) (15)	\$375	\$375	As incurred	Before and after opening	Us or Vendors
POS System / website (\$359/month) (15)	\$1,077	\$1,077	As incurred	Before and after opening	Us or Vendors
Insurance Deposits and Premiums (16)	\$500	\$3,000	As agreed	As incurred	Insurance companies
Pre-opening Operations (17)	\$2,500	\$5,000	As agreed	Before opening	Us or Vendors
Grand Opening and Initial Marketing (18)	\$6,000	\$16,000	As agreed	Before opening	Vendors
Sales Support Salaries (3 months) (19)	\$9,000	\$18,000	As agreed	As Incurred	Third Parties
Additional Funds (3 months) (20)	\$15,000	\$25,000	As agreed	As incurred	Us
TOTAL ESTIMATED INITIAL INVESTMENT (21)	\$108,802	\$421,252			

YOUR ESTIMATED INITIAL INVESTMENT* (Express Unit Franchise)					
Type of Expenditure	Amount		Method Of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (1)	\$47,000	\$47,000	Lump sum	When you sign the Franchise Agreement	Us
Security Deposits (2)	\$0	\$5,000	As agreed	Before opening	Landlord and /or utility companies
Lease Expenses (3 months) (3)	\$0	\$12,000	As agreed	As agreed	Landlord
Leasehold Improvements (4)	\$0	\$23,000	As agreed	Before opening	Landlord or construction contractors
Architecture and Design	\$0	\$3,000	As Agreed	Before opening	Vendors
Signage and Displays (5)	\$600	\$3,300	As agreed	Before opening	Vendors
Office Equipment, including furniture and fixtures (6)	\$0	\$9,000	As agreed	Before opening	Vendors
Equipment (7)	\$0	\$8,500	As Agreed	Before opening	Vendors
Supplies	\$0	\$500	As agreed	As incurred	Vendors
Inventory (8)	\$0	\$4,000	As agreed	As incurred	Vendors
Training Expenses, including salaries and travel (9)	\$2,500	\$3,500	As agreed	Before opening	Us or our designated trainers and to third-parties
Security System (10) (set up plus 3-months)	\$0	\$2,500	As agreed	Before opening	Vendors
Telephone System (11)	\$0	\$300	As agreed	Before opening	Vendors
Business Licenses and Permits (12)	\$0	\$700	As required	Before opening	Governmental agencies
Professional Fees (13)	\$1,000	\$2,000	As agreed	Before opening	Attorneys, accountants, and other professionals
Computer System (14)	\$1,000	\$2,000	As incurred	Before opening	Vendors

YOUR ESTIMATED INITIAL INVESTMENT* (Express Unit Franchise)					
Type of Expenditure	Amount		Method Of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Proprietary Software (set up plus 3-months) (\$199/month) (15)	\$375	\$375	As incurred	Before and after opening	Us or Vendors
POS System (\$359/month) (15)	\$1,077	\$1,077	As incurred	Before and after opening	Us or Vendors
Insurance Deposits and Premiums (16)	\$0	\$3,500	As agreed	As incurred	Insurance companies
Pre-opening Operations (17)	\$0	\$2,500	As agreed	Before opening	Us or Vendors
Grand Opening and Initial Marketing (18)	\$6,000	\$16,000	As agreed	Before opening	Vendors
Sales Support Salaries (3 months) (19)	\$3,000	\$9,000	As agreed	As incurred	Third Parties
Additional Funds (20)	\$0	\$12,000	As Agreed	As Incurred	Us
TOTAL ESTIMATED INITIAL INVESTMENT (21)	\$66,552	\$170,752			

Explanatory Notes:

*These estimated initial expenses are our best estimate of the range of costs you may incur in establishing and operating your franchise. The first table is for a new Unit Franchise. The second table is for a Conversion Unit Franchise. Our estimates are based on our experience (see Items 1 and 2), and our current requirements for Franchised Businesses. The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your franchise may be greater or less than the estimates given, depending upon the location of your franchise, specific cost structure, and current relevant market conditions, especially those for occupancy costs, marketing expenses and labor costs. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels and the rate of sales growth that you are able to achieve during your initial phase of business operations and thereafter.

** None of the fees or costs paid to us listed in the table above are refundable.

- (1) This is the Initial Franchise Fee for one new Unit Franchise (first table) or converting one Express Unit Franchise (second table). If you purchase or convert more than one franchise, the fee will be lower for the second and any subsequent franchises.
- (2) This estimate includes security deposits commonly required by the landlord and utility companies. If you are an existing practice, you may not have any additional security deposits.

- (3) Your actual lease payments may vary, depending upon your location, its size, and your market's retail lease rates and negotiated terms. We recommend that you lease a space of no less than 1,200 square feet with access to bathrooms, and provisions for telecommunication equipment and office furniture. Note: If you purchase instead of lease the Premises for your Unit Franchise, then the purchase price, down payment, interest rates, and other financing terms will determine the amount of your monthly mortgage payments. If you are an Express Unit Franchise, you may have no additional cost if you are using previously unused or allocated portions of your existing facility, or if you need a location this can typically be 500 square feet.
- (4) This estimate does not include any construction or tenant improvement allowances or enhanced delivery conditions that may be offered by your landlord or presume a specific delivery condition. Building and construction costs will vary depending upon the condition of the Premises for the Unit Franchise, the size of the Premises, and local construction costs.
- (5) These estimates assume you will purchase your signage. The type and size of the signage you actually install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions.
- (6) You will need to purchase office furniture for the operation of your Unit Franchise, including workstations and chairs, file cabinets, shelving, and an initial inventory of forms, stationary and other items.
- (7) You will be required to purchase certain equipment for your Unit Franchise, including: Embroidery and Printing Equipment.
- (8) We do not require inventory however, if you choose to purchase inventory, the figures in the tables are our estimate of the inventory you need for the first 3 months of your operations.
- (9) We estimate that your expenses for initial training will be \$2,500 to 3,500. The Franchisee is required to pay his/her living arrangements and food during the time of training. The Company estimates costs of \$250 per day, per person, for lodging, food, and other miscellaneous expenses, plus travel expenses to and from Franchisee's personal residence.
- (10) Security system is optional.
- (11) You are required to have a telephone system.
- (12) You may be required to obtain business licenses from the local government agency to operate your Franchised Business. The estimates in the tables are just for business licenses and may vary depending upon the jurisdiction. If you are a Conversion Unit Franchise, you may already have all necessary business licenses.
- (13) You may incur legal fees, accounting fees, and other professional fees in order to incorporate your business, review agreements relating to the operation of the franchise, to perform background checks and personality profiles of potential employees, and to perform all necessary tax filings and to set up a small business., including a general ledger, tax reports, payroll deposits, etc. If you are a Conversion Unit Franchise, you may need to spend money on professional fees.
- (14) Computer System. You must purchase for each Unit Franchise a computer system and operating software that we specify from time to time. We estimate the initial cost for this equipment will be between \$1,000 and 2,000.
- (15) You will be required to pay a monthly fee of \$125 for the continuing use of our proprietary software. We reserve the right to increase this fee up to \$299 after giving you thirty (30) days prior written notice. In

addition, you must use our POS Software. Currently, the POS Software is \$359 a month, however, we reserve the right to increase this fee up to \$499 after giving you a thirty (30) days prior written notice.

- (16) We estimate that your annual cost of insurance will range from \$500 to \$5,000. You must purchase all insurance necessary to operate your franchise as outlined in our Manual. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies you purchase must name us and any affiliate we designate as additional insureds, and provide for thirty (30) days' prior written notice to us of a policy's material modification or cancellation. If you fail to obtain or maintain the insurance we specify, we may (but need not) obtain the insurance for you and the Unit Franchise on your behalf (see Item 6). The cost of your premiums will depend on the insurance carrier's charges, terms of payment, and your insurance and payment histories. Our insurance requirements are set forth in Item 8, and may be updated from time to time by way of updates to our Manual or other written communications.
- (17) We estimate that you will incur up to \$5,000 for the pre-opening operations necessary to operate your Franchise. Our specifications for the pre-opening operations are contained in our Manual. If you are a Conversion Unit Franchise, you may not need to spend money on pre-opening operations.
- (18) We estimate that your marketing costs prior to opening and for the first three months after opening will be between approximately \$6,000 and \$16,000. This amount includes the amount necessary to conduct a grand opening.
- (19) You will be required to have at least one sales team professional to help build the sales.
- (20) The estimate of additional funds is based on an owner-operated business and does not include any allowance for an owner's draw or account for charges for their applied labor. The estimate of \$10,000 to \$30,000 for first three (3) months of operations. The Company estimates that, in general, you should expect to put additional cash into the business until you achieve sales and incur operating expenses that allow you to achieve monthly operating break-even at your Unit Franchise. Those rates and dollar amounts will vary depending upon your circumstances and performance.
- (21) We have relied on our experience in this industry in compiling these estimates. You should review these figures carefully with a business advisor, lawyer and/or accountant and financial advisor before making any decision to purchase this franchise opportunity. You may be required to obtain business licenses from the local government agency to operate your Franchised Business.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Goods and Services

You must purchase certain products, supplies, insurance, inventory, signage, fixtures, furniture, equipment, décor software and other specified items under specifications and standards that we periodically establish in our Manual or other notices we send to you from time to time. These specifications are established to provide standards for performance, durability, design and appearance and support the System. You must purchase such products, supplies, insurance, etc. required for the operation of your Franchised Business solely from suppliers (including distributors, manufacturers, and other sources) who have been approved in writing by the Company, as set forth in the Manual. You are not allowed to purchase any item from an unapproved supplier. When selecting suppliers, we consider all relevant factors, including the quality of goods and services, service history, years in business, capacity of supplier, financial condition, terms and other requirements consistent with other supplier relationships. We maintain written lists of approved items of equipment, fixtures, inventory, and supplies (by brand name and/or by

standards and specifications) and lists of approved suppliers for those items. All such suppliers and approved vendors will be listed in the Manual, which must always be followed, even as modified and updated by the Company. We will notify you whenever we establish or revise any of our standards or specifications, or if we designate approved suppliers for products, equipment or services.

We, or our designated vendor, will be the required vendor for the franchise management software and social media and webpage marketing that we require our Franchisees to use as part of their Unit Franchises.

Approval of Alternative Suppliers

The Company does not have any specific written criteria for alternative supplier selection and does not intend at this time to prepare one. Therefore, the Company will not furnish its criteria for supplier approval to Franchisees. If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. We have the right to inspect the proposed supplier's facilities, and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria.

Revenue from Franchisee Purchases

In 2021, we received \$0 in revenue from Franchisee required purchases from required vendors/suppliers. However, we did not begin offering Unit Franchises until May 2022.

Copies of any required vendor agreements are attached in **Exhibit I**. The exact form of these agreements may change from time to time.

In the year ending December 31, 2021, revenues from sale of required products and services to Franchisees was \$0, or approximately 0% of our total revenues of \$0. However, we did not begin offering Unit Franchises until May 2022. The cost of purchasing required products and services to our specifications will represent approximately 30% of your total purchases in establishing your franchise and approximately 50% of your total purchases during the operation of your franchise.

We may receive revenue or other consideration from any other suppliers for goods and services that we require or advise you to purchase. In the event we enter agreements with any such suppliers, we anticipate that any revenue or other consideration received will include certain promotional allowances, rebates, volume discounts, and other payments, that may range from zero to ten percent (0 -10%) of the amount of the goods or services you purchase from the supplier. We expect that at least some of these arrangements will generally allow us to obtain discounts from standard pricing, and that it may facilitate our ability to pass along a portion of the savings to you.

Negotiated Prices, Cooperatives and Material Benefits

We negotiate price terms and other purchase arrangements with suppliers for you for some items that we require you to lease or purchase in developing and operating your Unit Franchise. There currently are no purchasing and distribution cooperatives. We do not provide any material benefits to you if you buy from sources we approve.

Advertising Specifications

You must obtain our approval before you use any advertising and promotional materials, signs, forms and stationary unless we have prepared or approved them prior to their proposed use. You must purchase certain advertising and promotional materials, brochures, fliers, forms, business cards and letterhead from approved vendors only. Further, you must not engage in any advertising of your Franchised Business unless we have previously approved the medium, content and method.

Price Restrictions

To the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for services and products that Franchise locations offer, including without limitation, prices for promotions in which all or certain Unit Franchises participate. If we establish such prices for any services or products, you cannot exceed or reduce that price, but will charge the price for the service or product that we establish. You will apply any pricing matrix or schedule established by us.

Records

All of your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to our requirements. All reports must be submitted in a timely manner in accordance with the dates we set from time to time.

Computer-Related Equipment and Software

You must purchase for each Unit Franchise a computer system and operating software that we specify from time to time. See Item 7 regarding the estimated initial cost of this equipment. You will also be required to purchase from our approved supplier our proprietary software and other required software necessary for the operation of your franchise. You will be required to pay a monthly fee of \$199 for the continuing use of our proprietary software and other required software. In addition, you must use our POS Software. Currently, the POS Software is \$359 a month. However, we reserve the right to increase the cost of each software after providing you thirty (30) days prior written notice. You are responsible for the cost to purchase and maintain any other software licenses or programs that we may require you to use in connection with your franchise. You will also be required to have access to a broadband Internet connection at all times.

Insurance Requirements

Before you open the Franchise and during any Term of this Agreement, you must maintain in force, under policies of insurance written on an occurrence basis issued by carriers with an A.M. Best rating of A-VIII or better approved by us, and in such amounts as we may determine from time to time: (1) comprehensive public, sexual harassment, professional, product, and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchise or otherwise in conjunction with your conduct of the Franchise Business pursuant to this Agreement, under one or more policies of insurance containing minimum liability coverage amounts as set forth in the Manual; (2) general casualty insurance, including theft, cash theft, fire and extended coverage, vandalism and malicious mischief insurance, for the replacement value of the Franchise and its contents, and any other assets of the Franchise; (3) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by statute; (4) business interruption insurance for a period adequate to reestablish normal business operations, but in any event not less than six (6) months; (5) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements; and (6) umbrella liability coverage with limits of not less than \$1,000,000/\$3,000,000 or such other amounts that we may establish. We may periodically increase or decrease the amounts of coverage required under these insurance policies, and/or require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Item 9

FRANCHISEE'S OBLIGATIONS

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

Obligations	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2.5 and 3.1	Items 7 and 11
b. Pre-opening purchases/leases	Sections 3.1, 3.2, 3.3, 3.4 and 3.5	Item 7
c. Site development and other pre-opening requirements	Sections 2.5 and 3.	Items 7 and 11
d. Initial and ongoing training	Sections 4 and 5.1	Item 11
e. Opening	Sections 3.1, 3.3 and 3.6; Exhibit 1 of Franchise Agreement	Items 7 and 11
f. Fees	Sections 2.6, 3.4, 4.2, 5.1, 5.2, 6, 10.1, 10.3, 10.8, 11.1, 11.2, 11.3, 12, 13.2, 14.5, 15, 16.1, 16.6, and 16.8	Items 5, 6, 7, 8 and 11
g. Compliance with standards and policies/operating manual	Sections 2.3, 2.4, 3, 5.2, 5.3 and 10	Items 8, 11, and 12
h. Trademarks and proprietary information	Sections 7 and 9	Items 13 and 14
i. Restrictions on products/services offered	Section 10.2 and 10.3	Item 16
j. Warranty and customer service requirements	Sections 10.6 and 10.7	None
k. Territorial development and sales quotas	Sections 2.5 and 3	Item 12

Obligations	Section in Franchise Agreement	Disclosure Document Item
l. On-going product/service purchases	Section 3.4, 3.5, 5.1, 10.2, 10.3, 10.8, 10.9 and 11	Items 7, 8 and 11
m. Maintenance, appearance, and remodeling requirements	Sections 10.1 and 10.5	Items 7, 8 and 11
n. Insurance	Section 10.8	Items 6, 7 and 8
o. Advertising	Sections 6.3, 6.4, 6.5 and 11	Items 6, 7, and 11
p. Indemnification	Section 8.3	Items 6 and 13
q. Owner's participation/ management and staffing	Sections 4.1 and 10.7	Items 11 and 15
r. Records/reports	Sections 12, 13.2	Item 6
s. Inspections/audits	Section 13	Item 6
t. Transfer	Section 14	Items 6 and 17
u. Renewal	Section 2.4	Items 6 and 17
v. Post-termination obligations	Section 16	Item 17
w. Non-competition covenants	Section 9.3	Item 17
x. Dispute resolution	Section 17.11, 17.12 and 17.13	Item 17
y. Owners/ Shareholders/ Spousal Guarantee	Section 2.7; Exhibit 2 of Franchise Agreement	Item 15
z. Other	None	None

Item 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or 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 Unit Franchise for business, we or our designee will:

1. Review and approve or disapprove the proposed site for your Unit Franchise ("Premises"). Unless we agree otherwise, you must locate and select a proposed site for the Premises that is acceptable to us as suitable for the operation of a Unit Franchise. Your proposed site must be submitted in accordance with our policies and procedures and must be reviewed and approved by us. Approval of a proposed site shall be at our sole and absolute discretion and shall not constitute, nor be deemed, a judgment as to the likelihood of success of a Unit Franchise at such location, or a judgment as to the relative desirability of such location in comparison to other locations. We will approve or disapprove any proposed site within fifteen (15) business days of receipt of a completed site submission package, as same may be defined and modified by us from time to time in our sole and absolute discretion. Your failure to submit a completed site approval package and request and secure our approval of a proposed site in a timely manner shall not be reason for extending the date for opening set forth in your Franchise Agreement. (Franchise Agreement – Sections 3.1)

2. You must obtain lawful possession of the Premises by executing a lease for the Premises ("the Lease") after our approval of the Premises associated with the site submittal package and approved site. The Lease for the Premises must include the form of Addendum to Lease, attached as Exhibit 3 to the Franchise Agreement. Before executing a lease, you must submit it to us for our approval. We will approve or disapprove the lease for your Premises within fifteen (15) days of receipt of your request for approval. (Franchise Agreement – Sections 3.1)

3. Identify the products, materials, supplies, and services you must use to develop and operate your Unit Franchise, the minimum standards and specifications that you must satisfy in developing and operating the franchise, and the designated and approved suppliers from whom you must or may buy or lease these items (which might be limited to or include us and/or our affiliates). (Franchise Agreement – Section 3.1; see Item 8 for additional information.

4. Grant you access to our primary operations manual for Unit Franchises along with other materials which contain our mandatory and suggested specifications, standards and procedures for operating your Unit Franchise (collective referred to as our "Manual"). (Franchise Agreement – Section 5.1-5.2). **Exhibit C** to this Disclosure Document sets forth the Table of Contents for our Manual, which consists of approximately 157 pages. However, the Manual is subject to change over time and the number of pages in the Manual may vary. Our Manual contains our System Standards and information about your other obligations under the Franchise Agreement. This manual and other digital training systems/programs are located in our Learning Management System (LMS).

We may modify the contents of the Manual periodically to reflect changes in System Standards, or send out other electronic communications to you about changes or updates to the System, the Manual, and our policies and procedures. You are required to be in compliance with the most current version of our Manual, as well as our most current policies and procedures. The Manual is confidential, and you may not copy, duplicate, record or otherwise reproduce any part of it. You may ask to view our Manual at our corporate headquarters before purchasing your Unit Franchise, but must first sign a nondisclosure agreement (**Exhibit E** of this Disclosure Document) promising not to reveal any of the information contained in the Manual without our permission. See Item 14 for additional information regarding our Manual.

5. Provide you with specifications for the computer system for your Unit Franchise (Franchise Agreement – Section 3.4). See below for additional information about these specifications.

6. No later than thirty (30) days before your Unit Franchise opens for business, provide to you, other members of your management team, and any artists that you employ, our initial training program for Unit Franchises (Franchise Agreement – Section 5.1). You (if you are an individual) or at least one of your Owners as defined in your Franchise Agreement (if you are a legal entity), your general manager (if we agree for you to have a general manager; see Item 15), and other members of your management team that we designate must complete this initial training program to our satisfaction. In addition, any artist you employ to work in your Unit Franchise must complete our initial training. The training program includes classroom instruction at our headquarters in Flemington, NJ, and on-the-job training at either a training facility or a location we designate. There will be no tuition charge for these training programs for any persons who attend, but you must pay any wages or compensation owed to, and all travel, lodging, meal, and transportation expenses incurred by, all of your personnel who attend the training programs. All persons who attend our initial training program must complete it to our satisfaction.

7. Provide at the Company's expense an opening supervisor to assist you with the Unit Franchise's operational efficiency, staff training, Unit Franchise setup and opening of your Unit Franchise for one (1) day before the opening of your first Unit Franchise and for one (1) day after the opening of your first Unit Franchise (Franchise Agreement – Section 3.6). If you request us to spend more time, it will be done at your expense.

Time to Open:

We will agree on the time you must open your Unit Franchise for business when you sign your Franchise Agreement, but we typically will require you to open no more than one hundred and eight (180) days after you sign your Franchise Agreement. Factors affecting this length of time before you open include locating a site for the Premises and signing a lease, construction or remodeling of the site (if required), completion of required training, financing arrangements, local ordinance and building code compliance, delivery and installation of equipment, and hiring and training of your staff, securing of all manner of permits and operational licenses and approvals.

If you are delayed from opening your Unit Franchise by the opening deadline in your Franchise Agreement, you must provide us with a written request to extend the deadline, which we may grant or deny in our sole discretion. The request must state: (1) that a delay is anticipated; (2) the reasons which caused the delay; (3) the efforts that you are making to proceed with the opening; and (4) an anticipated opening date. In considering the request, we will not unreasonably withhold our consent to a delay if you have been diligently pursuing the opening.

Unless we agree to extend the opening deadline, if you do not open your Franchise for business by the deadline, you will be considered in default of your Franchise Agreement. Upon receipt of written notice from us of your default, you must cure your default by opening your Franchise for business no more than ninety (90) days after receipt of notice of the default, or one hundred and eighty (180) days after the original opening deadline, whichever occurs first. If you fail to cure your default, we have the right to terminate your Franchise. (Franchise Agreement – Section 3.1 and 15).

Post-Opening Obligations:

After your Unit Franchise opens for business, we or our designee will:

1. Provide you with guidance and assistance in the following areas: (a) the products and services authorized for sale by the Unit Franchise, and specifications, standards, and operating procedures used by Unit Franchises; (b) purchasing approved equipment, furniture, furnishings, signs, products, operating materials, and supplies; (c) development and implementation of local advertising and promotional programs; (d) administrative, bookkeeping, accounting, inventory control and general operating and management procedures; (e) establishing and conducting employee training programs at the Unit Franchise; (f) changes in any of the above that occur from time to time; and (g) specify any approved brands, types and/or models of equipment, furniture, fixtures, and signs (Franchise Agreement – Section 5.1).

2. Continue lending to you a copy of our Manual (Franchise Agreement – Sections 5.1-5.2).

3. Allow you to use our Marks and confidential information in operating your Unit Franchise (Franchise Agreement – Sections 7 and 9). You must use the Marks and confidential information only as authorized in the Franchise Agreement and our Manual. See Items 13 and 14 for additional information.

4. Indemnify you against damages for which you are held liable in any proceeding arising out of your use of our Marks in compliance with the Franchise Agreement, and reimburse you for costs you incur in defending against any such claim (Franchise Agreement – Section 7.5). See Item 13 for additional information.

5. As we deem appropriate, provide you with supplemental training programs (Franchise Agreement – Section 4.2). We may hold training programs for you and your staff regarding new techniques, services or products, and other appropriate subjects. We may decide to hold these training programs at our own initiative, or in response to your request for additional or special training. We will determine the location, frequency, and instructors of these training programs. We may, but do not currently, charge you a daily attendance fee in an amount to be set by us for each owner, officer, director, manager, or employee of yours who attends any mandatory or optional training program (see Item 6). You must pay this fee to us in a lump sum before the training program begins. You must pay for all travel, lodging, meal, and personal expenses related to your attendance and the attendance of your personnel.

6. At your request, we will provide training to artist that you hire to work at your Unit Franchise. All such artist must attend and successful complete our training program before they may provide services at your Unit Franchise. There is a fee of \$250 per day per person for this training. You are responsible for any wages or compensation owed to, and all travel, lodging, meal, and transportation expenses incurred by, all artists who attend the training.

7. Review and approve or disapprove your advertising, marketing, and promotional materials (Franchise Agreement – Section 11.2). See Items 8 and the rest of this Item 11 for additional information about our advertising-related requirements and approval process.

8. As we deem advisable, conduct inspections and/or audits of your Unit Franchise, including evaluations of its training methods, techniques, and equipment; its staff; and the services rendered to its customers (Franchise Agreement – Section 13.1). We may provide you with additional guidance and training based on the results of these inspections and/or audits.

9. If requested by you, we may provide you with a Company's employee or agent to assist you with the operation of your Unit Franchise ("Store Assistance"). You will be responsible to pay to the Company a daily fee (currently set at \$300) - the Company reserves the right to adjust this fee as it deems appropriate) in addition to the actual costs (including but not limited to travel, meals, lodging, car rental, etc.) for the Store Assistance (Franchise Agreement – Section 5.1).

Advertising and Marketing:

Advertising by You

In addition to contributions to the Ad Fund, you must spend One Thousand Two Hundred and No/100 Dollars (\$1,200.00) each month during the term of your Franchise Agreement (the "Minimum Local Advertising Requirement"). This requirement is waived if you meet or exceed the minimum performance standard of \$75,000 in total revenues per quarter.

You may only use advertising material that is approved by us. We have the right to require you to use one or more required suppliers for your local advertising. We may require you to spend all or a portion of the Minimum Local Advertising Requirement with such required suppliers. We reserve the right to collect such amounts directly from you via EFT to pay such required suppliers. You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures by the thirtieth (30th) day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising. Any advertising or marketing material that you intend to use must receive prior written approval from us. If you do not

receive our written disapproval within fifteen (15) days from the date the materials are delivered to us, then the materials will be deemed approved. The approval of the marketing or advertising material is valid for one year (Franchise Agreement – Section 11.2).

You are required to join and participate in any Advertising Cooperative (“Co-op”) covering your Unit Franchise that may be established and duly formed. A Co-op is an association of all Franchisees whose Franchised Businesses are located within a Designated Market Area (“DMA”). A DMA is a geographic area around a city in which the radio and television stations based in that city account for a greater proportion of the listening/viewing public than those based in the neighboring cities. One function of the Co-op is to establish a local advertising pool, of which the funds must be used for Unit Franchise’s advertising only and for the mutual benefit of each Co-op member. We have the right to specify the manner in which any Co-ops are organized and governed, and require any and all Co-ops to be legal entities of the state where they are located. Co-ops must operate according to written bylaws which have been approved by us. Co-ops must provide us a copy of their organizational documents and bylaws prior to commencing any marketing or other activities. Currently, each Franchisee must contribute to a Co-op according to the Co-op’s rules and regulations, and bylaws, as determined by its members. Amounts contributed to Co-ops may be considered as spent for local advertising, if appropriately documented and spent according to our defined criteria for local advertising, and therefore may be applied towards the Minimum Local Advertising Requirement. We also reserve the right to determine the amount to be contributed by each member of the Co-op, as necessary. (Franchise Agreement – Section 11.3).

Grand Opening Advertising

You must participate in a grand opening promotion and all advertising and sales promotion programs that we may authorize or develop for Twisted Ink™ Unit Franchises. You must spend at least \$10,000 on grand opening marketing during the period beginning no later than 30 days before the opening of your Twisted Ink™ Unit Franchise and ending 90 days after such opening date (the “Grand Opening Period”). Your grand opening promotion costs includes your required local advertising expenditures described above (Franchise Agreement – Section 6.5).

Advertising by Us

We may create one or several national and/or regional advertising funds (the “Ad Fund(s)”) for our Unit Franchises (both Franchisee-owned and Company-owned) to accomplish those advertising and promotional programs we deem necessary or appropriate for the Unit Franchises (Franchise Agreement – Section 11.1). However, we may choose to use only one Ad Fund to meet the needs of regional, multi-regional, and national advertising and promotional programs. Each Unit Franchise must contribute to the Ad Funds for their area such amounts that we periodically require. The current contribution amount is one percent (1%) of your Gross Revenues. See Item 6 for the amount of your required contribution to Ad Funds. The maximum contribution to the Ad Funds we may require from you is two percent (2%) of your Gross Revenues. Any Unit Franchise owned by us will contribute to the Ad Funds on the same basis as you.

We will direct all marketing programs financed by the Ad Funds, and will have sole discretion over the creative concepts, materials and endorsements used by the Ad Funds, and the geographic, market, and media placement and allocation of the Ad Funds. We have the sole discretion to use the Ad Funds to pay the costs of administering regional, multi-regional, and/or national advertising programs, including purchasing direct mail and other media advertising; employing advertising agencies and supporting public relations, market research, and other advertising and marketing firms; and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows. We may in our discretion use Ad Funds to engage in advertising and promotional programs that benefit only one or several regionals, and not necessarily all Unit Franchises. We will not use the Ad Funds for advertising that is principally a solicitation for the sale of franchises.

The Ad Funds will be accounted for separately from our other funds, and will not be used to pay any of our general operating expenses, except for salaries, administrative costs, and overhead that we incur in activities reasonably related to the administration of the Ad Funds and their marketing programs, including preparing

advertising and marketing materials, and collecting and accounting for contributions to the Ad Funds. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Ad Fund in that year, and the Ad Funds may borrow from us or other lenders to cover the Ad Funds' deficits, or invest any surplus for future use by the Ad Funds. We will prepare an annual statement of monies collected and costs incurred by each Ad Fund, and will provide it to you upon written request.

During our fiscal year ending December 31, 2021, disbursements from the Ad Fund were spent as follows: 0% for production of advertisements and other promotional materials, 0% for research, 0% for advertising media, 0% for public relations, and 0% for general and administrative expenses. However, we did not begin offering Unit Franchises until May 2022.

We may cause any Ad Fund to be incorporated or operated through an entity separate from us when we deem appropriate, and the entity will have the same rights and duties as we do under the Franchise Agreement. If established, the Ad Funds will be intended to enhance recognition of the Marks and to enhance the franchise opportunities available through our franchises. Although we will endeavor to use the Ad Funds to develop advertising and marketing materials and programs and place advertising that will benefit all Unit Franchises, we do not have to ensure that the Ad Funds' expenditures in or affecting any geographic area are proportionate or equivalent to the contributions made by Unit Franchises in that geographic area, or that any Unit Franchise will benefit from the development of advertising and marketing materials or the placement of advertising by the Ad Funds directly or in proportion to the Unit Franchise's contribution to the Ad Funds. We assume no direct or indirect liability or obligation to you or any other Unit Franchise in connection with the establishment of an Ad Fund, or the collection, administration, or disbursement of monies paid into any Ad Fund.

We may suspend contributions to, and the operations of, any Ad Fund for any period we deem appropriate, and may terminate the Ad Fund upon thirty (30) days' written notice to you. All unspent monies held by the Ad Fund on the date of termination will be distributed to us, our affiliates, and you and our other Franchisees in proportion to each party's respective contributions to the Ad Fund during the preceding twelve (12) month period. We may reinstate a terminated Ad Fund upon the same terms and conditions set forth in the Franchise Agreement upon thirty (30) days' advance written notice to you.

As of December 31, 2021, we had no Co-ops. Each Advertising Co-op must be operated according to their respective bylaws. We have the right to specify the manner in which all Co-ops are organized and governed, and may require all Co-ops to be legal entities of the state where they are located.

As of December 31, 2021, we had no advertising councils. We may, in our sole discretion, change or dissolve any advertising councils or similar organization which we have formed or organized.

As of the date of December 31, 2021, we had no advisory boards. We may, in our sole discretion, change or dissolve any advisory councils or similar organization which we have formed or organized.

We, or our designated supplier, may become the required supplier of some or all digital marketing and advertising services. If we do, you will be required to discontinue using any of your current suppliers for this service upon expiration of any existing contracts for these services, or within thirty (30) days after receiving notice from us that we will be providing these services, whichever occurs first. Any amounts paid to us as the required supplier of digital marketing and advertising services may be applied towards the Minimum Local Advertising Requirement.

Computer System:

You must use the computer hardware and software (collectively, "Computer System") that we periodically designate to operate your Unit Franchise (Franchise Agreement – Sections 3.4 and 6.6). You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may include or be limited to us and/or our affiliates). (See Item 7 for more information regarding the cost of the Computer System). You are responsible for all costs and monthly fees associated with any such software licenses or programs, including any updates. We may periodically modify the specifications for, and

components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software, and obtain service and support for the Computer System. The Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

We may charge you a reasonable fee for installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Computer System-related maintenance and support services that we or our affiliates provide to you. If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require.

You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded.

Your Computer System must be capable of supporting our required software, with Internet capability, and accessible by us remotely. You may also be required to purchase certain customer contact software and financial software, and to pay monthly charges associated with your Computer System. The specification regarding the required hardware and software for your Computer System are contained in the Manual.

We estimate the cost of purchasing the computer hardware will range from \$1,000 to \$2,000. You will also be required to purchase from our approved supplier our proprietary software and other required software necessary for the operation of your franchise. You will also be required to pay a monthly fee of \$199 for the continuing use of our proprietary software. In addition, you must use our POS Software, Scheduling Software, and EMR Software. Currently, the POS Software is \$359 a month. However, we reserve the right to increase the cost of each software after providing you thirty (30) days prior written notice. You are responsible for the cost to purchase and maintain any other software licenses or programs that we may require you to use in connection with your franchise. You will also be required to pay the monthly cost of maintaining high-speed Internet access at your site. We estimate that this cost will be approximately \$50-\$200 per month.

We will have independent access to the information that will be generated and stored on your Computer System. There are no limitations on when or how we may access such information.

Table of Contents of the Operating Manual:

The Table of Contents of our Manual is attached to this Franchise Disclosure Documents as **Exhibit C**. You will be given the opportunity to view our Manual before buying a franchise and after you execute a confidentiality agreement.

Training Program (Franchise Agreement – Section 4.2)

Our initial training program currently includes the following:

TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction to Twisted Ink	0.5	0	Flemington, NJ, or other designated location

TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
System Protocols	5	2	Flemington, NJ, or other designated location
Compliance Systems	1	1	Flemington, NJ, or other designated location
Operational Awareness	2	0	Flemington, NJ, or other designated location
Real Estate/Site Location	1	1	Flemington, NJ, or other designated location
Store Construction	2.5	0	Flemington, NJ, or other designated location
Vendor Introductions	2.5	0	Flemington, NJ, or other designated location
Human Resources Leadership & Development	2.5	0.5	Flemington, NJ, or other designated location
Client Acquisition/Marketing	6	1	Flemington, NJ, or other designated location
Sales Systems	4.5	2	Flemington, NJ, or other designated location
Store Operations and Customer Service	4	4	Flemington, NJ, or other designated location
POS Software	3	1	Flemington, NJ, or other designated location
Technology (Helpdesk)	2	1	Flemington, NJ, or other designated location
Financial Management and Business Analytics	2.5	1	Flemington, NJ, or other designated location
Quizzes and Exams	1	0	Flemington, NJ, or other designated location
Total	40	14.5	Flemington, NJ, or other designated location

Explanatory Notes:

- (1) Most of these subjects are integrated throughout the training program (comprised of 20 hours of classroom/online training and 11 hours of initial on-the-job training). The training program must be completed to our satisfaction before the opening of the Unit Franchise. On-the-job training will occur at a certified training center prior to classroom training. You will also receive training at your Unit Franchise site within a few days before and after the opening of your Unit Franchise.
- (2) The Company also may offer additional or refresher training courses from time to time. Some of these courses may be mandatory, and some may be optional. These courses may be conducted at the Company's headquarters or at any other locations selected by the Company.
- (3) You will be responsible for all out-of-pocket expenses in connection with all training programs, including the transportation, lodging, meals, wages and employee benefits costs you incur for your training, and the training

of management and employees that you have attend the training. The Company reserves the right to impose reasonable charges for training classes and materials in connection with such training courses. The Company will notify you of any additional charges before you or your designated employees enroll in a course. While there is no cost to take such training, we require you and your management staff to pass our training program to our satisfaction before you may begin operating your Unit Franchise.

- (4) All classes are scheduled by advance written notice to all Franchisees. The Company's class cancellation policies will be included in the written notice of class schedules.
- (5) The instruction materials for our training programs include handouts, our Manual, on-line programs, and lectures.
- (6) Although the individual instructors of the training program may vary, all of our instructors have significant experience in their fields but in no event less than 2 years of experience in their designated subject area.

Item 12

TERRITORY

You will select for our approval the location of the Premises for your Unit Franchise according to the requirements and within the time specified in the Franchise Agreement.

You will not receive an exclusive territory. However, we will grant you a protected territory ("the Protected Territory"). We will define the Protected Territory in an addendum to the Franchise Agreement after you select and we approve the site for your Unit Franchise. Typically, the Protected Territory will include any area with a population of at least 70,000 households as defined by the natural traffic and trade patterns of your approved site. We will describe the Protected Territory using either longitude and latitude coordinates or a map that will show in general terms the fixed geographical boundaries (such as rivers, streets or highways). The geographic size of the Protected Territory will vary based upon population density and a variety of demographic factors. In dense urban areas, the Protected Territory may encompass a city block or less, and at Non-Traditional Sites, we might limit your Protected Territory to the site of your Unit Franchise. In less dense suburban areas, the Protected Territory could include an entire municipality. For purposes of this Agreement, a "Non-Traditional Site" means any site or channel that generates customer traffic flow that is independent from the general customer traffic flow of the surrounding area, including on or within the confines or premises of military bases, shopping malls or centers, airports, stadiums, major industrial or office complexes, parking lots or structures, mobile vehicles, airports, hotels, resorts, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, theme parks, and sports or entertainment venues. We would expect to grant franchises for Non-Traditional Sites in self-contained locations such as college or university campuses, airports, hospitals, or sports arenas. We will not modify your Protected Territory during the franchise term. If you intend to renew or transfer the franchise, and your Protected Territory is larger than our then-current standard size for territories or the then-current demographics of your Protected Territory have changed, then we may reduce the size of your Protected Territory on renewal or require your transferee to operate the Unit Franchise in a smaller territory. If we reduce the Protected Territory, we will give you or your transferee the option (as applicable) to develop the remaining territory.

You are prohibited from soliciting or accepting orders from consumers outside your Protected Territory through any channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales outside your Protected Territory.

If you are in full compliance with the Franchise Agreement, then during the Franchise Agreement's term, neither we nor our affiliates will operate or grant a franchise for the operation of another Twisted Ink™ Unit Franchise or Company-owned Twisted Ink™ franchise within your Protected Territory (except for Twisted Ink™ Unit Franchises at Non-Traditional Sites) that offers the same or similar goods or services under the same or similar trademarks as long as you meet the minimum performance requirements set forth in your Franchise Agreement.. Because we retain the ability to operate or grant others the right to operate Unit Franchises at Non-Traditional Sites in your Protected Territory, you will not receive an exclusive territory.

You may face competition from other Franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We must approve the relocation of your franchised business. We will apply the same criteria for the relocation of a franchised business as we apply when determining the location of a new franchise.

We must approve the relocation of your franchised business. We will apply the same criteria for the relocation of a franchised business as we apply when determining the location of a new franchise

The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises.

Other Company Reserved Rights

We and our affiliates reserve the right to engage in any activities we deem appropriate that your Franchise Agreement does not expressly prohibit, whenever and wherever we desire, including the right to (1) own, acquire, site build, or operate, for our own account, or grant to others the right to operate, Unit Franchise on terms and conditions and at locations we deem appropriate outside of your Protected Territory; (2) to grant Area Representative franchises which may encompass the area where your site is located; (3) provide or grant other persons the right to provide goods and services that are similar to and/or competitive with those provided by Unit Franchises through any distribution channel, including, but not limited to, sales via mail order, catalog, toll-free telephone numbers, and electronic means, including the Internet under the Marks or trademarks and services marks other than the Marks; (4) acquire the assets or ownership interest of businesses providing products and services similar to those provided at Unit Franchises, and franchising, licensing, or creating similar arrangements with respect to those acquired businesses, wherever those businesses or their Franchisees or licensees are located; and (5) being acquired (regardless of the form of transaction) by a business providing products and services similar to those provided at Unit Franchises or another business.

Item 13

TRADEMARKS

The Company grants you the right and license to use the Marks and the System solely in connection with your Franchised Business. You may use our word mark “Twisted Ink™” and such other Marks as are designated in writing by the Company for your use. You may use them only in the manner authorized and permitted by the Company and you may not directly or indirectly contest the Company’s ownership of or rights in the Marks.

We have applied for registration of the following Marks with the U.S. Patent and Trademark Office (“USPTO”) on the Principal Register. At the appropriate times, we intend to renew the registrations and to file all appropriate affidavits.

Mark	Serial Number	Application Date	Registration Number	Registration Date	Register
TWISTED INK™	97403938	May 10, 2022	Pending	Pending	Pending

There are no agreements currently in effect that significantly limit the Company’s right to use or license the use of the Marks in a manner material to the franchise. The logo is part of the Company’s Marks. With respect to the Marks, there are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding.

The Company will indemnify against or reimburse for expenses you incur in defending claims of infringement or unfair competition arising out of your use of the Marks. You are required to notify the Company immediately when you become aware of the use, or claim of right to, a Mark identical or confusingly similar to our Marks. If litigation involving the Marks is instituted or threatened against you, you must notify the Company promptly and cooperate fully with the Company in defending or settling the litigation. The Company, at its option, may defend and control the defense of any proceeding relating to any Marks.

The Company has no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchisee's use of the Marks in any state.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents Rights.

The Company owns no rights in or to any patents that are material to the franchise.

Copyrights.

The Company claims a copyright and treats the information in the Manual as confidential trade secrets, but you are permitted to use the material as part of the franchise.

Confidential Operations Manual.

Under the Franchise Agreement, you must operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual. You will be loaned a copy of the Manual for the term of the Franchise Agreement, when you have completed the initial training program to our satisfaction. You must operate your Unit Franchise strictly in accordance with the Manual, as it may be revised by the Company from time to time.

You must at all times, treat the Manual and the information in it, as well as any other materials created for or approved by use for the operation of your Franchised Business, as confidential, as required by the Franchise Agreement. You must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be returned in the event that you cease to be a Unit Franchise Owner.

We may from time to time revise the contents of the Manual, and you must comply with each new or changed provision. You must ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copies maintained by us at Company's home office will be controlling.

Confidential Information.

The Franchise Agreement requires you to maintain all Confidential Information of the Company as confidential both during and after the term of the Agreement. "Confidential Information" includes all information, data, techniques and know-how designated or treated by the Company as confidential and includes the Manual. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by the Company.

Under the Agreement, you agree that all information, data, techniques and know-how developed or assembled by you or your employees or agents during the term of the Franchise Agreement and relating to the System will be deemed a part of the Confidential Information protected under the Franchise Agreement. If you, your employees, or Principal Owners develop any new concept, process or improvement in the operation or promotion of a Twisted Ink™ Franchise (an "Improvement"), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any Improvement shall become our sole property and we shall be the sole owner of all related

patents, patent applications, and other intellectual property rights. Improvements will be considered “Confidential Information”. You and your Principal Owners agree to assist us in obtaining and enforcing the intellectual property rights to any Improvement in any and all countries and agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights.

See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Franchise Business.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Franchisees are expected to participate in the direct operation of their franchise on a full-time basis. If they cannot, then they are obligated to have a fully trained Manager operate the franchise. However, we believe that a person with an equity interest can best ensure that our standards of quality and competence are maintained. The Franchise Agreement requires that you, or a designated Manager, be directly involved in the day-to-day operations and utilize your best efforts to promote and enhance the performance of the Franchised Business. While in most cases Franchisees will seek additional assistance for the labor-intensive portions of the business, we have built our reputation on Franchisee participation and believe it is crucial for continued success.

Any Manager you employ at the launching of your franchise operations must complete the initial management-training course required by the Company. All subsequent Managers must be trained fully according to our standards by either the Franchisee or the Company. However, the Company may charge a fee for this additional training. See Item 6 for details.

Each Principal Owner who holds an interest in the Franchisee must personally guarantee all of the obligations of the Franchisee under the Franchise Agreement. (See Exhibit 2 to the Franchise Agreement for the form of Guaranty and Assumption of Obligations.) The Guaranty and Assumption of Obligations must be executed by the spouse(s) of the Franchisee, and all its owners, partners, etc. You must submit your operating agreement and statement of legal formation if you are an LLC and the appropriate corporate documents if you are incorporated. You are obligated to maintain them in good standing and submit copies of the by-laws and resolutions as may be required.

At the Company’s request, you must obtain and deliver executed covenants of confidentiality and non-disclosure (See **Exhibit E**) from any persons who have or may have an ownership interest in the Franchisee or in the franchise, any Managers, or any other persons who receive or have access to training and other Confidential Information under the System. The covenants must be in a form satisfactory to us, and must provide that we are a third party beneficiary of, and have the independent right to enforce the covenants. You may not transfer any interest in the Franchise, the franchise agreement, or the lease for the Premises of the Franchise, without our prior written consent.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISE OWNER MAY SELL

You must operate the Franchised Business in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System, as set forth in the Manual and in other writings by the Company from time to time. You must use the Premises only for the operation of your Franchised Business and may not operate any other business at or from the Premises without the express prior written consent of the Company.

The Company requires you to offer and sell only those goods and services that the Company has approved. The Company maintains a written list of approved goods and services in its Manual, which the Company may change

from time to time. If you sell unapproved goods or services or fail to report them, we have the right to charge you fees, and if you continue to do so after written notice is given to you, the Company may terminate your franchise.

You must offer all goods and services that the Company designates as required for all franchises. In addition, the Company may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before the Company will allow you to offer certain services.

We reserve the right to designate additional required or optional goods and services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. There are no express limitations on our right to designate additional or operational goods and services; however, such goods and services will be reasonably related to our franchise system or model.

We do not currently have any restrictions or conditions that limit access to customers to whom the Franchisee may sell goods or services, however, we do have restrictions on the types of print material than can be printed. We do not allow you to sell anything with hate speech or offensive nature printed on it to any person or group, or get involved with any person or group that is involved with hate speech or offensive nature in any capacity. Any potentially compromising designs or clients must be approved by Twisted Ink Headquarters prior to production. Our restrictions are more fully set forth in our Manual.

Franchised Business Exclusivity Obligations

You, the Franchisee, are specifically prohibited and not authorized to offer products of services identical or similar to the products or services offered by us through any means or through any other entity in which you may have an interest, other than your franchise, unless prohibited by applicable law.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.		
Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Section 2.1	Ten (10) Years
b. Renewal or extension	Section 2.4	Your renewal rights permit you to remain a Franchisee after the initial term of your Franchise Agreement expires. If you wish to do so, and you satisfy the required pre-conditions to renewal, we will offer you the right to one (1) renewal term of ten (10) years.
c. Requirements for franchisee to renew or extend	Section 2.4	You must: have substantially complied with your Franchise Agreement; given notice to us of your intent to renew between twelve (12) and twenty-four (24) months before the expiration of the initial term of the franchise; sign a new Franchise Agreement in our then current form which may include terms and conditions materially different from those in the original Franchise Agreement; sign general release of claims (in a form

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise or Other Agreement	Summary
		substantially similar to that attached in Exhibit J) against us and related parties; pay the applicable renewal fee (see Item 6); cure any defaults; and pay all amounts owed to us.
d. Termination by franchisee	None	None
e. Termination by franchisor without cause	None	None
f. Termination by franchise with cause	Section 15	Various breaches of Franchise Agreement.
g. “Cause” defined – curable defaults	Section 15	1) you fail to maintain a valid license to practice and/or fail to comply with any state and federal regulations, other than those covered by subsection Section 15(f), and do not cure the failure within twenty (20) days after written notice is given to you; or 2) you do not pay when due any monies owed to us or our affiliates, and do not make payment within ten (10) days after written notice is given to you; or 3) you fail to procure or maintain any and all insurance coverage that we require, or otherwise fail to name us and the area developer for your area as an additional insured on any required insurance policies and failure to do so within ten (10) days after written notice is given to you; 4) you or any of your Principal Owners fail to comply with any other provision of this Agreement or any mandatory specification, requirement, standard, or operating procedure, including those in our Manual, and you fail to make the required changes or to comply with such provision, specification, requirement, standard or operating procedure, within thirty (30) days after written notice of your failure to comply is given to you.
h. “Cause” defined – non-curable defaults	Section 15	1) you fail to open your Franchise for business by the Opening Deadline, subject to the extension set forth in Section 3.1(c); or 2) you abandon, surrender, transfer control of, lose the right to occupy the Premises of, or do not actively operate, the Franchise, or your lease for or purchase of the location of the Franchise is terminated for any reason; or 3) you or your Principal Owners assign or Transfer this Agreement, any Interest, the Franchise, or assets of the Franchise without complying with the provisions of Section 14; or 4)

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise or Other Agreement	Summary
		You make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debt generally as they become due; your consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your Unit Franchise is attached, seized, subjected to a writ of distress, warrant, or levied upon; 5) you use, sell, distribute or give away any unauthorized services or products on three or more occasions within any consecutive (12) month period; or 6) you fail to maintain any licenses or permits necessary for the operation of the Franchise and/or fail to comply with any state and federal regulations which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or 7) you or any of your Principal Owners are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime or offense, which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or 8) you are involved in any action or activity, including but not limited to dishonest, unethical, or illegal actions or activities, which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or 9) You (or any of your owners) have made or knowingly make a material false or incomplete statement in any report submitted to us; 10) We discover that you knowingly made a material false or incomplete statement to us to obtain the Franchise; 11) You (or any of your owners) participate in in-term competition contrary to Section 9.3; 12) you fail to timely notify of any event, action or other action identified in Section 10.6, which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or 13) you or any of your employees violate any health or safety law, ordinance or regulation, or operate the Franchise in a manner that presents a health or safety threat, hazard or danger to your customers or the public, which hazard, threat or danger you acknowledge is determined by our commercial business judgment; or 14) you or any of your Principal Owners receive

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise or Other Agreement	Summary
		three (3) or more written notices of default from us, within any period of twelve (12) consecutive months, concerning any material breach by you, whether or not such breaches shall have been cured.
i. Franchisee's obligations on termination/non-renewal	Section 16	Includes payment of money owed to us, return of printed copies of the Manual, cancellation of assumed names and transfer of phone numbers, cease using Marks, cease operating Franchised Business, no confusion with Marks, our option to purchase your inventory and equipment, your modification of the premises and our option to purchase your Franchised Business.
j. Assignment of contract by franchisor	Section 14.3	No restriction on right to transfer.
k. "Transfer" by franchisee – defined	Section 14	Includes assignment of Franchise Agreement, sale or merger of business entities, transfer of corporate stock, death of Franchisee, or majority owner of Franchisee.
l. Our approval of transfer by you	Section 14.4	You need the Company's approval to transfer Unit Franchise ownership or any fractional ownership interest.
m. Conditions for our approval of transfer by you	Section 14.5	New owner must have sufficient business experience, aptitude and financial resources to operate the franchise; you must pay all amounts due us or our affiliates; new owner and its director must successfully complete our initial training program; the new Franchisee and its owners and spouses must execute a guaranty in our favor; your landlord must consent to transfer of the lease, if any; you must pay us the applicable transfer fee; you and your Principal Owners must sign a general release in favor of us, our affiliates, and our and their officers, directors, employees and agents; if applicable, the new owner must agree to remodel to bring the franchise to current standards; new owner must assume all obligations under your Franchise Agreement or, at our option, sign a new Franchise Agreement using our then-current form; the new Franchisee and its owners and spouses must execute a guaranty in our favor; you and your Principal Owners must sign a non-competition agreement agreeing not to engage in a competitive business for twenty-four (24)

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise or Other Agreement	Summary
		months within twenty-five (25) miles of your Unit Franchise or any other Unit Franchise. We also have a right of first refusal and may approve or disapprove the material terms of the transfer, and require that you subordinate any installment payments to the new owners' obligation to pay us. You and the new Franchisee, and all your and its owners and spouses, must execute a transfer agreement in a form substantially similar to that attached as Exhibit J .
n. Our right of first refusal to acquire your business	Section 14.6	We have the option to match any offer for your Franchised Business.
o. Our option to purchase your business	Section 16.6	We have the option to purchase your Franchised Business upon termination or non-renewal.
p. Death or disability of you	Section 14.7	Franchise must be assigned by estate to approved buyer within forty-five (45) days.
q. Non-compete covenants during the term of the franchise	Section 9.3	You cannot be involved in a competitive business during the term of the Agreement, subject to state law.
r. Non-compete covenants after the franchise is terminated or expires	Section 9.3	No involvement in competing business for twenty-four (24) months within a twenty-five (25) mile radius of any Unit Franchise, subject to state law.
s. Modification of the agreement	Section 20	Must be in writing by both sides.
t. Integration/merger clause	Section 20	Only the terms of the Franchise Agreement are binding. Any other promises are unenforceable. However, nothing in the Franchise Agreement will have the effect of disclaiming any of the representations made in this FDD or any of its attachments or addenda.
u. Dispute resolution by litigation or mediation	Section 17.9	Except for certain claims, we and you must arbitrate all disputes in Hunterdon County, New Jersey, subject to state law.
v. Choice of forum	Section 17.11	Hunterdon County, New Jersey, subject to state law.
w. Choice of law	Section 17.11	Wyoming law governs, except for matters regulated by the United States Trademark Act (subject to state law).

Additional Information

Applicable state law might require additional disclosures or requirements related to the information contained in this Disclosure Document. These additional disclosures, if any, appear in **Exhibit H** of this Disclosure Document.

Item 18

PUBLIC FIGURES

The Company does not use any public figure to promote its franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following information is provided for the purpose of helping you evaluate the potential earnings capability of a Twisted Ink™ Unit Franchise or "Store". Please carefully read all information in this Item 19, including the statements following the table, which explain the information provided in the tables below and the limitations on this and the other information contained in this Item 19.

Charts 1 shows the historical financial performance reflecting the actual Gross Sales numbers of our affiliate store for 2019 through 2021.

Chart 1 Gross Sales for Affiliate Store For 2019-2021	
<u>Year</u>	<u>Gross Sales</u>
2019	\$310,574
2020	\$326,489
2021	\$555,322

Charts 2 shows the historical financial performance reflecting the Cost of Goods numbers of our affiliate store for 2019 through 2021. Cost of Goods Sold includes the cost of blank t-shirts and ink.

Chart 2 Cost of Goods Sold for Affiliate Store For 2019-2021	
<u>Year</u>	<u>Cost of Goods Sold</u>
2019	\$125,865
2020	\$142,763
2021	\$239,851

Notes:

1. Our affiliate Twisted Ink™ Store is located in Flemington, NJ and has been in operation since October 2018. It is owned and operated by our Founder and CEO. It operates in essentially the same manner as will our Twisted Ink™ Unit Franchises. Each store offers substantially the same products and services as your franchised Twisted Ink™ Unit Franchise will offer to customers.

2. For the purpose of this Item 19, “Gross Sales” is the total selling price of all services and products and all income of every other kind and nature relate to the Twisted Ink™ Store, whether for cash or credit and regardless of collection in the case of credit. “Gross Sales” include: (a) All proceeds from the sale of coupons, gift cards/certificates or vouchers; but when the coupons, gift cards/certificates or vouchers are redeemed, but does not include the retail value of the services provided upon redemption; and (b) revenues from any machines or other equipment at the Twisted Ink™ Store. “Gross Sales” does not include (i) sales taxes collected from customers, if the taxes are actually transmitted in a timely manner to the appropriate taxing authority; (ii) returns to shippers or manufacturers; and (iii) proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for sale at the Twisted Ink™ Store, or having any material effect upon the ongoing operation of the Twisted Ink™ Store.

3. There are a number of fixed and variable costs associated with a Twisted Ink™ Store that are not reflected in the table above and that vary among individual Twisted Ink™ Stores. These costs, which are significant, include costs described in Items 6 and 7 of this Disclosure Document, inventory costs, equipment costs, labor costs, rent, and other occupancy costs, taxes, utilities, insurance, royalty fees, advertising, supplies, bad debt, warranty expenses, charge card expenses, equipment rental, taxes, debt service, depreciation on equipment and property, legal and accounting fees, regulatory compliance, management costs, general administrative expenses, preopening organization costs, employee benefits, and repairs and maintenance. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business.

4. The information in the charts was compiled based on the sales figures from our affiliate Store. We have not independently audited or verified the accuracy of these numbers.

Written substantiation for the financial performance representations made in this Item 19 will be made available to the prospective franchisee upon reasonable request.

We encourage you to consult with your financial advisors in reviewing the information in this Item 19, in particular, in estimating the categories and amount of additional expenses that may be incurred in establishing and operating a Twisted Ink™ Store.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We do not make any financial performance 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 our management by contacting Brandon Gano, CEO, Twisted Ink Franchising Inc., 15 Main Street, Flemington, NJ 08822, (908) 237-3318, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2019 to 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchisee	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company-Owned	2019	1	1	1
	2020	1	1	1
	2021	1	1	1
Total Outlets	2019	1	1	1
	2020	1	1	1
	2021	1	1	1

Our affiliate store is owned by our Founder and CEO. It is being shown as a Company-owned outlet in Item 20.

Table No. 2
Transfers of Outlets from Franchises to New Owners
(Other than the Franchisor)
For Years 2019 to 2021

State	Year	Number of Transfers
All States	2019	0
	2020	0
	2021	0
Total	2019	0
	2020	0
	2021	0

Table No. 3
Status of Franchised Outlets
For Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
All States	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Total	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets For
For Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-Acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
New Jersey	2019	1	1	1	1	1	1
	2020	1	1	1	1	1	1
	2021	1	1	1	1	1	1
Total	2019	1	1	1	1	1	1
	2020	1	1	1	1	1	1
	2021	1	1	1	1	1	1

Table No. 5 Projected Openings for 2022

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	0	2	0
Colorado	0	1	0
Connecticut	0	1	0
Florida	0	2	0
Georgia	0	1	0
Indiana	0	1	0
Massachusetts	0	1	0
New Jersey	0	3	2
Ohio	0	1	0
Texas	0	1	0
Utah	0	1	0
Total	0	16	2

Exhibit F lists the names of all of our operating franchisees and their addresses and telephone numbers as of December 31, 2021. **Exhibit F** lists the franchisees who have signed Franchise Agreements for outlets which were not yet operational as of December 31, 2021, and also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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.

We have no advisory councils or other independent franchisee organizations that have asked to be included in this Disclosure Document.

Item 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as **Exhibit D** is our audited balance sheet as of June 10, 2022. We have not been in business for three years or more, and cannot include all the financial statements required by the rule for its last three fiscal years.

Item 22

CONTRACTS

Attached are copies of the following agreements relating to the offer of the franchise:

<u>Exhibit B</u>	Franchise Agreement with the following exhibits: Exhibit 1 - Franchise Agreement Opening Deadline/ Expiration Date Exhibit 2 - Owner's Guaranty and Assumption of Obligations Exhibit 3 - Addendum to Lease Agreement Exhibit 4 - Ownership Interests in Franchisee Exhibit 5 – Franchisee Compliance Questionnaire Exhibit 6 - State-Specific Addenda
<u>Exhibit E</u>	Confidentiality Agreement
<u>Exhibit G</u>	Form UCC-1 Financing Statement
<u>Exhibit I</u>	Required Vendor Agreements
<u>Exhibit J</u>	Form of Transfer Agreement and General Release Agreement

Item 23

RECEIPT

Two copies of an acknowledgement of your receipt of this Disclosure Document appear at the end of this Disclosure Document. The Receipts are detachable and one copy must be signed by you and given to us. The other copy may be retained by you for your records. If this page or any other pages or exhibits are missing from your copy, please contact the Company at this address or phone number:

Twisted Ink Franchising Inc.
A Wyoming Corporation
15 Main St.
Flemington, NJ 08822
Telephone: (908) 237-3318

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Following is information about our agents for service of process, as well as state agencies and administrators whom you may wish to contact with questions about Twisted Ink Franchising Inc.

Our agent for service of process in the State of Wyoming is:

Capital Administrations LLC
1712 Pioneer Ave. Ste. 115
Cheyenne, WY 82001

We intend to register the franchises described in this Disclosure Document in some or all of the following states in accordance with applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the designated state offices or officials as our agents for service of process in those states:

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation Suite 750 320 West 4 th Street Los Angeles, CA 90013 (866) 275-2677	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation Suite 750 320 West 4 th Street Los Angeles, CA 90013
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96812 (808) 586-2727	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96812
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
INDIANA	Indiana Secretary of State Securities Division Room E-1 11 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State State Securities Division Room E-1 11 302 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020

MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Franchise Section G. Mennen Williams Building 1st floor 525 W. Ottawa St. Lansing, MI 48933 517-335-7567	Michigan Department of Commerce, Corporations and Securities Bureau Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7 th Place East Suite 280 St. Paul, MN 55101-2198
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st FL New York, NY 10005 (212) 416-8285	Secretary of State State of New York 99 Washington Avenue Albany, New York 12231
NORTH DAKOTA	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9527	Director of Rhode Island Department of Business Regulation Floor Division of Securities 1511 Pontiac Avenue Cranston, RI 02920
SOUTH DAKOTA	Division of Insurance Securities Regulation 1Division of Securities 124 South Euclid Suite 104 Pierre, SD 57501 (605) 773-4823	Division of Insurance Securities Regulation Division of Securities 124 South Euclid Suite 104 Pierre, SD 57502 (605) 773-4823
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 And United Corporate Services, Inc. 700 East Main Street, Suite 1700 Richmond, VA 23218
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559

EXHIBIT B

FRANCHISE AGREEMENT

TWISTED INK FRANCHISING INC
FRANCHISE AGREEMENT

Date of Agreement

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Exhibit 6 - State-Specific Addenda	

TWISTED INK FRANCHISING LLC

FRANCHISE AGREEMENT

This Franchise Agreement (this or the “Agreement”) is being entered into effective as of the ____ day of _____, 20__ (the “Agreement Date”). The parties to this Agreement are Twisted Ink Franchising Inc., a Wyoming Corporation (“we,” “us,” or the “Company,”); _____, (“you” or “Franchisee”), and, if you are a partnership, corporation, or limited liability company, your “Owners” (defined below).

1. INTRODUCTION.

This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. This Agreement includes several exhibits, all of which are legally binding and are an integral part of the complete Franchise Agreement. If you are a corporation, partnership or limited liability company, you will notice certain provisions that are applicable to those principal shareholders, partners or members on whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as “Owners.”

Through the expenditure of considerable time, effort and money, we and our affiliates have devised a system for the establishment and operation of a Twisted Ink™ franchise business model, at a location that offers customized imprinting on apparel and other items to businesses and the general public at locations we call “Stores”. Our model includes two different size stores, a full-size Store and a express Store. The Store environment is intended to be clean and professional, with a comfortable, accessible feel for all clients (all of these characteristics, amongst others, are referred to in this Agreement as the “System”). This business model includes a unit model that offers all of our franchised services and products (individually, a “Unit Franchise” and collectively, “Unit Franchises”). We refer to the owner(s) of Unit Franchise(s) generally as a “franchisee(s)”. We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the marks “Twisted Ink™” and certain associated designs, artwork and logos, which we may change or add to from time to time (the “Marks”).

From time to time we grant to persons who meet our qualifications, franchises to own and operate a Unit Franchise business that will operate Twisted Ink™ Stores. This Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own, and be franchised to operate a Unit Franchise or Store (we will refer to your Unit Franchise as the “Franchise” or the “Franchised Business”). You may purchase your franchise as a new, start-up Store (a “New Store or Franchise”). In

signing this Agreement, you acknowledge that you have conducted an independent investigation of the Twisted Ink™ franchise business model, and recognize and acknowledge that, like any other business, the nature of it may evolve and change over time, AND that an investment in a Twisted Ink™ franchise involves business risks, and that the success of this business venture is primarily dependent on YOUR business abilities and efforts.

We expressly disclaim making, and you acknowledge that you have not received nor have you relied on, nor consider any of the information supplied to be, any guarantee, express or implied, as to your potential revenues, profits, performance or likelihood of success of Twisted Ink™ franchise business venture contemplated by this Agreement. You acknowledge that there have been no representations by us or our affiliates or our or their respective officers, directors, members, employees, or agents that are inconsistent with the statements made in our current Franchise Disclosure Document concerning the Franchised Business, or the provisions of this Agreement. You further represent to us, that as an inducement of our entering into this Agreement with you, there have been no misrepresentations to us in your application for the rights granted by this Agreement, or in the financial information provided by you and your Owners.

2. GRANT OF FRANCHISE.

2.1 Term; Reference to Exhibit 1.

You have applied for a franchise to own and operate a Unit Franchise, and we have approved your application in reliance on all of the representations you made in that application. As a result, and subject to the provisions of this Agreement, we grant to you a Franchise to operate a Unit Franchise that offers the products, services, and proprietary programs of ours, all to be used in accordance with all elements, rules and regulations of the System, that we may require for Unit Franchises and in accordance with all manner of laws and applicable regulations relating to the imprinting business and your Franchised Business.

You must operate the Franchise at a mutually agreeable site (the “Premises”) that is approved by the Company and which is to be identified and secured by you after the signing of this Agreement, and to thereafter use the System and the Marks in the operation of that Franchise, for a term of 10 years (the “Initial Term”) in strict accordance with its terms. The Initial Term will begin on the Agreement Date. (For convenience, the expiration date of the Initial Term is listed on Exhibit 1.) Termination or expiration of this Agreement will constitute a termination or expiration of your Franchise. (All references to the “term” of this Agreement refer to the period from the Agreement Date to the date on which this Agreement actually terminates or expires.)

2.2 Full Term Performance.

You specifically agree to be obligated to operate the Franchise, perform the obligations of this Agreement, and continuously exert your best efforts to promote and enhance the business of the Franchise for the full term of this Agreement.

2.3 Selection of Premises; Protected Territory; Reservation of Rights.

You and we will mutually select the location of the Premises upon or after the signing of this Agreement. You acknowledge that the Franchise granted by this Agreement gives you the right to operate your Franchise only at the Premises. We will grant you a protected territory (“the Protected Territory”). The Protected Territory is set forth in Exhibit 1 to this Agreement. Typically, the Protected Territory will include any area with at least 75,000 households as defined by the natural traffic and trade patterns of your approved site. We will describe the Protected Territory using either longitude and latitude coordinates or a map that will show in general terms the fixed geographical boundaries (such as rivers, streets or highways). The geographic size of the Protected Territory will vary based upon population density and a variety of demographic factors. In dense urban areas, the Protected Territory may encompass a city block or less, and at Non-Traditional Sites, we might limit your Protected Territory to the site of your Unit Franchise. In less dense suburban areas, the Protected Territory could include an entire municipality. For purposes of this Agreement, a “Non-Traditional Site” means any site or channel that generates customer traffic flow that is independent from the general customer traffic flow of the surrounding area, including on or within the confines or premises of military bases, shopping malls or centers, airports, stadiums, major industrial or office complexes, parking lots or structures, mobile vehicles, airports, hotels, resorts, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, theme parks, and sports or entertainment venues. We would expect to grant franchises for Non-Traditional Sites in self-contained locations such as college or university campuses, airports, hospitals, or sports arenas.

We will not modify your Protected Territory during the franchise term. If you intend to renew or transfer the franchise, and your Protected Territory is larger than our then-current standard size for territories or the then-current demographics of your Protected Territory have changed, then we may reduce the size of your Protected Territory on renewal or require your transferee to operate the Unit Franchise in a smaller territory. If we reduce the Protected Territory, we will give you or your transferee the option (as applicable) to develop the remaining territory.

If you are in full compliance with the Franchise Agreement, then during the Franchise Agreement’s term, neither we nor our affiliates will operate or grant a franchise for the operation of another Unit Franchise or Company-owned Unit within your Protected Territory that offers the same or similar goods or

services under the same or similar trademarks as long as you meet the minimum performance requirements set forth in Exhibit 1 of this Agreement. If you fail to meet the minimum performances standards, we may grant others a protected territory that encompasses your Protected Territory without having to compensate you. Because we retain the ability to operate or grant others the right to operate Unit Franchises at Non-Traditional Sites in your Protected Territory, you will not receive an exclusive territory. You may face competition from other Franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You may also face competition from affiliates that offer similar products and services within your Protected Territory.

We and our affiliates reserve the right to engage in any activities we deem appropriate that your Franchise Agreement does not expressly prohibit, whenever and wherever we desire, including the right to (1) own, acquire, site build, or operate, for our own account, or grant to others the right to operate Unit Franchises on terms and conditions and at locations we deem appropriate outside of your Protected Territory; (2) to grant Area Representative franchises which may encompass the area where your site is located; (3) provide or grant other persons the right to provide goods and services that are similar to and/or competitive with those provided by Unit Franchises through any distribution channel, including, but not limited to, sales via mail order, catalog, toll-free telephone numbers, and electronic means, including the Internet under the Marks or trademarks and services marks other than the Marks; (4) acquire the assets or ownership interest of businesses providing products and services similar to those provided at Unit Franchises, and franchising, licensing, or creating similar arrangements with respect to those acquired businesses, wherever those businesses or their Franchisees or licensees are located; and (5) being acquired (regardless of the form of transaction) by a business providing products and services similar to those provided at Unit Franchises or another business.

2.4 Renewal of Franchise.

(a) Franchisee's Right to Renew. Subject to the provisions of subparagraph 2.6(b) below, and provided you are not in default of any material terms of this Agreement or any other agreement(s) you may have with us, and if you have substantially complied with all provisions of this Agreement and all other agreements between us, then upon the expiration of the Initial Term, you will have the right to renew the Franchise for one (1) additional term of ten (10) years (the "Renewal Term"). Notwithstanding the foregoing, such right of renewal is expressly conditioned upon your having refreshed and refurbished the Premises, including the replacement of fixtures, furnishings, wall decor, furniture, equipment, and signs and otherwise modify the Franchise to be in compliance with current specifications and standards then applicable for Unit Franchises within thirty (30) days prior to the commencement of the Renewal Term.

(b) Notice of Deficiencies and Other Requirements. At least one (1) year before the expiration of the Initial Term, we agree to give you written notice of any deficiencies in your operation or in the historical performance, marketing and revenue generation of the Franchise that could cause us not to renew the Franchise. Such notice will state what actions, if any, you must take to correct the deficiencies in your operation of the Franchise or of the Premises, and will specify the time period in which those deficiencies must be corrected or other requirements satisfied so that we may grant a renewal. Renewal of the Franchise will be conditioned upon your correction of the cited deficiencies and on your compliance with all the terms and conditions of this Agreement up to the date of expiration. If you are in default of any provisions of the Agreement or related agreements, you will not be granted a right to renew your Franchise. If we send a notice of non-renewal, it will state the reasons for our refusal to renew.

(c) Renewal Agreement. Should you choose to seek to renew the Franchise, you must provide us with written notice of that intent no earlier than two (2) years and no later than one (1) year before the expiration of the Initial Term. Should you be granted a right to renew the Franchise as set forth above, the Company, you and your Owners must execute the then current form of Franchise Agreement and any ancillary agreements with appropriate modification memorializing that a renewal fee will be due and payable and not the current, initial franchise fee. Said renewal fee shall equal 25% of the then-current initial franchise fee for a Unit Franchise.

2.5 Personal Guaranty by Owners; Reference to Exhibit 2.

Each of the Owners and their spouses (where applicable), will be required to execute a personal guaranty (the “Guaranty”), guaranteeing the Franchise’s liabilities and obligations to the Company. A copy of the Guaranty and Assumption of Obligations is incorporated herein as **Exhibit 2.**

3. DEVELOPMENT AND OPENING OF THE FRANCHISE

3.1 Site Approval; Lease or Purchase of Premises; Opening Timeline; Reference to Exhibit 3.

(a) You must locate and select a proposed site for the Premises that is acceptable and approved by us as suitable for the operation of a Unit Franchise. Your proposed site must be submitted with the required documentation in accordance with our policies and procedures, and must be reviewed and approved by us. Approval of a proposed site shall be at our sole and absolute discretion and shall not constitute, nor be deemed, a judgment as to the likelihood of success of a Unit Franchise at such location, or a judgment as to the relative desirability of such location in comparison to other locations. We will approve or disapprove a proposed site within ten business (10) days of receipt of a completed site submission package, as same may be defined and modified by us from time to time in our sole and absolute discretion. Your failure to submit a completed site approval package with the required information, and/or

failure to secure an approval from us for a proposed Site for the Premises in a timely manner shall NOT be reason for extending the Opening Deadline set forth in this Franchise Agreement.

(b) Following our approval of your site submittal package, you must obtain lawful possession of the Premises by executing a lease for the Premises (“the Lease”). Prior to your executing the Lease, and as a condition of our approval, be advised that the Lease for the Premises **MUST** include the form of Addendum to Lease, attached as Exhibit 3 to the Franchise Agreement, and which provides us amongst other things, requisite notice from the Landlord to the Franchisor for any defaults under your lease, and expressly permits us to take possession of the Premises under certain conditions and/or if this Agreement is terminated or if you violate the terms of the Lease. Before executing a lease, you must submit it to us for our approval. You agree that you will not execute a lease without our advance written approval of the lease terms which must specifically include the designated form of Franchisor rider or additional required lease language. We will approve or disapprove the lease for your Premises within fifteen (15) days of receipt of your request for approval.

(c) Unless we agree otherwise, you must open your franchise for business no later than the Opening Deadline set forth in Exhibit 1 to this Agreement. If no Opening Deadline is set forth in Exhibit 1, then the Opening Deadline shall be deemed to be one-hundred and eighty (180) days from the Agreement Date. If you are delayed from opening your Unit Franchise by the Opening Deadline, you must immediately provide us with a written request to extend the deadline, which we may grant or deny in our sole discretion. The request must state: (1) that a delay is anticipated; (2) the reasons which caused the delay; (3) the efforts that you are making to proceed with the opening; and (4) an anticipated opening date. In considering the request, we will not unreasonably withhold our consent to a delay if you have been diligently pursuing the opening.

Unless we agree to extend the Opening Deadline, if you do not open your Franchise for business by the Opening Deadline, you will be considered in default of your Franchise Agreement. Upon receipt of written notice from us of such default, you must cure such default by opening your Franchise for business no more than ninety (90) days after receipt of such notice, or one hundred and eighty (180) days after the Opening Deadline, whichever occurs first. If you fail to cure your default, we have the right to immediately terminate your Franchise.

3.2 Prototype and Construction Plans and Specifications.

We will furnish to you prototypical, generic schematic plan together with a set of specifications for your Unit Franchise, reflecting our requirements for design, decoration, furnishings, furniture, layout, equipment, fixtures and signs for Unit Franchises. You will be responsible for retaining a licensed architect

designated or approved by us, who will then prepare architectural and/or mechanical and engineering plans and specifications, as may be required by, and which comply with, all applicable ordinances, building codes, permit, and lease requirements applicable to the Premises. You must submit final construction plans and specifications to us for our approval before you begin construction at the Premises, and must construct the Unit Franchise and secure all manner of construction and operational approvals in accordance with those approved plans and specifications.

3.3 Development of the Franchise.

You agree at your own expense to do the following by the Opening Deadline defined in Exhibit 1: (1) secure all financing required operating and development capital to fully develop, fund and operate the Franchise in accordance with this Agreement and the System; (2) obtain all required building, utility, sign, health, sanitation and business permits and licenses and any other required permits and licenses necessary to operate a Store at the location; (3) construct the Unit Franchise according to the approved construction plans and specifications; (4) decorate the Unit Franchise in compliance with the approved plans and specifications; (5) purchase and install all required equipment, furniture, furnishings and signs; (6) cause the training requirements of Section 4 to be completed; (7) purchase an opening inventory of products and other supplies and materials; (8) provide proof, in a form satisfactory to us, that your operation of the Franchise at the Unit Franchise does not violate any applicable state or local zoning or land use laws, ordinances, or regulations, or any restrictive covenants that apply to such location; (9) provide proof, in a form satisfactory to us, that you (and/or your General Manager, as defined in Section 4.1, if any) are legally authorized and have all licenses necessary to perform all of the services to be offered by your Franchise, and that your organizational structure is consistent with all legal requirements; (10) provide proof, in a format satisfactory to us, that you have obtained all required insurance policies, and have named us, as an additional insurance under all such policies; (11) submit to us a completed copy of the grand opening checklist we provide to you; (12) do any other acts necessary to open the Franchise for business; (13) obtain our approval to open the Franchise for business; (13) engage all necessary staff required by law to legally operate your franchise; and (14) open the Franchise for business.

3.4 Computer System.

(a) General Requirements. You agree to exclusively use in the development and operation of the Franchise the computer terminals/billing systems and operating software (“Computer System”) that we specify from time to time. You acknowledge that we may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including without limitation a license to use proprietary software developed by us or others. Our modification of such

specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or obtain by license new or modified computer hardware and/or software, and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto), and that the cost to you of obtaining the Computer System (or additions or modifications thereto), including software, may not be fully amortizable over the remaining term of this Agreement. Nonetheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications thereto). Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. You further acknowledge and agree that we and our affiliates have the right to charge a reasonable systems fee for software or systems installation services; modifications and enhancements specifically made for us or our affiliates that are licensed to you; and other maintenance and support Computer System-related services that we or our affiliates furnish to you. You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded).

(b) Software. We will provide to you access to our proprietary management software (the “Software”), which you will be required to install onto the Computer System and use in the daily operation of the Franchise. In addition, we may, at any time and from time to time, contract with one or more software providers, business service providers, or other third parties (individually, a “Service Provider”) to develop, license, or otherwise provide to or for the use and benefit of you and other Unit Franchises, certain software, software applications, and software maintenance and support services related to the Computer System that you must or may use in accordance with our instructions with respect to your Computer System. At this time, you will be expected to use the point of sale and other software that we specify in our Operations Manual.

3.5 Equipment, Furniture, Fixtures, Furnishings and Signs.

You agree to use in the development and operation of the Franchise only those brands, types, and/or models of equipment, furniture, fixtures, furnishings, and signs we have approved.

3.6 Franchise Opening.

You agree not to open the Franchise for business until: (1) all of your obligations under Paragraphs 3.1 through 3.4 of this Section have been fulfilled; (2) we determine that the Franchise has been constructed, decorated, furnished, equipped, and stocked with materials and supplies in accordance with

plans and specifications we have provided or approved; (3) you and any of your Franchise's employees whom we require complete our pre-opening Initial Training (as defined herein) to our satisfaction; (4) the Initial Franchise Fee (as defined herein) and all other amounts due to us have been paid; (5) you have furnished us with copies of all insurance policies required by Paragraph 10.8 of this Agreement, or have provided us with appropriate alternative evidence of insurance coverage and payment of premiums as we have requested; and (6) we have approved any marketing, advertising, and promotional materials you desire to use, as provided in Paragraph 11.2 of this Agreement.

The Company will provide, at our expense, an opening supervisor to be on site at your Unit Franchise to assist you with your operational efficiency, staff training, Unit Franchise setup and grand opening. The opening supervisor will be on site one (1) day before the opening of your first Unit Franchise and for one (1) day after the opening of your first Unit Franchise. If you request us to stay longer, if we agree to do so, it will be done only at your expense.

4. TRAINING.

4.1 General Manager.

At your request, we may, but are not obligated to, agree for you to employ a general manager to operate the Franchise ("General Manager"). The term "General Manager" means an individual with primary day-to-day responsibility for the Franchise's operations, and may or may not be you (if you are an individual) or an Owner, officer, director, or employee of yours (if you are other than an individual). We may or may not require that the General Manager have an equity interest in the Franchise. The General Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the Franchise's operations, and must have full authority from you to implement the System at the Franchise. You must not hire any General Manager or successor General Manager without first receiving our written approval of such General Manager's qualifications. Each General Manager and successor General Manager must attend and complete our Initial Training (as defined herein). No General Manager may have any interest in or business relationship with any business competitor of your franchise. Each General Manager must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information described in Paragraph 9.1, and to abide by the covenants not to compete described in Paragraph 9.3. You must forward to us a copy of each such signed agreement. If we determine, in our sole discretion, during or following completion of the Initial Training program, that your General Manager (if any) is not qualified to act as General Manager of the Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position.

4.2 Training.

You acknowledge that it is very important to the operation of the Franchise that you and your employees receive appropriate training. To that end, you agree as follows:

(a) No later than thirty (30) days before the Franchise opens for business, you must attend our initial training program for your Franchise (the “Initial Training”) at the time and place we designate. You (if you are an individual) or at least one of your Owners (if you are a legal entity) must complete the Initial Training to our satisfaction. If you employ a General Manager other than yourself or one of your Owners, that General Manager must also complete the Initial Training to our satisfaction. Other employees may complete the Initial Training at your sole discretion and expense, provided you first obtain our approval and subject to availability of facilities and materials. The Initial Training may include classroom instruction and Unit Franchise operation training, and will be furnished at our training facility in Flemington, NJ, your Unit Franchise, and/or at another certified training location we designate. Our Initial Training programs may be different for each employee depending on their responsibilities at the Franchise. There will be no tuition charge for the persons whom we require to attend any Initial Training program or for any additional personnel of your choosing. All persons who attend our Initial Training must attend and complete the Initial Training to our satisfaction. If we, in our sole discretion, determine that any General Manager or employee who attends any Initial Training program is unable to satisfactorily complete such program, then you must not allow that person to work at your Unit Franchise, and must identify a substitute General Manager or employee who must enroll in the Initial Training program within fifteen (15) days thereafter, and complete the Initial Training to our satisfaction.

(b) You agree to attend, or to have your General Manager (if applicable) and/or other employees (including any artists that work in a Unit Franchise) who you have had attend our Initial Training, complete such additional training programs at places and times as we may request from time to time during the term of this Agreement. No artists may perform services at your Unit Franchise until they have successfully completed our training.

(c) At your request, we will provide training to any new artists that you hire to work at your Unit Franchise. All such artist must attend and successful complete our training program before they may provide services at your Unit Franchise. There is a fee of \$250 per day per person for this training. You are also responsible for any wages or compensation owed to, and all travel, lodging, meal, and transportation expenses incurred by, all artists or employees who attend our training.

(d) In addition to providing the Initial Training described above, we reserve the right to offer and hold such additional ongoing training programs and Franchisee meetings regarding such topics and at such times and locations as we may deem necessary or appropriate. We also reserve the right to

make any of these training programs mandatory for you and/or designated owners, and/or representatives of yours, including your General Manager (if any). We reserve the right to charge you a daily attendance fee in an amount to be set by us for each attendee of yours who attends any mandatory or optional training program or owners meeting. If we offer any such mandatory training programs, then you or your designated personnel must attend a minimum of seventy-five percent (75%) of the programs offered on an annual basis.

(e) You agree to pay all wages and compensation owed to, and travel, lodging, meal, transportation, and personal expenses incurred by, all of your personnel who attend our Initial Training and/or any mandatory or optional training we provide.

(f) We may require your employees to periodically and on an ongoing basis take and pass an online computer training course and/or exam. While there is no cost to take such training, we may require all employees and staff to pass such training to our satisfaction before they may begin working at your Unit Franchise.

(g) The Franchise's General Manager (if any) and other employees shall obtain all certifications and licenses required by law in order to perform their responsibilities and duties for the Franchise.

5. GUIDANCE; OPERATIONS MANUAL.

5.1 Guidance and Assistance.

During the term of this Agreement, we may from time to time furnish you guidance and assistance with respect to: (1) specifications, standards, and operating procedures used by Unit Franchises; (2) purchasing approved equipment, furniture, furnishings, signs, materials and supplies; (3) development and implementation of local advertising and promotional programs; (4) general operating and management procedures; (5) establishing and conducting employee training programs for your Franchise; and (6) changes in any of the above that occur from time to time. This guidance and assistance may, in our discretion, be furnished in the form of bulletins, written reports and recommendations, operations manuals and other written materials (the "Operations Manual" or "Manual"), and/or telephone consultations and/or personal consultations at our offices or your Franchise. If you request—and if we agree to provide—any additional, special on-premises training of your personnel or other assistance in operating your Franchise, then you agree to pay a daily training fee in an amount to be set by us, and all expenses we incur in providing such training or assistance, including any wages or compensation owed to, and travel, lodging, transportation, and living expenses incurred by, our Company personnel.

5.2 Operations Manual.

The Operations Manual we lend to you will contain mandatory and suggested specifications, standards, and operating procedures that we prescribe from time to time for your Franchise, as well as information relative to other obligations you have in the operation of the Franchise. The Operations Manual may be composed of or include audio recordings, video recordings, or any other format, and/or other written or intangible materials. We may make all or part of the Operations Manual available to you through various means, including the Internet. A previously delivered Operations Manual may be superseded from time to time with replacement materials to reflect changes in the specifications, standards, operating procedures and other obligations in operating the Franchise, you must keep your copy of the Operations Manual current. If you and we have a dispute over the contents of the Operations Manual, then our master copy of the Operations Manual will control. You agree that you will not at any time copy any part of the Operations Manual, permit it to be copied, disclose it to anyone not having a need to know its contents for purposes of operating your Franchise, or remove it from the Unit Franchise without our permission. You will be liable to us for any damages arising out of you allowing the manual to fall into the hands of any unauthorized persons, including any attorneys' fees or cost we incur as a result of have to address such issues. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, then you must obtain a replacement copy for us at our then-applicable charge.

5.3 Modifications to System.

We will continually be reviewing and analyzing developments in the Imprinting industry, as well as developments in fields related to small-business management, and based upon our evaluation of this information, may make changes in the System, including but not limited to, adding new components to services offered and equipment used by Unit Franchises. Moreover, changes in laws regulating the services offered by Unit Franchises may (a) require us to restructure our franchise program, (b) require your General Manager (if any) and employees to obtain additional licenses or certifications, (c) require you to retain or establish relationships with additional professionals and specialists in the Imprinting industry, and/or (d) require you to modify your ownership or organizational structure. You agree, at our request, to modify the operation of the Franchise to comply with all such changes, and to be solely responsible for all related costs.

5.4 Advisory Councils.

You agree to participate in, and, if required, become a member of any advisory councils or similar organizations we form or organize for Unit Franchises. We may, in our sole discretion, change or dissolve any advisory councils or similar organization we have formed or organized.

6. FEES AND COSTS.

6.1 Initial Franchise Fee.

You agree to pay us the initial franchise fee of Forty-Seven Thousand Dollars (\$47,000.00) (the “Initial Franchise Fee”) when you sign this Agreement. In recognition of the expenses we incur in furnishing assistance and services to you, you agree that we will have fully earned the Initial Franchise Fee, and that is due and non-refundable when you sign this Agreement.

6.2 Royalty Fee.

You agree to pay us a continuing franchise royalty fee (“Royalty Fee”) in the amount of seven percent (7%) of the gross revenues of the Franchise for all periods. This fee will be payable daily based on the Franchise’s gross revenues. The terms “gross revenues” shall, for purposes of this Agreement, mean the total of all revenues and receipts derived from the operation of the Franchise, including all amounts received at or away from the site of the Franchise, or through the business the Franchise conducts; and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits the Franchise actually makes. You and we acknowledge and agree that the Royalty Fee represents compensation paid by you to us for the guidance and assistance we provide and for the use of our Marks, Confidential Information (as defined herein), know-how, and other intellectual property we allow you to use under the terms of this Agreement. The Royalty Fee does not represent payment for the referral of customers to you, and you acknowledge and agree that the services we offer to you and our other Twisted Ink™ franchisees does not include the referral of customers/clients.

6.3 Regional and National Advertising Fee.

Recognizing the value of advertising to the goodwill and public image of Unit Franchises, we may, in our sole discretion, establish, maintain and administer one or more regional and/or national advertising funds (the “Ad Fund(s)”) for such advertising, as we may deem necessary or appropriate in our sole discretion. However, we may choose to use only one Ad Fund to meet the needs of regional, multi-regional, and national advertising and promotional programs. You agree to contribute to the Ad Fund a percentage of gross revenues of the Franchise in an amount we designate, up to a maximum of two percent (2%) of the gross revenues of the Franchise. As of the date of this Agreement, the current required contribution to the Ad Fund is one percent (1%) of the gross revenues of the Franchise. These advertising fees (“Advertising Fees” or “Ad Fund Fees”) will be payable with and at the same time as your Royalty Fees payable under Paragraph 6.2 above. A further description of the Ad Fund and your obligations with respect to advertising and promoting the Franchise is found in Section 11 of this Agreement.

6.4 Local Advertising.

(a) By Franchisee. In addition to the Advertising Fees set forth in Paragraph 6.3, which will be used by us to promote Twisted Ink™ on a regional and national level, you agree to spend a certain amount on advertising in your local market area. This amount must equal One Thousand Two Hundred and No/100 Dollars (\$1,200.00) for each month during the term of this Agreement (the “Minimum Local Advertising Requirement”). We may require you to use one or more required suppliers or vendors for your local advertising. All proposed local advertising must be submitted to and approved by us before you enter into any advertising agreements. You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures by the thirtieth (30th) day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising. This requirement is waived if the franchisee meets or exceeds the minimum performance standard of \$75,000 in total revenue each quarter.

(b) Local and Regional Advertising Cooperative. In the event that more than one Unit Franchise is located in a Designated Market Area (“DMA”), we reserve the right to form, or require you and the other Twisted Ink™ franchisees in the DMA to form, a local or regional advertising cooperative (the “Ad Co-op”). A DMA is a geographic area around a city in which the radio and television stations based in that city account for a greater proportion of the listening/viewing public than those based in the neighboring cities. We may require you to join any Ad Co-op and contribute to its funding. The amount you pay to your Ad Co-op is determined by the Co-op members. Amounts contributed to any Ad Co-op may be applied towards your Minimum Local Advertising Requirement set forth in Paragraphs 6.4(a) and 11.2.

6.5 Grand Opening Advertising.

You must participate in a grand opening promotion and all advertising and sales promotion programs that we may authorize or develop for Twisted Ink™ Unit Franchises. You must spend at least \$10,000 on grand opening marketing during the period beginning no later than 30 days before the opening of your Twisted Ink™ Unit Franchise and ending 90 days after such opening date (the “Grand Opening Period”). Your grand opening promotion costs includes your required local advertising expenditures for your first 3 months of operations.

6.6 Software. You will be responsible for the cost of purchasing and installing certain software for your Franchised Business. We may require you to pay these fees to us, or directly to the vendors for

such software. Our required software will be set forth in our Operations Manual. Currently, you will be required to use the following software at your Store:

(a) **Proprietary Software.** You are responsible for all costs associated with the purchase and installation of our proprietary software. For each month during the term of this Agreement, the on-going license fee (“Technology Fee”) for the proprietary Software will be debited from the Account on the fifth (5th) day of each month for the preceding month (or such other day we specified in the Operations Manual), unless we require you to pay the vendor directly. We reserve the right to increase the Technology Fee to \$299 a month. We will give you thirty (30) days prior written notice prior to increasing the cost of Technology Fee, after which time, the new amount will be automatically debited from your account.

(b) **Point of Sale (POS) Software.** You are responsible for all costs associated with the purchase and installation of the point of sale software (“POS Software”) we designate. For each month during the term of this Agreement, the on-going fee for the POS Software will be debited from the Account on the fifth (5th) day of each month for the preceding month (or such other day we specified in the Operations Manual), unless we require you to pay the vendor directly. We reserve the right to increase the POS Software Fee to \$499/month. We will give you thirty (30) days prior written notice prior to increasing the cost of POS Software Fee, after which time, the new amount will be automatically debited from your account.

6.7 Relocation Fee.

If you must relocate the Premises of your Unit Franchise for any reason, you must pay to us a Franchise Relocation Fee (the “Relocation Fee”) of Two Thousand Five Hundred and No/100 Dollars (\$5,000.00). The Relocation Fee will help the Company defray the costs of approving a new location, reviewing and approving plans for the new location, and updating Company records and marketing materials to reflect the new location.

6.8 Late Payments.

All Royalty Fees, Advertising Fees, amounts due from you for purchases from us or our affiliates, and other amounts which you owe us or our affiliates (unless otherwise provided for in a separate agreement between us or our affiliates) will begin to accrue interest after their respective due dates at the lesser of (i) the highest commercial contract interest rate permitted by state law, and (ii) the rate of eighteen percent (18%) per annum. Payments due us or our affiliates will not be deemed received until such time as funds from the deposit of any check by us or our affiliates is collected from your account. You acknowledge that the inclusion of this Paragraph in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance your

operation of the Franchise. We have the right to require that any payments due us or our affiliates be made by certified or cashier's check in the event that any payment by check is not honored by the bank upon which the check is drawn. We also reserve the right to charge you a fee of Twenty-Five and No/100 Dollars (\$25.00) for any payment by check that is not honored by the bank upon which it is drawn.

6.9 Electronic Funds Transfer.

We have the right to require you to participate in an electronic funds transfer program under which Royalty Fees, Advertising Fees, and any other amounts payable or owed to us or our affiliates, including any administrative fees, are deducted or paid electronically from your bank account (the "Account"). In the event you are required to authorize us to initiate debit entries, you agree to make the funds available in the Account for withdrawal by electronic transfer no later than the payment due date. The amount actually transferred from the Account to pay Royalty Fees and Advertising Fees will be based on the Franchise's gross revenues as reported in the Franchise's practice management software. If you have not properly input the Franchise's gross revenues for any reporting period, then we will be authorized to debit the Account in an amount equal to one hundred twenty percent (120%) of the Royalty Fee, Advertising Fee, and other amounts transferred from the Account for the last reporting period for which a report of the Franchise's gross revenues was provided to us. If at any time we determine that you have under-reported the Franchise's gross revenues or underpaid any Royalty Fee or Advertising Fee due us under this Agreement, then we will be authorized to initiate immediately a debit to the Account in the appropriate amount, plus applicable interest, in accordance with the foregoing procedure. Any overpayment will be credited, without interest, against the Royalty Fee, Advertising Fee, and other amounts we otherwise would debit from your account during the following reporting period. Our use of electronic funds transfers as a method of collecting Royalty Fees and Advertising Fees due us does not constitute a waiver of any of your obligations to provide us with weekly reports as provided in Section 12, nor shall it be deemed a waiver of any of the rights and remedies available to us under this Agreement.

6.10 Application of Payments.

When we receive a payment from you, we have the right in our sole discretion to apply it as we see fit to any past due indebtedness of yours due to us or our affiliates, whether for Royalty Fees, Advertising Fees, purchases, interest, or for any other reason, regardless of how you may designate a particular payment should be applied.

6.11 Modification of Payments.

If, by operation of law or otherwise, any fees contemplated by this Agreement cannot be based upon gross revenues, then you and we agree to negotiate in good faith an alternative fee arrangement. If

you and we are unable to reach an agreement on an alternative fee arrangement, then the Company reserves the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.

7. MARKS.

7.1 Ownership and Goodwill of Marks.

You acknowledge that your right to use the Marks is derived solely from this Agreement, and is limited to your operation of the Franchise pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures we prescribe from time to time during the term of the Franchise. You understand and acknowledge that our right to regulate the use of the Marks includes, without limitation, any use of the Marks in any form of electronic media, such as Websites (as defined herein) or web pages, or as a domain name or electronic media identifier. If you make any unauthorized use of the Marks, it will constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that all your usage of the Marks and any goodwill established by your use will inure exclusively to our benefit and the benefit of our affiliates, and that this Agreement does not confer any goodwill or other interests in the Marks on you (other than the right to operate the Franchise in compliance with this Agreement). All provisions of this Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artwork, or logos we may authorize and/or license you to use during the term of this Agreement.

7.2 Limitations on Franchisee's Use of Marks.

You agree to use the Marks as the sole trade identification of the Franchise, except that you will display at the Franchise location a notice, in the form we prescribe, stating that you are the independent owner of the Franchise pursuant to a Franchise Agreement with us. You agree not to use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols other than logos and additional trade and service marks licensed to you under this Agreement, or in any modified form. You also shall not use any Mark or any commercial symbol similar to the Marks in connection with the performance or sale of any unauthorized services or products, or in any other manner we have not expressly authorized in writing. You agree to display the Marks in the manner we prescribe at the Franchise and in connection with advertising and marketing materials, and to use, along with the Marks, any notices of trade and service mark registrations we specify. You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law.

7.3 Notification of Infringements and Claims.

You agree to immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark, or service mark of which you become aware. You agree not to communicate with anyone except us and our counsel in connection with any such infringement, challenge, or claim. We have the right to exclusively control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts that our attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks, or to otherwise protect and maintain our interests in the Marks.

7.4 Discontinuance of Use of Marks.

If it becomes advisable at any time in our sole judgment for the Franchise to modify or discontinue the use of any Mark, or use one or more additional or substitute trade or service marks, including the Marks used as the name of the Franchise, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

7.5 Indemnification of Franchisee.

We agree to indemnify you against, and reimburse you for, all damages for which you are held liable in any trademark infringement proceeding arising out of your use of any Mark pursuant to and in compliance with this Agreement, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim, and have otherwise complied with this Agreement.

8. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

8.1 Independent Contractor; No Fiduciary Relationship.

This Agreement does not create a fiduciary relationship between you and us. You and we are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, joint venture, partner, or employee of the other for any purpose whatsoever. You agree to conspicuously identify yourself in all your dealings with customers, suppliers, public officials, Franchise personnel, and others as the owner of the Franchise pursuant to a Franchise Agreement with us, and to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time.

8.2 No Liability, No Warranties.

We have not authorized or empowered you to use the Marks except as provided by this Agreement, and you agree not to employ any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours. Except as expressly authorized by this Agreement, neither you nor we will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other, or represent that your and our relationship is other than that of franchisor and Franchisee.

8.3 Indemnification.

We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to you or any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act. We will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against you or your assets, or on us, in connection with the business you conduct, or any payments you make to us pursuant to this Agreement (except for our own income taxes). We will not assume any liability or be deemed liable for any agreements you enter with any third parties, whether or not they are an approved or required vendor. You agree to indemnify, defend, and hold us, our affiliates and our and their respective owners, directors, officers, employees, agents, successors, and assigns (individually, an “Indemnified Party,” and collectively, the “Indemnified Parties”), harmless against, and to reimburse such Indemnified Parties for, all such obligations, damages, and taxes for which any Indemnified Party may be held liable, and for all costs the Indemnified Party reasonably may incur in the defense of any such claim brought against the Indemnified Party, or in any such action in which the Indemnified Party may be named as a party, including without limitation actual and consequential damages; reasonable attorneys’, accountants’, and/or expert witness fees; cost of investigation and proof of facts; court costs; other litigation expenses; and travel and living expenses. Each Indemnified Party has the right to defend any such claim against the Indemnified Party. You further agree to hold us harmless and indemnify and defend us for all costs, expenses, and/or losses we incur in enforcing the provisions of this Agreement, defending our actions taken relating to this Agreement, or resulting from your breach of this Agreement, including without limitation reasonable attorneys’ fees (including those for appeal), unless, after legal proceedings are completed, you are found to have fulfilled and complied with all of the terms of this Agreement. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

9. CONFIDENTIAL INFORMATION; NON-COMPETITION.

9.1 Types of Confidential Information.

We possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by us, including but not limited to: (1) services and products offered and sold at Unit Franchises, including all systems, protocols, operations, etc. to facilitate and administer these services and products; (2) knowledge of sales and profit performance of any one or more Unit Franchises; (3) knowledge of sources of products sold at Unit Franchises, advertising and promotional programs, and image and decor; (4) the Twisted Ink™ Software and any other propriety software we develop or require you to use to operation your Franchise; (5) methods, techniques, formats, specifications, procedures, information, systems, and knowledge of, and experience in, the development, operation, and franchising of Unit Franchises; (6) customer lists, records, membership agreements and/or contracts; (7) information about the names and identity of our vendors and suppliers, and (8) the selection and methods of training employees. We will disclose much of the above-described information to you in advising you about site selection, providing our Initial Training, the Operations Manual, the Twisted Ink™ Software and any other required software, and providing guidance and assistance to you under this Agreement.

If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of a Twisted Ink™ Franchise (an “Improvement”), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement shall become our sole property and we shall be the sole owner of all related patents, patent applications, and other intellectual property rights. Such Improvements shall be deemed “Confidential Information”. You and your Owners hereby assign to us any rights you or they may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint us as your and their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this section are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your or their rights therein.

You shall not contact any of our vendors or suppliers without our prior consent. Unauthorized contact with any vendor or supplier constitute a breach of this Agreement. In addition, you will be responsible for any and all damages caused by your unauthorized communications with any of our vendors or suppliers.

9.2 Non-Disclosure Agreement.

You agree that your relationship with us does not vest in you any interest in the Confidential Information, other than the right to use it in the development and operation of the Franchise, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information belongs to us, may contain trade secrets belonging to us, and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form or another form that may be copied or duplicated; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including without limitation restrictions on disclosure to your employees, and the use of non-disclosure and non-competition agreements we may prescribe or approve for your shareholders, partners, members, officers, directors, employees, independent contractors, or agents who may have access to the Confidential Information.

9.3 Non-Competition Agreement.

You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure, and would be unable to encourage a free exchange of ideas and information among Unit Franchises, if Twisted Ink™ franchisees were permitted to hold interests in any competitive businesses (as described below). Therefore, during the term of this Agreement, neither you, nor any Owner, nor any member of your immediate family or of the immediate family of any Owner, shall perform services for, or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative, or agent in, any business that offers products or services the same as or similar to those offered or sold at Unit Franchises. The ownership of one percent (1%) or less of a publicly traded company will not be deemed to be prohibited by this Paragraph. Upon expiration or termination of this Agreement for any reason, you agree not to engage in a competitive business for a period of two (2) years after the termination or expiration and within twenty-five (25) miles of your Franchise Premises or any other Unit Franchise. The term “Competitive Business” means any business which derives more than Ten Thousand and No/100 Dollars (\$10,000.00) of revenue per year from the performance of

Custom Imprinting or related services, or any business which grants franchises or licenses to others to operate such a business, other than a Twisted Ink™ franchise operated under a franchise agreement with us.

You agree to have each employee of your Franchise sign a separate, individual non-disclosure agreement. Those employees who will be given specialized knowledge and/or training to perform functions in your Store(s) must also sign a separate, individual non-compete form that we will provide to you to prevent them from leaving with proprietary knowledge and training and starting their own practices or bringing these to a competing Store.

10. FRANCHISE OPERATING STANDARDS.

10.1 Condition and Appearance of the Franchise.

You agree that:

(a) neither the Franchise nor the Premises will be used for any purpose other than the operation of the Franchise in compliance with this Agreement;

(b) you will maintain the condition and appearance of the Franchise; its equipment, furniture, furnishings, and signs; and the Premises in accordance with our standards and consistent with the image of a Unit Franchise as an efficiently operated business offering high quality services, and observing the highest standards of cleanliness, sanitation, efficient, courteous service and pleasant ambiance, and in that connection will take, without limitation, the following actions during the term of this Agreement: (1) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals; (2) interior and exterior repair of the Premises; and (3) repair or replacement of damaged, worn out or obsolete equipment, furniture, furnishings and signs;

(c) you will not make any material alterations to the Premises or the appearance of the Franchise, as originally developed, without our advance written approval. If you do so, we have the right, at our option and at your expense, to rectify alterations we have not previously approved;

(d) you will promptly replace or add new equipment when we reasonably specify in order to meet changing standards or new methods of service;

(e) you will expend at least Ten Thousand and No/100 Dollars (\$10,000.00) every four (4) years in remodeling, expansion, redecorating and/or refurnishing of the Premises and the Franchise, if deemed necessary by us (any changes to the decoration or furnishing of the Premises must be approved by us);

(f) on notice from us, you will engage in remodeling, expansion, redecorating and/or refurbishing of the Premises and the Franchise to reflect changes in the operations of Unit Franchises that we prescribe and require of new Twisted Ink™ franchisees, provided that (1) no material changes will be required unless there are at least two (2) years remaining on the Initial Term of the Franchise (any changes to the decoration or furnishing of the Premises must be approved by us); and (2) we have required the proposed change in at least twenty-five percent (25%) of all similarly situated Company and affiliate-owned Unit Franchises, and have undertaken a plan to make the proposed change in the balance of such Company and affiliate-owned Unit Franchises (any expenditures incurred pursuant to this Paragraph 10.1(f) shall apply to the requirement in Paragraph 10.1(e));

(g) you will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve; and

(h) if at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the premises of the Franchise or its fixtures, equipment, furniture, or signs do not meet our standards, then we shall have the right to notify you specifying the action you must take to correct the deficiency. If you do not initiate action to correct such deficiencies within (ten) 10 days after receipt of our notice, and then continue in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, then we shall have the right, in addition to all other remedies available to us at law or under this Agreement, to enter the Premises or the Franchise and perform any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand.

10.2 Franchise Services and Products; Production, Sale or Distribution of Prohibited Items.

You agree that (a) the Franchise will offer for sale all services and products that we from time to time specify for Unit Franchises, (b) the Franchise will offer and sell approved services and products only in the manner we have prescribed; (c) you will not offer for sale or sell at the Franchise, the Premises, or any other location any services or products we have not approved; (d) all products will be offered at retail prices, and you will not offer or sell any products at wholesale prices; (e) you will not use the Premises for any purpose other than the operation of the Franchise; (f) you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing; and (g) you will not produce, offer or sell any Prohibited Item (defined below). In the event that you use, sell or distribute unauthorized products or services or fail to report the sale of any unauthorized products or services, we may, in addition to any other rights we may have, you will be responsible to pay us an administrative fee of \$100 per violation, any royalty due to us, and any amounts we incur due to or as a result of your sale of unapproved services or products if you do not cure such default within ten (10) days

of receipt of notice from us of your violation. You understand and agree that we may debit such amounts directly from your bank account via EFT. However, we reserve the right to terminate your Unit Franchise and this Agreement if you use, sell, distribute or give away unauthorized services or products on three or more occasions within any consecutive (12) month period, after being provided written notice to cease such activities. You agree to maintain an inventory of approved products sufficient in quantity and variety to realize the full potential of the Franchise. We may, from time to time, conduct market research and testing to determine consumer trends and the saleability of new services and products. You agree to cooperate by participating in our market research programs, test marketing new services and products in the Franchise, and providing us with timely reports and other relevant information regarding such market research. In connection with any such test marketing, you agree to offer a reasonable quantity of the products or services being tested, and effectively promote and make a reasonable effort to sell them.

For purpose of this Section 10.2, the term a “Prohibited Item” includes any type of printed item that contains hate speech or of an offensive nature. You must refer to our current Manual for specific examples of what constitutes a Prohibited Item. Any potentially compromising designs must be approved by us prior to production. If you produce, sell or distribute a Prohibited Item, you will have to pay us a \$5,000 fine for your first violation, and \$10,000 for your second violation. We reserve the right to immediately terminate your Franchise and this Agreement if you violate the prohibition relating to Prohibited Items for a third time.

10.3 Approved Products, Distributors and Suppliers.

We have developed or may develop various unique products or services that may be prepared according to our formulations. We have approved, and will continue to periodically approve, specifications for suppliers and distributors (which may include us and/or our affiliates) for products or services required to be purchased by, or offered and sold at, Unit Franchises, that meet our standards and requirements, including without limitation standards and requirements relating to product quality, prices, consistency, reliability, and customer relations. You understand and acknowledge we will not be liable to you or anyone else for any damages or claims arising out of or resulting from the acts or omissions any supplier and distributor of products or services, whether or not such supplier or distributor is an approved or required supplier or distributor of products or services. You agree that the Franchise will: (1) purchase any required products or services in such quantities as we designate; (2) utilize such formats, formulae, and packaging for products or services as we prescribe; and (3) purchase all designated products and services only from distributors and other suppliers we have approved. In the event we designate a required supplier or distributor during the term of this Agreement, or any subsequent franchise agreement, you must begin to use such required supplier or distributor with thirty (30) days of the date we notify you that you must use

such supplier or distributor, unless we designate a longer period for you to switch or convert over to such supplier or distributor. Your failure or refusal to do so shall constitute a breach of this Agreement.

We may approve a single distributor or other supplier (collectively “supplier”) for any product, and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Unit Franchises or Twisted Ink™ outlets operated by us or our affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria, and may be temporary, pending our continued evaluation of the supplier from time to time.

If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. We have the right to inspect the proposed supplier’s facilities, and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria.

We and/or our affiliates may be an approved supplier of certain products or services to be purchased by you for use and/or sale by the Franchise. We and our affiliates reserve the right to charge any licensed manufacturer engaged by us or our affiliates a royalty to manufacture products for us or our affiliates, or to receive commissions or rebates from vendors that supply goods or services to you. We or our affiliates may also derive income from our sale of products or services to you, and may sell these items at prices exceeding our or their costs in order to make a profit on the sale.

10.4 Hours of Operation.

You agree to keep the Franchise open for business at such times and during such hours as we may prescribe from time to time.

10.5 Specifications, Standards and Procedures.

You agree to comply with all mandatory specifications, standards, and operating procedures relating to the appearance, function, cleanliness, sanitation and operation of the Franchise. Any mandatory specifications, standards, and operating procedures that we prescribe from time to time in the Operations Manual, or otherwise communicate to you in writing, will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to “this Agreement” include all such mandatory specifications, standards, and operating procedures.

10.6 Compliance with Laws and Good Business Practices.

You agree to secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchise. You also agree to operate the Franchise in full compliance with all applicable laws, ordinances, and regulations, including without limitation all government regulations relating to worker's compensation insurance, Medicare, HIPAA, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales taxes. You agree that at all times during the term of this Agreement, that you will maintain sufficient working capital to fulfill your obligations under this Agreement. You agree to execute any and all documents, including documents with us, our agents, affiliates, etc., or others, that we may require from time to time, to ensure compliance with any applicable laws, whether such laws are applicable now or in the future.

All advertising you employ must be completely factual, in good taste (in our judgment), and conform to the highest standards of ethical advertising and all legal requirements. You acknowledge that the practice of medicine is a regulated profession and that certain marketing requirements need to be engaged in a manner that conforms to federal, state, and/or local laws, regulations, or codes. You shall be required to inform yourself of those requirements and strictly comply with their protocols. You agree that in all dealings with us and any of our affiliates, other franchisees, your customers, your suppliers, and public officials, you will adhere to all manner of code, regulation and law and the highest standards of honesty, integrity, fair dealing and ethical conduct. You further agree to refrain from any business or advertising practice that may be legally non-compliant or harmful to the business of the Company, the Franchise, and/or the goodwill associated with the Marks and other Unit Franchises.

You must notify us in writing within 5 days of any of the following: (1) the commencement of any action, investigation, suit, or proceeding, and/or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit of the Franchise or any Owner, that may adversely affect the Franchise's operations, financial condition, or reputation; or the reputation of the Company and/or the goodwill associated with the Marks; (2) your receipt or knowledge of any notice of violation of any law, ordinance, or regulation relating to any health or safety laws, as well as any inquiries that may lead to a notice of violation of any such rules or laws; (3) any activity or action, involving your Franchise, the Franchisee, or any Owner, which may the operations of the Franchise, the reputation of the Franchise or the Company, or the goodwill associated with the Marks; or (4) whether you or any of your Owners are indicted for, convicted of, or plead no contest to a felony, or are indicted for, convicted or plead no contest to any crime or offense, which may adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks.

You agree that the Company shall have the right to conduct periodic background and/or credit checks on you or any of your Owners. You agree to cooperate by providing any necessary information or authorizations necessary to conduct such background or credit checks. You understand and acknowledge that the purpose of such background and credit checks is to verify compliance with your duty to report adverse legal or financial changes that may adversely affect the operation of the Franchise, the reputation of the Franchise or the Company, and/or the goodwill associated with the Marks or the validity of the Agreement.

10.7 Management and Personnel of the Franchise.

Unless we approve your employment of a General Manager to operate the Franchise as provided in Paragraph 4.1, you must actively participate in the actual, on-site, day-to-day operation of the Franchise, and devote as much of your time as is reasonably necessary for the efficient operation of the Franchise. If you are other than an individual, then at least one (1) Owner, director, officer, or other employee of you whom we approve must comply with this requirement. If we agree that you may employ a General Manager, then the General Manager must fulfill this requirement. Any General Manager shall each obtain all licenses and certifications required by law before assuming his or her responsibilities at the Franchise. You will ensure that your employees and independent contractors of the Franchise have any licenses as may be required by law, and hold or are pursuing any licenses, certifications, and/or degrees required by law or by us in the Operations Manual, as updated from time to time. You will be exclusively responsible for the terms of your employees' and independent contractors' employment and compensation, and for the proper training of your employees and independent contractors in the operation of the Franchise. You must establish any training programs for your employees and/or independent contractors that we may prescribe in writing from time to time. In order to protect and maintain the goodwill of the Marks and the system, you must require all employees and independent contractors to maintain a neat and clean appearance, and conform to the standards of dress that we specify in the Operations Manual, as updated from time to time. Each of your employees and independent contractors must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information, proprietary information, and trade secrets as described in Paragraph 9.1, and to abide by the covenants not to compete described in Paragraph 9.3. You must forward to us a copy of each such signed agreement. In order to protect and maintain the goodwill of the Marks and the system, all of your employees and independent contractors must render prompt, efficient and courteous service to all customers of the Franchise.

Notwithstanding the foregoing, you understand that we will not have any duty or obligation to operate your Franchised Business, to direct or supervise your employees, or to oversee your employment

policies or practices, and that you shall be solely responsible for such activities, as well as all other day-to-day activities and operations relating to your Franchised Business.

10.8 Insurance.

Before you open the Franchise and during any Term of this Agreement, you must maintain in force, under policies of insurance written on an occurrence basis issued by carriers with an A.M. Best rating of A-VIII or better approved by us, and in such amounts as we may determine from time to time: (1) comprehensive public, professional, product, sexual harassment, and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchise or otherwise in conjunction with your conduct of the Franchise Business pursuant to this Agreement, under one or more policies of insurance containing minimum liability coverage amounts as set forth in the Operations Manual; (2) general casualty insurance, including theft, cash theft, fire and extended coverage, vandalism and malicious mischief insurance, for the replacement value of the Franchise and its contents, and any other assets of the Franchise; (3) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by statute; (4) business interruption insurance for a period adequate to reestablish normal business operations, but in any event not less than six (6) months; (5) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements; and (6) umbrella liability coverage with limits of not less than \$1,000,000/\$3,000,000 or such other amounts that we may establish in the Operations Manual. You must purchase such insurance coverage(s) only from our approved or designated supplier(s). We may periodically increase or decrease the amounts of coverage required under these insurance policies, and/or require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Each insurance policy must name us (and, if we so request, our members, directors, employees, agents, and affiliates), as well as the area developer for your area, as additional insureds, and must provide us with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy. Deductibles must be in reasonable amounts, and are subject to review and written approval by us. You must provide us with copies of policies evidencing the existence of such insurance concurrently with execution of this Agreement and prior to each subsequent renewal date of each insurance policy, along with certificates evidencing such insurance. You are responsible for any and all claims, losses or damages, including to third persons, originating from, in connection with, or caused by your failure to name us or anyone we designate as additional insureds on each insurance policy. You agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage arising out of your failure

to name us or anyone we designate as additional insureds, which indemnity shall survive the termination or expiration and non-renewal of this Agreement.

Prior to the expiration of the term of each insurance policy, you must furnish us with a copy of a renewal or replacement insurance policy and appropriate certificates of insurance. If you at any time fail or refuse to maintain any insurance coverage required by us, or to furnish satisfactory evidence thereof, or to name us or anyone we designate as an additional insured under any such policies, then we, at our option and in addition to our other rights and remedies under this Agreement, may, but need not, obtain such insurance coverage on your behalf. You shall immediately reimburse us on demand for any costs or premiums paid or incurred by us, and pay an administrative fee of \$500 plus any others fees, including attorneys' fees, which we may incur. If you fail to pay us within ten (10) days of our demand for reimbursement, we reserve the right to debit your account the amounts owed to us for any premiums paid on your behalf for such insurance coverage along with any other administrative fees, costs, surcharges expenses and fees we incur to obtain such coverage on your behalf or on behalf of your franchise. We reserve the right to require you to provide us with an application for insurance (in a form acceptable to our required supplier for insurance) for any licensed person that has been offered a position to work in a Unit Franchise so that we may, if you fail to do so, procure any necessary insurance coverage for such person. Nothing in this Section 10.8 or elsewhere in this Agreement shall negate or otherwise effect our right to terminate this Agreement for failure to meet all applicable insurance requirements pertaining to your Franchise.

Notwithstanding the existence of such insurance, you are and will be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Franchise, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and you agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage, which indemnity shall survive the termination or expiration and non-renewal of this Agreement. In addition to the requirements of the foregoing paragraphs of this Paragraph 10.8, you must maintain any and all insurance coverage in such amounts and under such terms and conditions as may be required in connection with your lease or purchase of the Premises.

Your obligation to maintain insurance coverage as described in this Agreement will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under Section 7 of this Agreement.

10.9 Credit Cards and Other Methods of Payment.

You must at all times have arrangements in existence with Visa, Master Card, American Express, Discover and any other credit and debit card issuers or sponsors, and electronic fund transfer systems that

we designate from time to time, in order that the Franchise may accept customers' credit and debit cards, and other methods of payment. We may require you to obtain such services through us or our affiliates.

10.10 Pricing.

To the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for services and products that the Unit Franchise offers, including without limitation, prices for promotions in which all or certain Unit Franchises participate. If we establish such prices for any services or products, you agree not to exceed or reduce that price, but will charge the price for the service or product that we establish. You hereby agree to apply any pricing matrix or schedule established by us. If you wish to offer an alternate pricing matrix, you must obtain our prior written approval, which approval we may withhold in our sole and absolute discretion.

11. ADVERTISING.

11.1 By Company.

As stated in Paragraph 6.3, due to the value of advertising and the importance of promoting the public image of Unit Franchises (both franchisee- and Company-owned outlets), we will establish, maintain, and administer one or more Ad Funds to support and pay for national, regional, and/or local marketing programs that we deem necessary, desirable, or appropriate to promote the goodwill and image of all Unit Franchises. You will contribute to the Ad Fund the Advertising Fee set forth in Section 6.3. We agree that any Twisted Ink™ outlets owned by us or our affiliates will contribute to the Ad Fund on at least the same basis as you do.

We will be entitled to direct all advertising programs financed by the Ad Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. We will have the sole discretion to use the Ad Fund to pay the costs of preparing and producing video, audio, and written advertising materials; administering regional, multi-regional and/or national advertising programs; including purchasing direct mail and other media advertising; employing advertising agencies and supporting public relations, market research, and other advertising and marketing firms; and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows. and providing advertising and marketing materials to Unit Franchises. We may in our discretion use the Ad Fund to engage in advertising and promotional programs that benefit only one or several regionals, and not necessarily all Unit Franchises. The Ad Fund will furnish you with approved advertising materials at its direct cost of producing those advertising materials. The amounts you contribute to the Ad Fund will not be used for collective media placement of advertising in television, radio, newspaper or other media for the

benefit of franchisees in a local or regional market. Rather, any collective media placement for the benefit of franchisees in a local or regional market will be conducted through the local and regional advertising cooperatives described in Section 11.3.

The Ad Fund will be accounted for separately from other funds of the Company, and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs, and overhead we may incur in activities reasonably related to the administration of the Ad Fund and its advertising programs (including without limitation conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Ad Fund). We may spend in any fiscal year an amount greater or less than the total contributions to the Ad Fund in that year. We may cause the Ad Fund to borrow from us or other lenders to cover deficits of the Ad Fund, or to invest any surplus for future use by the Ad Fund. You authorize us to collect for remission to the Ad Fund any advertising monies or credits offered by any supplier to you based upon purchases you make. We will prepare an annual statement of monies collected and costs incurred by the Ad Fund and will make it available to you on written request.

You understand and acknowledge that the Ad Fund will be intended to maximize recognition of the Marks and patronage of Unit Franchises (both franchisee-owned and Company-owned outlets) that are using the Marks. Although we will endeavor to use the Ad Fund to develop advertising and marketing materials, and to place advertising in a manner that will benefit Unit Franchises that are using the Marks, we undertake no obligation to ensure that expenditures by the Ad Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Ad Fund by Unit Franchises operating in that geographic area, or that any Unit Franchise will benefit directly or in proportion to its contribution to the Ad Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Paragraph, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Ad Fund.

We will have the right to terminate the Ad Fund by giving you thirty (30) days' advance written notice. All unspent monies on date of termination will be divided between the Company and the contributing franchisees in proportion to our and their respective contributions. At any time thereafter, we will have the right to reinstate the Ad Fund under the same terms and conditions as described in this Section (including the rights to terminate and reinstate the Ad Fund) by giving you thirty (30) days' advance written notice of reinstatement.

11.2 By Franchisee.

You agree to spend a certain amount on advertising in your local market area. This amount must equal Two Thousand and No/100 Dollars (\$2,000.00) for each month during the term of this Agreement.

We may require you to use one or more required suppliers or vendors for your local advertising. All proposed local advertising must be submitted to and approved by us before you enter into any advertising agreements. You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures by the thirtieth (30th) day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising. This requirement is waived if the franchisee meets or exceeds the minimum performance standard of \$75,000 in total revenue each quarter. We may require you to use one or more required suppliers or vendors for your local advertising. You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures allocated by medium spend, by the thirtieth (30th) day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising.

You agree to list and advertise the Franchise within your market area, in those business classifications as we prescribe from time to time, using any standard form of advertisement we may provide.

On each occasion before you use them, samples of all local advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval. If you do not receive our written disapproval within fifteen (15) days from the date we receive the materials, the materials will be deemed to have been approved. You agree not to use any advertising or promotional materials that we have disapproved. You will be solely responsible and liable to ensure that all advertising, marketing, and promotional materials and activities you prepare comply with applicable federal, state, and local law, and the conditions of any agreements or orders to which you may be subject.

11.3 Local and Regional Advertising Cooperatives.

You are required to join and participate in any Ad Co-ops (as defined in Section 6.4) covering your Unit Franchise. One function of the Co-op is to establish a local or regional advertising pool, of which the funds must be used for local or regional advertising purposes, and for the mutual benefit of each Co-op member. All Ad Co-ops must operate according to their bylaws. We have the right to specify the manner in which any Ad Co-ops are organized and governed, and may require any and all Ad Co-ops to be legal entities of the state where they are located. You must contribute to the Ad Co-op according to the Ad Co-op's rules and regulations, and bylaws, as determined by the Co-op members. Amounts contributed to any Ad Co-op may be applied towards your Minimum Local Advertising Requirement set forth in Paragraphs 6.4(a) and 11.2

11.4 Websites and Other Forms of Advertising Media.

You acknowledge and agree that any Website or Other Forms of Advertising Media (as defined below) will be deemed “advertising” under this Agreement, and will be subject to, among other things, the need to obtain our prior written approval in accordance with Paragraphs 7.2 and 11.2. As used in this Agreement, the term or reference to “Website or Other Forms of Advertising Media” means any interactive system, including but not limited to all types of online communications, virtual applications, social media, or the like, including but not limited to Groupon, Living Social, Facebook, Twitter, etc., that you operate or use, or authorize others to operate or use, and that refer to the Franchise, the Marks, us, and/or the System. The term or reference Website or Other Forms of Advertising Media includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website or Other Forms of Advertising Media, you agree to the following:

(a) Before establishing any Website or Other Form of Advertising Media, you will submit to us a sample of such Website or Other Form of Advertising Media format and information in the form and manner we may require.

(b) You will not establish or use any Website or Other Forms of Advertising Media without our prior written approval.

(c) In addition to any other applicable requirements, you must comply with our standards and specifications for Website or Other Forms of Advertising Media as we prescribe in the Operations Manual or otherwise in writing, including any specifications relating to the use of organic and paid search engine optimization, keyword and landing page management. You will establish a website and Store email addresses as part of our corporate website/email system and establish electronic links to our corporate website.

(d) If you propose any material revision to Website or Other Forms of Advertising Media or any of the information contained therein, you will submit each such revision to us for our prior written approval.

12. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS.

You agree to maintain, at your own expense, our proprietary software and other accounting software, to act as a bookkeeping, accounting, and record keeping system for the Franchise. Twisted Ink™ Software includes the capability of being polled by our central computer system, which you agree to permit. With respect to the operation and financial condition of the Franchise, we will pull from our proprietary software (if available), or require you to provide from your accounting software (in a form we designate) or in accordance with General Accepted Accounting Principles (“GAAP”), as the case may be, the following: (1) by Tuesday of each week, an electronic report of the Franchise’s gross revenues for the

preceding week ending on, and including, Sunday, and any other data, information, and supporting records that we may require; (2) by the thirtieth (30th) day of each month, a profit and loss statement for the preceding calendar month, and a year-to-date profit and loss statement and balance sheet; (3) within ninety (90) days after the end of your fiscal year, a fiscal year-end balance sheet, and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments; and (4) such other reports as we require from time to time (collectively, all of the above are referred to as “Reports”). You agree to input all Franchise transactions into our proprietary software and your accounting software in a timely manner to ensure that all Reports are accurate. You agree to maintain and furnish upon our request complete copies of federal and state income tax returns you file with the Internal Revenue Service and state tax departments, reflecting revenues and income of the Franchise or the corporation, partnership, or limited liability company that holds the Franchise. You agree to retain hard copies of all records for a minimum of four (4) years.

13. INSPECTIONS AND AUDITS.

13.1 Company’s Right to Inspect the Franchise.

To determine whether you and the Franchise are complying with this Agreement and the specifications, standards, and operating procedures we prescribe for the operation of the Franchise, we or our agents have the right, at any reasonable time and without advance notice to you, to: (1) inspect the Premises; (2) observe the operations of the Franchise for such consecutive or intermittent periods as we deem necessary; (3) interview personnel of the Franchise; (4) interview customers of the Franchise; and (5) inspect and copy any books, records and documents relating to the operation of the Franchise. You agree to fully cooperate with us in connection with any of those inspections, observations and interviews. You agree to present to your customers any evaluation forms we periodically prescribe, and agree to participate in, and/or request that your customers participate in, any surveys performed by or on our behalf. Based on the results of any such inspections and audits and your other reports, we may provide to you such guidance and assistance in operating your Franchise as we deem appropriate.

13.2 Company’s Right to Audit.

We have the right at any time during business hours, and without advance notice to you, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Franchise, and the books and records of any corporation, limited liability company, or partnership that holds the Franchise. You agree to fully cooperate with our representatives and any independent accountants we may hire to conduct any inspection or audit. If the inspection or audit is necessary because of your failure to furnish any reports, supporting records, other information or financial statements as required by this Agreement, or to furnish such reports, records, information, or financial statements on a timely basis, or if an understatement of gross revenues

for any period is determined by an audit or inspection to be greater than two percent (2%), then you agree to pay us all monies owed, plus interest of one and one-half percent (1.5%) per month, and reimburse us for the cost of such inspection or audit, including without limitation any attorneys' fees and/or accountants' fees we may incur, and the travel expenses, room and board, and applicable per diem charges for our employees or contractors. The above remedies are in addition to all our other remedies and rights under this Agreement or under applicable law.

14. TRANSFER REQUIREMENTS.

14.1 Transfer by Us. We may sell, assign, transfer, convey, give away, pledge, hypothecate, mortgage or otherwise encumber ("transfer") all or any part of our rights, interests or obligations in this Agreement to any person or entity, who expressly assumes our obligations under this Agreement. After our transfer of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer have any performance or other obligations under this Agreement.

14.2 Transfer by Franchisee.

(a) Your rights and obligations under this Agreement are personal to you, and we have granted the Unit Franchise in reliance on your and/or your principal owners' skills, financial capacity, personal character, and reputation for honesty, integrity and fair dealing. Accordingly, you and your successors, assigns, shareholders, partners and members, may not transfer any interest in you, in this Agreement or any related agreement, in the Unit Franchise, without our prior written consent. Any purported transfer not having our prior written consent will be void.

(b) We will not unreasonably withhold our consent to a transfer of any interest in you, this Agreement, any related agreement, or the Unit Franchise, but if a transfer, alone or together with other previous, simultaneous or proposed transfers, has the effect of transferring either a controlling interest in or operating control of you, this Agreement, any related agreement, or the Unit Franchise, we may, in our sole discretion, require as conditions to our consent that, except in the event of a Permitted Transfer (defined below) these do not apply:

- (i) You are in substantial compliance with the terms of this Agreement;
- (ii) The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) has demonstrated to our satisfaction that it meets the then-current standards which we would normally apply to any prospective franchisee; including, but not limited to, meeting our educational, personal, managerial and Unit Franchise standards; possesses a good moral character and a good business reputation; has the aptitude and ability to operate the Unit Franchise (as may be shown by prior related experience); has adequate financial resources and capital to operate the Unit Franchise; is financially

responsible and has a good credit rating; will be likely in our sole and absolute judgment to comply with the terms of the then-current standard franchise agreement and Operations Manual; and has no direct or indirect connection with any actual or potential competitor of us or any of our franchisees;

(iii) Your debts to us and others relating to the Unit Franchise have been satisfied;

(iv) You and the transferor have signed a general release, in a form we prescribe or that is satisfactory to us, of any claims against us and our partners, shareholders, officers, directors, employees and agents, in their corporate and individual capacities;

(v) The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) has entered into a written consent to transfer agreement, in a form satisfactory to us;

(vi) The transferee (including any person with a beneficial interest in the transferee if it is a legal entity) executes our then-current standard franchise agreement for a term equal to the remaining portion of the term on the transferor's franchise agreement and signs all related agreements (including any guaranty agreements). The then-current franchise agreement may contain terms substantially different from those in this Agreement, including different fees (all then-current fees, except as stated herein must be paid by transferee), advertising contributions, training requirements and territory. Transferee will not pay the Grand Opening fee. Depending on the then-current demographics of the Territory, and on our then-current standards for territories, if the Territory is larger than our then-current standard territory, we may require the transferee to accept a transfer territory smaller than the Territory.

(vii) The transferee and its general manager, if any, have agreed to successfully complete (at the transferee's expense and to our satisfaction) any then-current initial training programs;

(viii) You or the transferor has paid us a transfer fee equal to 30% of our then-current Initial Franchise Fee. You must reimburse us for reasonable expenses incurred by us in investigating and processing any proposed transfer to a new transferee where the transfer is not consummated for any reason, including but not limited to any attorneys' fees we incur (not to exceed \$5,000) plus costs and expenses. If you are in default of this Agreement, or any other agreement with us, in addition to the transfer fee, we may require you to pay any amounts we deem necessary, in our sole discretion, to cure the default, provided that the default is curable;

(ix) We have decided not to exercise our right of first refusal, if any, under Section 14.4;

(x) You have updated your equipment and Premises to our then-current specifications in the Operations Manual;

(xi) We have determined that the material terms of the transfer, including the price and terms of payment, will not be so burdensome as to adversely affect the operation of the Unit Franchise by the transferee; and

(xii) If any part of the sale price of any transferred interest is to be financed, the transferor will have agreed that all obligations of the transferee under any promissory notes, agreements or security interests reserved by the transferor in the assets of the Unit Franchise will be subordinate to the obligations of the transferee to pay marketing and consulting fees, advertising contributions, and other amounts due to us and our affiliates, and to comply with the franchise agreement signed by the transferee.

(c) No transfer in the nature of a grant of a security interest in you, this Agreement, any related agreement, the Unit Franchise or the Premises will be permitted without our prior written consent, which we may grant or withhold in our sole discretion. If we consent to a transfer in the nature of a grant of a security interest, and if the holder of the security interest later seeks to exercise your right or assume the interest of you in the Unit Franchise, this Agreement, any related agreement, you or the Premises due to a default under any documents related to the security interest, we will have the option to purchase the rights of the secured party by paying all sums then due to the secured party, and the secured party will sign an agreement to that effect before any transfer takes place.

(d) A “Permitted Transfer” under Section 14.2 is defined as either (i) a transfer of an ownership interest in you or your entity of less than five percent (5%), or (ii) a transfer of any ownership interest in you or your entity, to a spouse, child, sibling, or parent, to trust or similar entity created for the benefit of any of the foregoing persons, provided that neither (i) nor (ii) may result in the creation of a controlling ownership stake in the transferee, whether through one or an aggregated series of such transfers. You must provide us written notice of any Permitted Transfer in you or your entity. Any individual who becomes an owner in you due to a Permitted Transfer must (if they have not already) sign a personal guaranty agreement (“Guaranty”) in the form found in Exhibit 2 to this Agreement. You and any owners who previously signed a Guaranty will not be released from a signed Guaranty upon a Permitted Transfer, unless otherwise agreed to by us in writing. You and we will amend Exhibit 4 of this Agreement if a Permitted Transfer occurs. You must pay an administrative fee of \$2,500 for any Permitted Transfers.

14.3 Transfer to Franchisee’s Legal Entity. If a proposed transfer is to a legal entity you control, our consent to the transfer may, in our sole discretion, be conditioned on the following requirements:

- (a) The legal entity’s activities will be confined exclusively to operating the Unit Franchise;
- (b) You will own a majority stock interest, partnership or membership interest in the legal entity, and will act as its principal operating officer, partner or member;

(c) Each stock certificate or certificate of interest in the legal entity will have conspicuously endorsed on its face a statement in a form satisfactory to us that it is held subject to, and that further transfer is subject to, all restrictions on transfers in this Agreement;

(d) All shareholders, partners, or members will jointly and severally guarantee the legal entity's performance and will bind themselves to the terms of this Agreement and any related agreements

(e) You will maintain a then-current list of all partners, members or shareholders and beneficial owners of any class of stock, and furnish the list to us on request; and

(f) Copies of the transferee's Certificate and Articles of Incorporation, Certificate and Articles of Organization, Certificate and Agreement of Partnership, By-Laws, resolution authorizing entry into this Agreement and any other significant governing documents, promptly will be furnished to us.

14.4 Our Right of First Refusal.

(a) If you or any other person or entity at any time determines to sell an interest in you, the Unit Franchise or the Premises, you agree to immediately submit to us a true and complete copy of the offer (and any proposed ancillary agreements). The offer must apply only to an interest in you, the Unit Franchise or the Premises. It must not include the purchase of any of your other property or rights (or those of your shareholder, partner, or member), but if the offeror proposes to buy any other of your property or rights (or those of a shareholder, partner or member) under a separate, contemporaneous offer, the price and terms of purchase offered to you (or to your shareholder, partner or member) for the interest in you, the Franchise or the Premises will reflect the bona fide price offered and will not reflect any value for any other property or rights. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. We will have the right, exercisable by written notice delivered to you, or the person or entity involved, within thirty (30) days after receipt of the copy of the offer, to purchase the interest for the price and on the terms in the offer, but we may substitute cash, a cash equivalent or marketable securities of equal value for any form of payment proposed in the offer. Our credit will be deemed equal to the credit of any proposed purchaser, and we will have not less than sixty (60) days to prepare for closing. We will be entitled to purchase the interest subject to all customary representations and warranties given by the seller of the assets of a business or voting stock of an incorporated business, as applicable, including representations and warranties as to ownership, condition and title to stock and/or assets, liens and encumbrances relating to the stock and/or assets, validity of contracts, and liabilities, contingent or otherwise, of any corporation whose stock is purchased. If we do not exercise our right of first refusal, you or the person or entity involved may complete the sale to the purchaser under the terms of the offer subject

to our consent to the transfer under Section 14.2(b), but if the sale to the purchaser is not completed within one hundred twenty (120) days after receipt of the offer by us, or if there is a material change in the terms of the sale, we will have an additional right of first refusal for thirty (30) days on the same terms as were applicable to the initial right of first refusal.

(b) If the transfer is a Permitted Transfer, we will not have any right of first refusal as provided in Section 14.4(a), unless the proposed transferee has a direct or indirect connection with any actual or potential competitor of us or any of our franchisees. However, written notification of this type of transfer must be provided to us by the transferor at least thirty (30) days before consummation of that transfer.

14.5 Transfer On Death, Permanent Incapacity or Dissolution. On the death or permanent incapacity of any person with an interest in you, this Agreement, any related agreement, the Franchise or the Premises, or on your dissolution if you are a legal entity, the executor, administrator, personal representative or trustee (“personal representative”) of that person or entity will transfer his, her or its interest to a third party reasonably acceptable to us within one hundred eighty (180) days after assuming that capacity. Any transfer of this type, including a transfer by devise or inheritance, will be subject to the same requirements as other transfers under this Agreement, but if the transfer is to a spouse, child or parent, the fee required under Section 14.2(b) (viii) will not be required. If the personal representative has, in good faith, proposed a transferee and we, in good faith, do not approve the proposed transferee, the personal representative will be given additional time, not to exceed one hundred eighty (180) days, to propose another transferee for our approval. If the personal representative is unable to meet these conditions, the personal representative of that deceased person will have an additional sixty (60) days to dispose of the interest, which disposition will be subject to the requirements for transfers in this Agreement, including the requirements of this Section 14. If the interest is not disposed of within the additional sixty (60) days (or such additional time as we otherwise agree), we may terminate this Agreement.

14.6 Interim Operation of Unit Franchise on Death or Permanent Disability. Pending transfer on your death or permanent incapacity (or your principal operating officer, partner or member, if you are a legal entity), we will have the option to operate the Unit Franchise on your behalf until an approved transferee is able to assume the operation of the Unit Franchise, for a period of up to twelve (12) months without the consent of you, your personal representative or your successor in interest. All funds from the operation of the Unit Franchise during the period of operation by us will be kept in a separate fund, and all expenses we incur, including compensation, other costs and travel and living expenses (the “Management Expenses”), will be charged to the fund. As compensation for services provided, we will charge the fund the full amount of the Management Expenses incurred during the period of our operation. We will only have a duty to utilize reasonable efforts in operating the Unit Franchise, and will not be liable to you or your

principals for any debts, losses or obligations incurred by the Unit Franchise, or to any creditor for any equipment, inventory, products, supplies or services purchased for the Unit Franchise during any period in which it is operated by us.

14.7 Non-Waiver of Claims. Our consent to a transfer of any interest in you, this Agreement, any related agreement, the Franchise or the Premises will not be a waiver of any claims we may have against the transferring party, nor will it be a waiver of our right to demand the transferee's compliance with the terms of this Agreement.

14.8 Effect of Consent to Transfer.

Our consent to a proposed Transfer pursuant to this Section 14 will not constitute a waiver of any claims we may have against you or any Owner, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the Proposed New Owner.

14.9 Consent Not Unreasonably Delayed.

If all the conditions are met to transfer the FA or any interest therein, we will not unreasonably delay granting our consent to the transfer.

15. TERMINATION OF THE FRANCHISE.

We have the right to terminate this Agreement effective immediately upon delivery of notice of termination to you, if:

(a) you fail to open your Franchise for business by the Opening Deadline, subject to the extension set forth in Section 3.1(c); or

(b) you abandon, surrender, transfer control of, lose the right to occupy the Premises of, or do not actively operate the Franchise, or your lease for or purchase of the location of the Franchise is terminated for any reason; or

(c) you produce, sell or distribute a Prohibited Item on three or more occasions, regardless of whether you have cured such violation(s);

(d) you or your Principal Owners assign or Transfer this Agreement, any Interest, the Franchise, or assets of the Franchise without complying with the provisions of Section 14; or

(e) You make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debt generally as they become due; your consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your Unit Franchise is attached, seized, subjected to a writ of distress, warrant, or levied upon, unless the attachment seizure, writ, warrant or levy

is vacated within thirty (30) days, or any order appointing a receiver, trustee or liquidator of you or your Unit Franchise is not vacated within thirty (30) days following the order and entry;

(f) you use, sell, distribute or give away any unauthorized services or products on three or more occasions within any consecutive (12) month period; or

(g) you fail to maintain any licenses or permits necessary for the operation of the Franchise and/or fail to comply with any state and federal regulations which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or

(h) you or any of your Principal Owners are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime or offense, which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or

(i) you are involved in any action or activity, including but not limited to dishonest, unethical, or illegal actions or activities, which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or

(j) you (or any of your owners) have made or knowingly make a material false or incomplete statement in any report submitted to us;

(k) we discover that you knowingly made a material false or incomplete statement to us to obtain the Franchise;

(l) you (or any of your owners) participate in in-term competition contrary to Section 9.3;

(m) you fail to timely notify of any event, action or other action identified in Section 10.6, which is reasonably likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks; or

(n) you or any of your employees violate any health or safety law, ordinance or regulation, or operate the Franchise in a manner that presents a health or safety threat, hazard or danger to your customers or the public, which hazard, threat or danger you acknowledge is determined by our commercial business judgment; or

(o) you fail to maintain a valid license to practice and/or fail to comply with any with state and federal regulations, other than those covered by subsection (f), and do not cure the failure within twenty (20) days after written notice is given to you; or

(p) you do not pay when due any monies owed to us or our affiliates, and do not make payment within ten (10) days after written notice is given to you; or

(q) you fail to procure or maintain any and all insurance coverage that we require, or otherwise fail to name us or anyone we designate as an additional insured on any required insurance policies and failure to do so within ten (10) days after written notice is given to you; or

(r) you or any of your Principal Owners receive three (3) or more written notices of default from us, within any period of twelve (12) consecutive months, concerning any material breach by you. Whether or not such breaches shall have been cured, such repeated course of conduct shall itself be grounds for termination of this Agreement without further notice or opportunity to cure; or

(s) you or any of your Principal Owners fail to comply with any other provision of this Agreement or any mandatory specification, requirement, standard, or operating procedure, including those in our Operations Manual, and you fail to make the required changes or to comply with such provision, specification, requirement, standard or operating procedure, within thirty (30) days after written notice of your failure to comply is given to you.

In addition, if, in the opinion of our legal counsel, any provision of this Agreement is contrary to law, then you and we agree to negotiate in good faith an amendment that would make this Agreement conform to the applicable legal requirements. If you and we are unable to reach an agreement on the applicable legal requirements, or if fundamental changes to this Agreement are required to make it conform to the legal requirements, then we reserve the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.

In the event that we terminate this Agreement under this Section or other applicable provisions of this Agreement, we shall be entitled, in those states in which termination fees are enforceable, to receive from you a termination fee in the amount equal to one-half (1/2) of our then-current initial franchise fee for new Unit Franchises (the "Termination Fee"). The Termination Fee shall be payable by you in addition to any damages payable to us, including loss of future revenues, resulting from your improper or wrongful breach or other termination of this Agreement. We shall be entitled to recover all costs, including attorneys' fees, incurred in connection with the termination and collection of the Termination Fee.

16. RIGHTS AND OBLIGATIONS OF COMPANY AND FRANCHISEE
UPON TERMINATION OR EXPIRATION OF THE FRANCHISE.

16.1 Payment of Amounts Owed to Company.

You agree to pay us within five (5) days after the effective date of termination or expiration of the Franchise, or any later date that the amounts due to us are determined, all amounts owed to us or our affiliates which are then unpaid.

16.2 Marks and Other Information.

You agree that after the termination or expiration of the Franchise you will:

- (a) not directly or indirectly at any time identify any business with which you are associated as a current or former Unit Franchise or Twisted Ink™ franchisee;
- (b) not use any Mark or any colorable imitation of any Mark in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with us;
- (c) return to us all customer lists, records, membership agreements and/or contracts, forms and materials containing any Mark or otherwise relating to a Unit Franchise or our network of Unit Franchises;
- (d) remove all Marks affixed to uniforms or, at our direction, cease to use those uniforms; and
- (e) take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark.

16.3 De-Identification.

Following termination, if you lawfully retain possession of the Premises, you agree to completely remove or modify, at your sole expense, any part of the interior and exterior decor that we deem necessary to fully disassociate the Premises with the image of a Unit Franchise, including any signage bearing the Marks. If you do not take the actions we request within thirty (30) days after notice from us, we have the right to enter the Premises and make the required changes at your expense, and you agree to reimburse us for those expenses on demand.

16.4 Confidential Information.

You agree that on termination or expiration of the Franchise you will immediately cease to use any of the Confidential Information, and agree not to use it in any business or for any other purpose. You further agree to immediately return to us all copies of the Operations Manual and any written Confidential Information or other confidential materials that we have loaned or provided to you.

16.5 Proprietary Software.

You agree that on termination or expiration of the Franchise, you will immediately cease to use of our proprietary software and will uninstall it from all computer systems owned by the Franchise.

16.6 Company's Option to Purchase Franchise Assets and Assumption of Lease.

- (a) Upon the expiration of the Franchise, we have the option, but not the obligation, exercisable for ten (10) days upon written notice to you, to purchase at fair market value, as same may be depreciated

any or all of the furniture, inventory, or equipment used in or associated with the Franchise, as well as any and all supplies, materials, and other items imprinted with any of our Marks. If we cannot agree on a fair market value for the furniture or equipment or other items, within a reasonable time, we will designate an independent appraiser to determine the fair market items of these items. The appraiser's determination of value shall be binding upon the parties. For purposes of this Section 16.6(a), the fair market of any purchased items shall not include any value attributable to any of the following: 1) the Franchise or any rights granted under this Agreement or the Lease; 2) goodwill attributable to the Marks; or 3) our brand image and other intellectual property; and 3) any patient lists. In no event shall we be obligated or required to assume any liabilities, debts or obligations of the Franchise in connection with our purchase of any items pursuant to this Section 16.6(a), and you will indemnify us from any and all claims made against us arising out of the sale of these items.

(b) Upon the termination or expiration of the Franchise, we shall have the option, but not the obligation, exercisable for thirty (30) days upon written notice, to take an assignment of the lease for the Premises and any other lease agreement necessary for the operation of the Franchise.

(c) In the event we elect, upon termination of the Franchise, to assume the lease pursuant to Section 16.6(b), unless otherwise required or prohibited by law, we shall have the right to retain possession of any and all furniture, fixtures, inventory, and equipment associated with the Franchise. If we are required by law to purchase from you any equipment, supplies, signs, advertising materials or items bearing our name or Marks, and/or any inventory associated with the Franchise, we will pay you the fair market value of these items (less the amount of any outstanding liens or encumbrances). If we cannot agree on a fair market value for the items to be purchased within a reasonable time, we will designate an independent appraiser to determine the fair market items of these items. The appraiser's determination of value shall be binding upon the parties. For purposes of this Section 16.6(c), the fair market of any purchased items shall not include any value attributable to any of the following: 1) the Franchise or any rights granted under this Agreement or the Lease; 2) goodwill attributable to the Marks; or 3) our brand image and other intellectual property.

16.7 Continuing Obligations.

All obligations of this Agreement (whether yours or ours) that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire.

16.8 Management of the Franchise.

In the event that we are entitled to terminate this Agreement in accordance with Section 15 above, or any other provision of this Agreement, and in addition to any other rights or remedies available to us in the event of termination, we may, but need not, assume the management of the Franchise. In the event we assume the management of the Franchise, we may charge you (in addition to the Royalty Fee and Advertising Fee contributions due under this Agreement), all expenses we incur, including compensation, other costs and travel and living expenses, along with a reasonable management fee in an amount that we may specify, equal to up to ten percent (10%) of the Franchise's gross revenues during the period we are managing the Franchise, plus our direct out-of-pocket costs and expenses, as compensation for our management services. We have a duty to utilize only our reasonable efforts in managing the Franchise, and will not be liable to you for any debts, losses, or obligations the Franchise incurs, or to any of your creditors for any products or services the Franchise purchases, while we manage it pursuant to this Paragraph.

17. ENFORCEMENT.

17.1 Invalid Provisions; Substitution of Valid Provisions.

To the extent that the non-competition provisions of Sections 9.3 and 14.5 are deemed unenforceable because of their scope in terms of area, business activity prohibited, or length of time, you agree that the invalid provisions will be deemed modified or limited to the extent or manner necessary to make that particular provisions valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that such provisions under the laws applied in the forum in that we are seeking to enforce such provisions.

If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, standard, or operating procedure we prescribed invalid or unenforceable, then the advance notice and/or other action required or revision of the specification, standard, or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provisions enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

17.2 Unilateral Waiver of Obligations.

Either you or we may, by written notice, unilaterally waive or reduce any obligation or restriction of the other under this Agreement. The waiver or reduction may be revoked at any time for any reason on ten (10) days' written notice.

17.3 Written Consents from Company.

Whenever this Agreement requires our advance approval or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing.

17.4 Lien.

To secure your performance under this Agreement and indebtedness for all sums due us or our affiliates, we shall have a lien upon, and you hereby grant us a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it and the proceeds from all of the same: (a) all inventory now owned or after-acquired by you and the Franchise, including but not limited to all inventory and supplies transferred to or acquired by you in connection with this Agreement; (b) all accounts of you and/or the Franchise now existing or subsequently arising, together with all interest in you and/or the Franchise, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of you and/or the Franchise, now existing or subsequently arising; and (d) all general intangibles of you and/or the Franchise, now owned or existing, or after-acquired or subsequently arising. You agree to execute such financing statements, instruments, and other documents, in a form satisfactory to us, that we deem necessary so that we may establish and maintain a valid security interest in and to these assets.

17.5 No Guarantees.

If in connection with this Agreement we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, then we will not be deemed to have made any warranties or guarantees upon which you may rely, and will not assume any liability or obligation to you.

17.6 No Waiver.

If at any time we do not exercise a right or power available to us under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice that is at variance with the terms of this Agreement, then we will NOT be deemed to have waived our right to demand or exact compliance with any of the terms of this Agreement at a later time. Similarly, any failure to act as to any particular breach or series of breaches under this Agreement by us, or of any similar term in any other agreement between us and any other Twisted Ink™ franchisee will not affect our rights with respect to any later breach or to assert our rights as to that or any subsequent or ongoing breach. It will also not be deemed to be a waiver of any breach of this Agreement for us to accept payments that are past due to us under this Agreement.

The parties to this Agreement will not be considered to be in default of any obligations hereunder, other than the obligation of a party to make payment of amounts due to the other party, if the failure of performance is due to a force majeure, including drought, flood, earthquake, storm, fire, lightening, epidemic, war, riot, civil disturbance, sabotage, theft, vandalism, strike or labor difficulty, or casualty to equipment. If any party is affected by a force majeure event, such party will give written notice within fourteen (14) days to the other party stating the nature of the event, its anticipated duration and any action being taken to avoid or minimize its effect. The suspension of performance will be of no greater scope and no longer duration than is required, and the non-performing party will use its best efforts to remedy its inability to perform. The obligation to pay any amount in a timely manner is absolute and will not be subject to these force majeure provisions, except to the extent prohibited by governmental rule or regulation.

17.7 Cumulative Remedies.

The rights and remedies specifically granted to either you or us by this Agreement will not be deemed to prohibit either you or us from exercising any other right or remedy provided under this Agreement, or permitted by law or equity.

17.8 Specific Performance; Injunctive Relief.

Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance to (1) enforce the provisions of this Agreement relating to your use of the Marks and non-disclosure and non-competition obligations under this Agreement; (2) prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, ordinance, or regulation; constitutes a danger to the public; or may impair the goodwill associated with the Marks or Unit Franchises or outlets operating under or using the Marks; or (3) prevent any other irreparable harm to our interests. If we obtain an injunction or order of specific performance, then you shall pay us an amount equal to the total of our costs of obtaining it, including without limitation reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such provision. You further agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly.

17.9 MEDIATION AND LITIGATION.

(a) During the term of this Agreement certain disputes may arise that you and we are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, you and we agree to submit any claim, controversy or dispute between us or any of our affiliates (and their respective owners, officers, directors, agents, representatives and/or employees) and you (and your owners, agents, officers,

directors, representatives and/or employees) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, or (c) the validity of this Agreement or any other agreement between us and you, to mediation before either of us may file a lawsuit proceeding under Section 17.9(b) as it relates to any claim, controversy or dispute.

(i) The mediation shall be conducted a mediator selected by us at or near our then-current corporate office. The costs and expenses of the mediation, including the mediator's compensation and expenses (but excluding attorneys' fees incurred by either party), will be paid by the Party (you or us) who seeks resolution of the dispute with the first Five Thousand Dollars be paid to the Mediation Service by the Party seeking resolution of a dispute, and the remaining amount, if any, being paid equally by both Parties..

(ii) Mediation will consist of two parts. The first is to attempt to come to a mutual agreement on how best to exit under the circumstances. If this cannot be met then we move to the second, which is to have you sign a release and both parties use best efforts during an eight (8) month period of time to sell the franchise. We will use our digital marketing sources to focus in your specific area to get potential candidates for us to sell your franchise to. This will happen before any other type of legal action is taken by either party.

(iii) Notwithstanding the foregoing provisions of this section 17.9, your and our agreement to mediate shall not apply to any controversies, disputes or claims related to or based on the Marks or the Confidential Information. Moreover, regardless of your and our agreement to mediate, you and we each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief if warranted by the circumstances of the dispute.

(b) Jurisdiction and Forum Selection. With respect to any controversies, disputes or claims that are not fully resolved through mediation as provided in section 17.9(a) above, the Parties irrevocably agree to submit themselves to the jurisdiction of the Superior Court of Hunterdon County, New Jersey or the U.S. District Court for the District of New Jersey and hereby waive any and all objections to personal or subject matter jurisdiction in these courts. You and we further agree that venue for any proceeding relating to or arising out of this agreement shall be the courts of Hunterdon County, New Jersey, or those closest to our then-current corporation location.

17.10 Waiver of Punitive Damages and Jury Trial; Limitations of Actions.

Except with respect to your obligations to indemnify us and claims that we may bring under Sections 7, 9, 15, or 16 of this Agreement, and except for claims arising from your non-payment or underpayment of any amounts owed to us or our affiliates, (1) any and all claims arising out of or related

to this Agreement or the relationship between you and us shall be barred, by express agreement of the parties, unless an action or proceeding is commenced within two (2) years from the date the cause of action accrues; and (2) you and we hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other, and agree that, except to the extent provided to the contrary in this Agreement, in the event of a dispute between you and us, each party will be limited to the recovery of any actual damages sustained by it. You and we irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either you or us.

17.11 Governing Law/Consent To Jurisdiction.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and the Franchise will be governed by the internal laws of the State of Florida (without reference to its choice of law and conflict of law rules), except that the provisions of any Florida law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this Paragraph. You agree that we may institute any action against you arising out of or relating to this Agreement (which is not required to be mediated hereunder or as to which mediation is waived) in any state or federal court of general jurisdiction in Hunterdon County, New Jersey, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

17.12 Binding Effect.

This Agreement is binding on and will inure to the benefit of our successors and assigns and, subject to the Transfers provisions contained in this Agreement, will be binding on and inure to the benefit of your successors and assigns, and if you are an individual, on and to your heirs, executors, and administrators.

17.13 No Liability to Others; No Other Beneficiaries.

We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity that is not a party to this Agreement, and no other party shall have any rights because of this Agreement.

17.14 Construction.

All headings of the various Sections and Paragraphs of this Agreement are for convenience only, and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable. Except where this Agreement expressly obligates us to reasonably approve or not

unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. The term “affiliate” as used in this Agreement is applicable to any company directly or indirectly owned or controlled by you or your Owners, or any company directly or indirectly owned or controlled by us that sells products or otherwise transacts business with you.

17.15 Joint and Several Liability.

If two (2) or more persons are the Franchisee under this Agreement, their obligation and liability to us shall be joint and several.

17.16 Multiple Originals.

This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other parties hereto. This Agreement, once executed by a party, may be delivered to the other parties hereto by facsimile transmission or other electronic means of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

17.17 Timing Is Important.

Time is of the essence of this Agreement. “Time is of the essence” is a legal term that emphasizes the strictness of time limits. In this case, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

17.18 Independent Provisions.

The provisions of this Agreement are deemed to be severable. In other words, the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

17.19 Cross-Default.

Any default by Franchisee under any other agreement between Franchisor or its affiliates as one party, and Franchisee or any of Franchisee's owners or affiliates as the other party, shall be deemed to be a default of this Agreement, and Franchisor shall have the right, at its option, to terminate this Agreement and/or any other agreement between the Franchisee and the Franchisor or its affiliates, without affording Franchisee an opportunity to cure, effective immediately upon notice to Franchisee.

17.20 Conflicts with Applicable Laws and Regulations.

The Parties acknowledge that if there is a conflict between the terms and conditions of this Agreement, our Operations Manual, or any other specifications, standards, or operating procedure we

require in connection with the operation of your franchise, and any applicable federal or state laws or regulations which you, or any licensed professionals working for or with the Franchise must observe or follow, including those relating to the practice of medicine, such laws or regulations shall control.

17.21 Non-Disparagement.

Franchisee and its officers, members, managers, shareholders, employees, agents, and assigns, or any family member of such persons, shall not openly make or publish statements which disparage or defame the Franchisor or any of its officers, members, managers, shareholders, employees, agents, and assigns. If you violate this provision you shall be in default of this Agreement if you do not immediately cease and desist making and/or unpublishing (as applicable) such disparaging or defamatory statements within three (3) days of written notice from the Franchisor, which notice may be in the form of an email. If you fail to cure your default, the Franchisor shall have the right to fine you \$5,000 per day for every day until you cease making such disparaging or defamatory statements and/or unpublishing any writing containing such disparaging or defamatory statements. If such conduct or action (or publication) continues for more than ten (10) days after you are notified, the Franchisor shall have the right to immediately terminate this Agreement. Franchisee understands that a per day fine is reasonable because it would be difficult to ascertain the damage done to Franchisor if you breach this provision. For purposes of this provision, a person shall be deemed to have violated the prohibition against making a disparaging or defamatory statement if the person makes an untrue or unsubstantiated statement that is substantially likely to injure the Franchisor's reputation, or the reputation of any of the Franchisor's officers, members, managers, shareholders, employees, agents, and assigns, either in writing or verbally.

18. NOTICES AND PAYMENTS.

All written notices, reports and payments permitted or required under this Agreement or by the Operations Manual will be deemed delivered: (a) at the time delivered by hand; (b) one (1) business day after transmission by telecopy, facsimile or other electronic system; (c) one (1) business day after being placed in the hands of a reputable commercial courier service for next business day delivery; or (d) three (3) business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and addressed to the party to be notified or paid at its most current principal business address of which the notifying party has been advised, or to any other place designated by either party. Any required notice, payment or report which we do not actually receive during regular business hours on the

date due (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent.

19. INDEPENDENT PROFESSIONAL JUDGMENT OF YOU AND YOUR GENERAL MANAGER.

You and we acknowledge and agree that the specifications, standards and operating procedures related to the services offered by the Franchise are not intended to limit or replace your or your General Manager's (if any) professional judgment in supervising and performing the services offered by your Franchise. The specifications, standards, and operating procedures represent only the minimum standards, and you and your General Manager (if any) are solely responsible for ensuring that the Franchise performs services in accordance with all applicable requirements and standards of care. Nothing in this Agreement shall obligate you or your General Manager (if any) to perform any act that is contrary to your or your General Manager's (if any) professional judgment; provided, however, that you must notify us immediately upon your determination that any specification, standard or operating procedure is contrary to your or your General Manager's (if any) professional judgment.

20. ENTIRE AGREEMENT.

This Agreement, together with the introduction and exhibits to it, constitutes the entire agreement between us, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement. This Agreement may be modified only by written agreement signed by both you and us, except that we may modify the Operations Manual at any time as provided herein. However, nothing in this Agreement or any addendum shall have the effect of disclaiming any of the representations made in the Franchise Disclosure Document or any of its exhibits.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Agreement Date.

“COMPANY”

TWISTED INK FRANCHISING, INC.,
a Wyoming Corporation

By: _____
Name: _____
Title: _____

“FRANCHISEE”

_____,
a _____

By: _____
Name: _____
Title: _____

EXHIBIT 1

EXPIRATION DATE

PROJECTED FRANCHISING OPENING

DEVELOPMENT AND PROTECTED TERRITORY

MINIMUM PERFORMANCE STANDARDS

1-1 **Expiration Date.** Unless sooner terminated in accordance with the provisions of this Agreement, this Agreement will expire on _____.

1-2 **Franchise Opening.** In signing the foregoing Agreement to which this **Exhibit 1** is attached, you acknowledge that:

1. You have purchased the Franchise to which the Agreement corresponds as a Twisted Ink™ Unit Franchise.

2. You must open your Unit Franchise by the Opening Deadline set forth in Paragraph 3.1(c), unless another date is specified below:

3. You must comply with all other requirements relating to the opening of your Franchise set forth in Section 3, and the other provisions of the Franchise Agreement.

4. We may, in our sole discretion, amend the Opening Deadline set forth above depending upon the total number of franchises you have purchased and the number of franchises that you have developed and opened for business before developing and opening the Franchise to which this Agreement corresponds.

1-3 **Development and Protected Territory.** In signing the foregoing Agreement to which this **Exhibit 1** is attached, you acknowledge that the Protected Territory for your Franchise is that set forth below, or if no area is set forth, in such other area as we specify in a separate addendum to the Franchise Agreement.

1-4 **Minimum Performance Standards.** In order to maintain your Protected Territory, you must meet the following minimum performance standards by the end of the periods set forth below:

- a. Twelve (12) months from opening your franchise you must have no less than \$150,000 in Annual Gross Sales.
- b. Twenty-four (24) months from opening your franchise you must have no less than \$250,000 in Annual Gross Sales.
- c. Thirty-six (36) months from opening your franchise you must have no less than \$350,000 in Annual Gross Sales.
- d. Forty-eight (48) months from opening your franchise you must have no less than \$450,000 in Annual Gross Sales.
- e. Sixty (60) months from opening your franchise, and the end of each year thereafter (calculated from your opening date), you must have no less than \$550,000 in Annual Gross Sales.

“FRANCHISE OWNER”

_____,
a _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT 2 TO FRANCHISE AGREEMENT

OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement, dated as of this ____ day of _____, 20__ (the "Agreement"), by and between Twisted Ink Franchising Inc, a Wyoming Corporation ("us") and _____ (the "Franchisee"), each of the undersigned owners of the Franchisee and their respective spouses ("you," for purposes of this Guaranty only), hereby personally and unconditionally agree to perform and keep during the terms of the Agreement, each and every covenant, obligation, payment, agreement, and undertaking on the part of Franchisee contained and set forth in the Agreement. Each of you agree that all provisions of the Agreement relating to the obligations of Franchisees, including, without limitation, the covenants of confidentiality and non-competition and other covenants set forth in the Agreement, shall be binding on you.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchisee or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchisee which you may have arising out of your guaranty of the Franchisee's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchisee fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchisee or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) this Guaranty will continue and be irrevocable during the term of the Agreement and afterward for so long as the Franchisee has any obligations under the Agreement.

If we are required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', mediation, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you agree to reimburse us for any of the above-listed costs and expenses incurred by us.

This Guaranty is now executed as of the Agreement Date.

OWNER:

Name: _____

OWNER:

Name: _____

OWNER:

Name: _____

OWNER'S SPOUSE:

Name: _____

OWNER'S SPOUSE:

Name: _____

OWNER'S SPOUSE:

Name: _____

EXHIBIT 3 TO FRANCHISE AGREEMENT

ADDENDUM TO LEASE AGREEMENT

This Addendum to Lease Agreement (this “Addendum”), is entered into effective on this _____ day of _____, 20____, (the “Effective Date”) by and between _____, a _____ (the “Lessor”), and _____, a _____ (the “Lessee”) (each a “Party” and collectively, the “Parties”).

RECITALS

WHEREAS, the Parties hereto have entered into a certain Lease Agreement, dated on the _____ day of _____, 20____ (the “Agreement”), and pertaining to the premises located at _____ (the “Premises”);

WHEREAS, Lessor acknowledges that Lessee intends to operate Twisted Ink™ franchise from the Premises pursuant to a Franchise Agreement (the “Franchise Agreement”) with Twisted Ink Franchising Inc. (“Franchisor”) under the name “Twisted Ink™” or other name designated by Franchisor (“Franchised Business”); and

WHEREAS, the Parties now desire to amend the Lease Agreement in accordance with the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth and each act done and to be done pursuant hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

1. Remodeling and Decor. The above recitals are hereby incorporated by reference. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks (“Marks”) and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment. Lessee shall have the right to assign all of its right, title and interest in and to the Lease Agreement to Franchisor or its parent, subsidiary, or affiliate, (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent, pursuant to the terms of the Collateral Assignment of Lease attached hereto as **Exhibit A**. However, no assignment shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other

document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease Agreement, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease Agreement is assigned to, and accepted in writing by, Franchisor or its parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord's consent in accordance with Section 4(a).

3. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease Agreement, Lessor shall give Lessee and Franchisor written notice of the default or violation within ten (10) days after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option to cure, but is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

Twisted Ink Franchising Inc
Attention: Brandon Gano, CEO
15 Main Street
Flemington, NJ 08822
E-mail: brandon@twistedinkspe.com

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's approval of the Lease Agreement, Lessee agrees not to terminate, or in any way alter or amend the same during the Initial Term of the Franchise Agreement or any Interim Period thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

4. Termination or Expiration.

(a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease Agreement or the Franchise Agreement, Franchisor will, at its option,

have the right, but not the obligation, to take an automatic assignment of Lessee's interest in the Lease Agreement and at any time thereafter to re-assign the Lease Agreement to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease Agreement. Upon notice from Franchisor to Lessor requesting an automatic assignment, Lessor will, at the cost of Franchisor, take appropriate actions to secure the leased premises including but not limited to changing the locks and granting Franchisor sole rights to the Premises.

(b) Upon the expiration or termination of either the Lease Agreement or the Franchise Agreement (attached), Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespassing, and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect Twisted Ink™ marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee or has rights to those through the terms and conditions any agreement between Lessee and Franchisor, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Exhibit A.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business.

7. Amendments. No amendment or variation of the terms of the Lease or this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease Agreement shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copied herein in full.

9. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

[Remainder of Page Left Intentionally Blank – Signature Page Follows]

IN WITNESS WHEREOF, the Parties have duly executed this Addendum as of the Effective Date.

LESSOR:

_____,
a _____

By: _____
Name: _____
Its: _____

LESSEE:

_____,
a _____

By: _____
Name: _____
Its: _____

EXHIBIT A

COLLATERAL ASSIGNMENT OF LEASE

This COLLATERAL ASSIGNMENT OF LEASE (this “Assignment”) is entered into effective as of the ____ day of ____, 2019 (the “Effective Date”), the undersigned, _____, (“Assignor”) hereby assigns, transfers and sets over unto Twisted Ink Franchising Inc., a Wyoming corporation (“Assignee”) all of Assignor’s right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit 1** (the “Lease Agreement”) with respect to the premises located at _____ (the “Premises”). This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the Premises demised by the Lease Agreement pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease Agreement and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease Agreement nor the Premises demised thereby.

Upon a default by Assignor under the Lease Agreement or under that certain franchise agreement for Twisted Ink™ between Assignee and Assignor (“Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease Agreement.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease Agreement without the prior written consent of Assignee. Through the Initial Term of the Franchise Agreement and any Renewal Period thereof (as defined in the Franchise Agreement), Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease Agreement not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease Agreement as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Collateral Assignment of Lease as of the Effective Date.

ASSIGNOR:

_____,
a _____

ASSIGNEE:

TWISTED INK FRANCHISING INC
Wyoming Corporation

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

EXHIBIT 4 TO FRANCHISE AGREEMENT

OWNERSHIP INTERESTS IN FRANCHISEE

1. **Form of Franchisee's Ownership.**

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

(b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, _____ limited liability company, _____ or partnership name _____ and _____. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer

Position(s) Held

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

Owner's Name

Percentage/Description of Interest

3. **Name and Address of Person to Receive Notice for Owners.**

(a) Name: _____

(b) Postal Address: _____

(c) E-mail Address: _____

4. **Identification of Unit Franchise General Manager.** Your Unit Franchise's general manager as of the Effective Date is _____. You must notify us if this manager changes.

FRANCHISEE:

_____,
a _____

By: _____

Date: _____

Name: _____

Its: _____

TWISTED INK FRANCHISING INC
a Wyoming Corporation

By: _____

Date: _____

Name: _____

Its: _____

EXHIBIT 5 TO FRANCHISE AGREEMENT

FRANCHISEE COMPLIANCE QUESTIONNAIRE

FRANCHISEE COMPLIANCE QUESTIONNAIRE

Twisted Ink Franchising Inc. (the “Franchisor”) and you are preparing to enter into a Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please understand that your responses to these questions are important to us and that we will rely on them. Please review each of the following questions and statements carefully and provide honest and complete responses to each. By signing this Questionnaire, you are representing that you have responded truthfully to the following questions.

1. I had my first face-to-face meeting with a representative of the Franchisor on _____.

2. I received and personally reviewed the Franchisor’s Franchise Disclosure Document (“FDD”) for Twisted Ink™ unit franchises that was provided to me. For purposes of this document, a Twisted Ink™ unit franchise shall be referred to as a “Franchise Business”.

Yes _____ No _____

3. Did you sign a receipt or acknowledge through electronic means a receipt for the FDD indicating the date you received it?

Yes _____ No _____

4. Do you understand all of the information in the FDD and any state-specific Addendum to the FDD?

Yes _____ No _____

If no, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

5. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

Yes _____ No _____

6. Do you understand all of the information in the Franchise Agreement, each Addendum and related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

7. Have you entered into any binding agreement with the Franchisor for the purchase of this Franchise Business before being provided a copy of the FDD for fourteen (14) calendar days?

Yes _____ No _____

8. Have you paid any money to the Franchisor for the purchase of a Franchise Business before being provided a copy of the FDD for fourteen (14) calendar days?

Yes _____ No _____

9. Have you discussed the benefits and risks of establishing and operating a Franchise Business with your counsel or advisor?

Yes _____ No _____

If no, do you wish to have more time to do so?

Yes _____ No _____

10. Do you understand that the success or failure of your Franchise Business depends in large part on your skills and abilities, competition from other businesses, interest rates, inflation labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

Except as disclosed in Item 19 of its FDD, the Franchisor does not make information available to prospective Franchisees concerning actual, average, projected or forecasted sales, profits or earnings for a Franchise Business. The Franchisor does not furnish, or authorize its salespersons to furnish, any oral or written information concerning the actual, average, projected, forecasted sales, costs, income or profits of a Franchise Business. Franchisor specifically instructs its sales personnel, agents, employees and other officers that they are not permitted to make any claims or statements as to the earnings, sales, or profits, or prospects, or chances of success, nor are they authorized to represent or estimate dollar figures as to a Franchise Business' operations. Actual results vary and are dependent on a variety of internal and external factors, some of which neither Franchisee, nor Franchisor can estimate. To ensure that Franchisor's policies have been followed, please answer the following questions:

11. Has any employee, or other person speaking for the Franchisor, made any statement or promise to you regarding the total revenues a Franchise Business will generate that is contrary to the information in the FDD?

Yes _____ No _____

12. Has any employee, or other person speaking for the Franchisor, made any statement or promise of the amount of money or profit you may earn in operating a Franchise Business that is contrary to the information in the FDD?

Yes _____ No _____

13. Has any employee, or other person speaking for the Franchisor, promised you that you will be successful in operating a Franchise Business?

Yes _____ No _____

14. Has any employee, or other person speaking for the Franchisor, made any statement, promise or verbal agreement about advertising, marketing, training, support service or other assistance that the Franchisor will furnish to you that is contrary to, or different from, the information in the FDD?

Yes _____ No _____

15. If you have answered "Yes" to any one of questions 11-14, please provide a full explanation of each "yes" answer. (Attach additional pages, if necessary, and refer to them below.) If you have answered "no" to each of questions 11-14, please leave the following lines blank.

16. I signed the Franchise Agreement and Addendum (if any) on _____ and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

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

I certify that my answers to the foregoing questions are true, correct and complete. These acknowledgments are not intended to act, nor shall they act, as a release, estoppel or waiver of any liability incurred under any state's franchise registration and/or disclosure laws.

FRANCHISEE ("you")

By: _____

Title: _____

Date Received: _____

Date Signed: _____

EXHIBIT 6 TO FRANCHISE AGREEMENT

STATE-SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

1. If any of the provisions of the Agreement concerning termination are inconsistent with either the California Franchise Relations Act or with the Federal Bankruptcy Code (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this California Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC a Wyoming Corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

CONNECTICUT ADDENDUM TO FRANCHISE AGREEMENT

1. If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.
2. Provide all legal notices to the following:

Twisted Ink Franchising, Inc.
Attention: Brandon Gano, CEO
15 Main Street
Flemington, NJ 08822
E-mail: brandon@twistedinkspe.com

AGENT FOR SERVICE OF PROCESS:

Registered Agents, Inc.
2389 Main St., Ste. 100
Glastonbury, CT 06033

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC **a Wyoming Corporation**

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____
Title: _____

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

1. The Franchise Agreements contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Hawaii Franchise Investment Law.

2. Any provisions of the Franchise Agreement that relate to non-renewal, termination, and transfer are only applicable if they are not inconsistent with the Hawaii Franchise Investment Law. Otherwise, the Hawaii Franchise Investment Law will control.

3. The Franchise Agreement permits us to terminate the Agreement on the bankruptcy of you and/or your affiliates. This Article may not be enforceable under federal bankruptcy law. (11 U.S.C. § 101, *et seq.*).

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Hawaii Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC a Wyoming Corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

1. Any provisions of the Agreement requiring a general release as a condition of renewal and transfer of the franchise shall be limited to exclude claims arising under the Illinois Franchise Disclosure Act.

2. If any of the provisions of Section 15 of the Agreement concerning termination are inconsistent with Section 705/19 of the Illinois Franchise Disclosure Act of 1987, the provisions of Section 705/19 shall apply.

3. The Illinois Franchise Disclosure Act will govern the Agreement with respect to Illinois Franchisees. The provisions of the Agreement concerning governing law, jurisdiction, and venue will not constitute a waiver of any right conferred on you by the Illinois Franchise Disclosure Act. Consistent with the foregoing, any provision in the Agreement which designates jurisdiction and venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois.

4. Although the Agreement requires litigation to be instituted in a state or federal court in the county and state where our principal executive offices are located, you must institute all litigation in a court of competent jurisdiction located in the State of Illinois, subject to the mediation provision of the Agreement.

5. Nothing in the Agreement will limit or prevent the enforcement of any cause of action otherwise enforceable in Illinois or arising under the Illinois Franchise Disclosure Act of 1987, as amended.

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois law applicable to the provision are met independently without reference to this Addendum.

7. If any of the provisions of this Section 17.10 of the Agreement concerning waivers is inconsistent with Section 705/41 of the Illinois Franchise Disclosure Act of 1987, the provisions of Section 705/41 shall apply.

8. To the extent that Section 17.11 of the Agreement concerning periods of limitation is inconsistent with Section 705/27 of the Illinois Franchise Disclosure Act of 1987, the provisions of Section 705/27 shall apply.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Illinois Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC,
a Wyoming Corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

1. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such provision is inapplicable under the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 § 1(5).

2. Under Article 8.3, you will not be required to indemnify us for any liability imposed on us as a result of your reliance on or use of procedures or products which were required by us, if such procedures were utilized by you in the manner required by us.

3. Article 17.9 is amended to provide that mediation between you and us will be conducted at a mutually agreed-on location.

4. Article 17.11 is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, I.C. 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, I.C. 23-2-2.7, will prevail.

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

6. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Indiana Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC a Wyoming Corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

a. Notwithstanding anything to the contrary set forth in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

b. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

c. 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.

d. A franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

e. Any limitation on the period of time litigation claims may be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

f. The acknowledgements and representations of the franchisee made in the franchise agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act to release, estoppel or waive any liability incurred under the Maryland Franchise Registration and Disclosure Law.

TWISTED INK FRANCHISING, INC a Wyoming Corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

1. Article 8 is amended to add the following:

“We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.”

2. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Minnesota Franchise Law.

3. Article 15 is amended to add the following:

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

4. Article 17.10 is amended as follows:

Pursuant to Minn. Stat. § 80C.17, Subd. 5, the parties agree that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues.

5. Articles 17.8, and 17.9 are each amended to add the following:

Minn. Stat. Sec. 80C.2 1 and Minn. Rule 2860.4400J prohibit us from requiring litigation or mediation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise 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. Under this statute and rule, franchisor cannot require you to consent to injunction relief; however, franchisor may seek injunctive relief from the Court.

6. Article 17.10 is amended to add the following:

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

7. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Addendum to the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Minnesota Addendum to the Franchise Agreement on the same day as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC
a Wyoming Corporation

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____
Title: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

1. Article 14.3 is amended to add the following:

However, we will not make any such transfer or assignment except to a person who, in our good faith judgment, is willing and able to assume our obligations under this Agreement, and all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. Article 14.5 is amended to add the following:

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

3. Article 8.3 is amended to add the following:

However, you will not be required to hold harmless or indemnify us for any claim arising out of a breach of this Agreement by us or any other civil wrong of us.

4. Article 20 is amended to add the following:

No amendment or modification of any provision of this Agreement, however, will impose any new or different requirement which unreasonably increases your obligations or places an excessive economic burden on your operations.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this New York Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC
a Wyoming Corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

NORTH CAROLINA ADDENDUM TO FRANCHISE AGREEMENT

1. If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.
2. Provide all legal notices to the following:

Twisted Ink Franchising, Inc.
Attention: Brandon Gano, CEO
15 Main Street
Flemington, NJ 08822
E-mail: brandon@twistedinkspe.com

AGENT FOR SERVICE OF PROCESS:

Registered Agents, Inc.
4030 Wake Forest Rd., Ste. 349
Raleigh, NC 27609

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC a Wyoming Corporation

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____
Title: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

1. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal or transfer of the franchise. Such release is subject to and will exclude claims arising under the North Dakota Franchise Investment Law.

2. Article 17.9 will be amended to state that mediation involving a franchise purchased in North Dakota must be held in a location mutually agreed on prior to the mediation, or if the parties cannot agree on a location, at a location to be determined by the mediation.

3. Article 9.3 is amended to add that covenants not to compete on termination or expiration of a Franchise Agreement are generally not enforceable in the State of North Dakota except in limited circumstances provided by North Dakota law.

4. Article 17.9 will be amended to add that any claim or right arising under the North Dakota Franchise Investment Law may be brought in the appropriate state or federal court in North Dakota, subject to the mediation provision of the Agreement.

5. Article 17.11 will be amended to state that, in the event of a conflict of law, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will prevail.

6. Article 17.10 requires the franchisee to waive a trial by jury, as well as exemplary and punitive damages. These requirements are not enforceable in North Dakota pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, and are therefore not part of the Franchise Agreement.

7. Article 17.10 requirement that the franchise consent to a limitation of claims period of one year is not consistent with North Dakota law. The limitation of claims period under the Franchise Agreement shall therefore be governed by North Dakota law.

8. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this North Dakota Addendum to the Franchise Agreement on the same day as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC
a Wyoming Corporation

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____
Title: _____

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

1. Articles 2.6 and 14.5 each contain a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

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

3. Article 17.11 of the Agreement will each be amended by the addition of the following, which will be considered an integral part of this Agreement:

“§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that ‘A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.’”

4. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act, §§ 19- 28-1.1 through 19-28.1-34, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Rhode Island Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

TWISTED INK FRANCHISING INC a Wyoming Corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

SOUTH CAROLINA ADDENDUM TO FRANCHISE AGREEMENT

1. If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

2. Provide all legal notices to the following:

Twisted Ink Franchising, Inc.
Attention: Brandon Gano, CEO
15 Main Street
Flemington, NJ 08822
E-mail: brandon@twistedinkspe.com

AGENT FOR SERVICE OF PROCESS:

Registered Agents, Inc.
6650 Rivers Ave., Ste. 100
Charleston, SC 29406

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC
a Wyoming Corporation

By: _____
Print Name: _____
Title: _____

FRANCHISEE

By: _____
Title: _____

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Virginia Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC. a Wyoming Corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In any mediation involving a franchise purchased in Washington, the mediation site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the mediation, or as determined by the mediator.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Washington Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

TWISTED INK FRANCHISING, INC. a Wyoming Corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

EXHIBIT C

OPERATIONS MANUAL

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TWISTED INK FRANCHISING INC.

OPERATIONS MANUAL

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FRANCHISE OPERATIONS MANUAL

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EXHIBIT D

FINANCIAL STATEMENTS

Twisted Ink Franchising, Inc.

**Independent Auditor's Report
And
Balance Sheet Statement
June 10, 2022**

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Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
6245 RUFÉ SNOW DR Ste 280 PMB 34 Watauga TX 76148
Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the Stockholders of
Twisted Ink Franchising, Inc.
15 Main Street
Flemington, NJ 08822

Opinion

We have audited the accompanying Balance Sheet of Twisted Ink Franchising, Inc. (a Wyoming Corporation) as of June 10, 2022, and the related notes to the Financial Statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Twisted Ink Franchising, Inc. as of June 10, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Twisted Ink Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

Metwally CPA PLLC

Mohamed Metwally, CPA
Watauga TX
August 12, 2022

Twisted Ink Franchising, Inc.
June 10, 2022
Balance Sheet

Assets

Current Assets

Cash and cash equivalents	\$79,148
Total Current Assets	<u>\$79,148</u>

Liabilities and Stockholders' Equity

Total Liabilities	\$0
Common stock no par value, 1,000,000 authorized shares	0
Additional paid in capital	79,148
Total Liabilities and Stockholders' Equity	<u>\$79,148</u>

The accompanying notes are an integral part of the financial statement.

Twisted Ink Franchising, Inc.
June 10, 2022
Notes to Financial Statement

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statement. The financial statement and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statement.

A. Organization and Description of Business

Twisted Ink Franchising, Inc. is a Wyoming corporation that was established on March 25, 2022, under the laws of the State of Wyoming for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own business. The Company offers franchises in providing customized imprinting on apparel and other items to businesses and to the general public.

Basis of Accounting

Assets, liabilities, revenues, and expenses are recognized on the accrual basis of accounting.

B. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include Partnership bank accounts and cash in transit for bank deposit.

C. Federal Income Taxes

The Company is subject to tax filing requirements as a C Corporation in the federal jurisdiction of the United States. The Company was established in March 2022; therefore, its tax return is not due to filing till April of the following year. The Company is subject to franchise and income tax filing requirements in the States of Wyoming.

D. Use of Estimates

The preparation of our Company's financial statement requires 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 our financial statement and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. Significant estimates include our provisions for bad debts, franchisee rescissions and refunds, legal estimates, stock-based compensation, and the valuation allowance on deferred income tax assets. It is at least reasonably possible that a change in the estimates will occur in the near term.

E. Debt

The entity accounts for debt as current if the debt is due within one year of the balance sheet date or is cancelable or callable. The company accounts for debt as noncurrent if the obligation does not expire or is due within one year.

F. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark, and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay a monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 15 years while successive agreement terms are typically 10 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Assets and Liabilities

Contract assets will consist of franchise contract costs paid to facilitate the franchise sale and will be amortized over the expected life of the franchisee. Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

The company didn't generate any revenue as of the balance sheet date but will be implementing ASC 606 to recognize its revenue once a sale has been made.

2. EQUITY

Under the articles of incorporation, the total number of common shares of stock that the Corporation shall have authority to issue is 1,000,000 shares with no par value. As of June 10, 2022, the entity had \$79,148 in additional paid in capital.

3. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 12, 2022, which is the date the financial statement was available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statement.

EXHIBIT E

CONFIDENTIALITY/NONDISCLOSURE AGREEMENT

CONFIDENTIALITY/NONDISCLOSURE AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 20____, by and between Twisted Ink Franchising Inc, a Wyoming Corporation, (hereinafter referred to as “the Company”) and _____, whose address is _____ (hereinafter referred to as “Prospective Franchisee”).

WITNESSETH THAT:

WHEREAS, Prospective Franchisee desires to obtain certain confidential and proprietary information from the Company for the sole purpose of inspecting and analyzing said information in an effort to determine whether to purchase a franchise from the Company; and

WHEREAS, the Company is willing to provide such information to Prospective Franchisee for the limited purpose and under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

1. **DEFINITION.** “Confidential Information” is used herein to mean all information, documentation and devices disclosed to or made available to Prospective Franchisee by the Company, whether orally or in writing, as well as any information, documentation or devices heretofore or hereafter produced by Prospective Franchisee in response to or in reliance on said information, documentation and devices made available by the Company.

2. **TERM.** The parties hereto agree that the restrictions and obligations of Paragraph 3 of this Agreement shall be deemed to have been in effect from the commencement on the _____ day of _____, 20____, of the ongoing negotiations between Prospective Franchisee and the Company and continue in perpetuity until disclosed by the Company.

3. **TRADE SECRET ACKNOWLEDGEMENT.** Prospective Franchisee acknowledges and agrees the Confidential Information is a valuable trade secret of the Company and that any disclosure or unauthorized use thereof will cause irreparable harm and loss to the Company.

4. **TREATMENT OF CONFIDENTIAL INFORMATION.** In consideration of the disclosure to Prospective Franchisee of Confidential Information, Prospective Franchisee agrees to treat Confidential Information in confidence and to undertake the following additional obligations with respect thereto:

(a) To use Confidential Information for the sole purpose of inspecting and analyzing the information in an effort to determine whether to purchase a franchise from the Company and solely in its operation of the Company Franchise;

(b) Not to disclose Confidential Information to any third party;

(c) To limit dissemination of Confidential Information to only those of Prospective Franchisee’s officers, directors and employees who have a need to know to perform the limited tasks set forth in Item 4 (a) above; and who have agreed to the terms and obligations of this Agreement by affixing their signatures hereto;

(d) Not to copy Confidential Information or any portions thereof; and

(e) To return Confidential Information and all documents, notes or physical evidence thereof, to the Company upon a determination that Prospective Franchisee no longer has a need therefore, or a request therefore, from the Company, whichever occurs first.

5. SURVIVAL OF OBLIGATIONS. The restrictions and obligations of this Agreement shall survive any expiration, termination or cancellation of this Agreement and shall continue to bind Prospective Franchisee, his heirs, successors and assigns in perpetuity.

6. NEGATION OF LICENSES. Except as expressly set forth herein, no rights to licenses, expressed or implied, are hereby granted to Prospective Franchisee as a result of or related to this Agreement.

7. APPLICABLE LAW. This Agreement shall be construed and enforced in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

TWISTED INK FRANCHISING INC

BY: _____
ITS: _____

(Signature of Prospective Franchisee)

Print Name of Prospective Franchisee

EXHIBIT F

LIST OF FRANCHISEES

Opened Unit Franchisee Outlets as of December 31, 2021

None

**Unit Franchisees with Signed Franchise Agreements
But Outlet Not Yet Opened as of December 31, 2021**

None

The following lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of Franchisees who had an opened outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement with us during our most recently completed fiscal year or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document:

None

EXHIBIT G

FORM OF UCC-1 FINANCING STATEMENT

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only <u>one</u> debtor name (1a or 1b) - do not abbreviate or combine names						
1a. ORGANIZATION'S NAME						
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS			TOWN	STATE	POSTAL CODE	COUNTRY
1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any		☐ NONE
2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only <u>one</u> debtor name (2a or 2b) - do not abbreviate or combine names						
2a. ORGANIZATION'S NAME						
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS			TOWN	STATE	POSTAL CODE	COUNTRY
2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any		☐ NONE
3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only <u>one</u> secured party name (3a or 3b)						
3a. ORGANIZATION'S NAME						
OR	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS			TOWN	STATE	POSTAL CODE	COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

All of Debtor's inventory, equipment, furnishings, fixtures, and supplies now owned or after-acquired; all of Debtor's accounts now existing or subsequently arising, together with all interest of Debtor, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; all of Debtor's contract rights, now existing or subsequently arising; and all of Debtor's general intangibles, now owned or existing, or after-acquired or subsequently arising.

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING	
6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2 [ADDITIONAL FEE] [optional]
8. OPTIONAL FILER REFERENCE DATA	

Instructions for National UCC Financing Statement (Form UCC1)

Please type or laser-print this form. Be sure it is completely legible. Read all Instructions, especially Instruction 1; correct

Debtor name is crucial. Follow Instructions completely.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. Filing office cannot give legal advice.

Do not insert anything in the open space in the upper portion of this form; it is reserved for filing office use.

When properly completed, send Filing Office Copy, with required fee, to filing office. If you want an acknowledgment, complete item B and, if filing in a filing office that returns an acknowledgment copy furnished by filer, you may also send Acknowledgment Copy; otherwise detach. If you want to make a search request, complete item 7 (after reading instruction 7 below) and send Search Report Copy, otherwise detach. Always detach Debtor and Secured Party Copies.

If you need to use attachments, use 8-1/2 X 11 inch sheets and put at the top of each sheet the name of the first Debtor, formatted exactly as it appears in item 1 of this form; you are encouraged to use Addendum (Form UCC1Ad).

- A. To assist filing offices that might wish to communicate with filer, filer may provide information in item A. This item is optional.
- B. Complete item B if you want an acknowledgment sent to you. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form a carbon or other copy of this form for use as an acknowledgment copy.

1. Debtor name: Enter only one Debtor name in item 1, an organization's name (1a) or an individual's name (1b). Enter Debtor's exact full legal name. Don't abbreviate.

1a. **Organization Debtor.** "Organization" means an entity having a legal identity separate from its owner. A partnership is an organization; a sole proprietorship is not an organization, even if it does business under a trade name. If Debtor is a partnership, enter exact full legal name of partnership; you need not enter names of partners as additional Debtors. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed charter documents to determine Debtor's correct name, organization type, and jurisdiction of organization.

1b. **Individual Debtor.** "Individual" means a natural person and a sole proprietorship, whether or not operating under a trade name. Don't use prefixes (Mr., Mrs., Ms.). Use suffix box only for titles of lineage (Jr., Sr., III) and not for other suffixes or titles (e.g., M.D.). Use married woman's personal name (Mary Smith, not Mrs. John Smith). Enter individual Debtor's family name (surname) in Last Name box, first given name in First Name box, and all additional given names in Middle Name box.

For both organization and individual Debtors: Don't use Debtor's trade name, DBA, AKA, FKA, Division name, etc. in place of or combined with Debtor's legal name; you may add such other names as additional Debtors if you wish (but this is neither required nor recommended).

1c. An address is always required for the Debtor named in 1a or 1b.

1d. Debtor's taxpayer identification number (tax ID #) – social security number or employer identification number – may be required in some states.

1e,f,g. "Additional information re organization Debtor" is always required. Type of organization and jurisdiction of organization as well as Debtor's exact legal name can be determined from Debtor's current filed charter document. Organizational ID #, if any, is assigned by the agency where the charter document was filed; this is different from taxpayer ID #; this should be entered preceded by the 2-character U.S. Postal identification of state of organization if one of the United States (e.g., CA12345, for a California corporation whose organizational ID # is 12345); if agency does not assign organizational ED #, check box in item 1g indicating "none."

Note: If Debtor is a trust or a trustee acting with respect to property held in trust, enter Debtor's name in item 1 and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a decedent's estate, enter name of deceased individual in item 1b and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a transmitting utility or this Financing Statement is filed in connection with a Manufactured-Home Transaction or a Public-Finance Transaction as defined in applicable Commercial Code, attach Addendum (Form UCC1Ad) and check appropriate box in item 18.

2. If an additional Debtor is included, complete item 2, determined and formatted per Instruction 1. To include further additional Debtors, or one or more additional Secured Parties, attach either Addendum (Form UCC1Ad) or other additional page(s), using correct name format. Follow Instruction 1 for determining and formatting additional names.

3. Enter information for Secured Party or Total Assignee, determined and formatted per Instruction 1. If there is more than one Secured Party, see Instruction 2. If there has been a total assignment of the Secured Party's interest prior to filing this form, you may either (1) enter Assignor S/P's name and address in item 3 and file an Amendment (Form UCC3) [see item 5 of that form]; or (2) enter Total Assignee's name and address in item 3 and, if you wish, also attaching Addendum (Form UCC1Ad) giving Assignor S/Ps name and address in item 12.

4. Use item 4 to indicate the collateral covered by this Financing Statement. If space in item 4 is insufficient, put the entire collateral description or continuation of the collateral description on either Addendum (Form UCC1Ad) or other attached additional page(s).

5. If filer desires (at filer's option) to use titles of lessee and lessor, or consignee and consignor, or seller and buyer (in the case of accounts or chattel paper), or bailee and bailor instead of Debtor and Secured Party, check the appropriate box in item 5. If this is an agricultural lien (as defined in applicable Commercial Code) filing or is otherwise not a UCC security interest filing (e.g., a tax lien, judgment lien, etc.), check the appropriate box in item 5, complete items 1-7 as applicable and attach any other items required under other law.

6. If this Financing Statement is filed as a fixture filing or if the collateral consists of timber to be cut or as-extracted collateral, complete items 1-5, check the box in item 6, and complete the required information

(items 13, 14 and/or 15 on Addendum (Form UCC1Ad).

7. This item is optional. Check appropriate box in item 7 to request Search Report(s) on all or some of the Debtors named in this Financing Statement. The Report will list all Financing Statements on file against the designated Debtor on the date of the Report, including this Financing Statement. There is an additional fee for each Report. If you have checked a box in item 7, file Search Report Copy together with Filing Officer Copy (and Acknowledgment Copy). Note: Not all states do searches and not all states will honor a search request made via this form; some states require a separate request form.
8. This item is optional and is for filer's use only. For filer's convenience of reference, filer may enter in item 8 any identifying information (e.g., Secured Party's loan number, law firm file number, Debtor's name or other identification, state in which form is being filed, etc.) that filer may find useful.

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME

OR

9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATIONS' NAME

OR

11b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

11c. MAILING ADDRESS

TOWN

STATE

POSTAL CODE

COUNTRY

11d. TAX ID #: SSN OR EIN

ADD'L INFO RE
ORGANIZATION
DEBTOR

11e. TYPE OF
ORGANIZATION

11f. JURISDICTION OF ORGANIZATION

11g. ORGANIZATIONAL ID #, if any

☐ NONE

12. ☐ ADDITIONAL SECURED PARTY'S or ☐ ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

12c. MAILING ADDRESS

TOWN

STATE

POSTAL CODE

COUNTRY

13. This FINANCING STATEMENT covers ☐ timber to be cut or ☐ as-extracted collateral, or is filed as a ☐ fixture filing.

14. Description of real estate:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

16. Additional collateral description:

17. Check only if applicable and check only one box.

Debtor is a ☐ Trust or ☐ Trustee acting with respect to property held in trust or ☐ Decedent's Estate

18. Check only if applicable and check only one box.

☐ Debtor is a TRANSMITTING UTILITY

☐ Filed in connection with a Manufactured-Home Transaction - effective 30 years

☐ Filed in connection with a Public-Finance Transaction - effective 30 years

6. REQUIRED SIGNATURE(S)

FILING OFFICE COPY - NATIONAL UCC FINANCING STATEMENT ADDENDUM (FORM UCC1Ad) (REV. 07/29/98)

Instructions for National UCC Financing Statement Addendum (Form UCC1Ad)

9. Insert name of first Debtor shown on Financing Statement to which this Addendum s related, exactly as shown in item 1 of Financing Statement.
10. Miscellaneous: Under certain circumstances, additional information not provided on Financing Statement may be required. Also, some states have non-uniform requirements. Use this space to provide such additional information or to comply with such requirements; otherwise, leave blank.

11. If this Addendum adds an additional Debtor, complete item 11 in accordance with Instruction 1 on Financing Statement. To add more than one additional Debtor, either use an additional Addendum form for each additional Debtor or replicate for each additional Debtor the formatting of Financing Statement item 1 on an 8-1/2 X 11-inch sheet (showing at the top of the sheet the name of the first Debtor shown on the Financing Statement), and in either case give complete information for each additional Debtor in accordance with Instruction 1 on Financing Statement. All additional Debtor information, especially the name, must be presented in proper format exactly identical to the format of item 1 of Financing Statement.
12. If this Addendum adds an additional Secured Party, complete item 12 in accordance with Instruction 3 on Financing Statement. In the case of a total assignment of the Secured Party's interest before the filing of this Financing Statement, if filer has given the name and address of the Total Assignee in item 3 of the Financing Statement, filer may give the Assignor S/P's name and address in item 12.
- 13-15. If collateral is timber to be cut or as-extracted collateral, or if this Financing Statement is filed as a fixture filing, check appropriate box in item 13; provide description of real estate in item 14; and, if Debtor is not a record owner of the described real estate, also provide, in item 15, the name and address of a record owner. Also provide collateral description in item 4 of Financing Statement. Also check box 6 on Financing Statement. Description of real estate must be sufficient under the applicable law of the jurisdiction where the real estate is located.
16. Use this space to provide continued description of collateral, if you cannot complete description in item 4 of Financing Statement.
17. If Debtor is a trust or a trustee acting with respect to property held in trust or is a decedent's estate, check the appropriate box.
18. If Debtor is a transmitting utility or if the Financing Statement relates to a Manufactured-Home Transaction or a Public-Finance Transaction as defined in the applicable Commercial Code, check the appropriate box.

EXHIBIT H

STATE-SPECIFIC DISCLOSURES

REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF CORPORATIONS PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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.

Neither we nor any person or franchise broker identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in that association or exchange.

The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination and non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control. We may not terminate your franchise except for good cause, and we must give you a notice of default and a reasonable opportunity to cure the defects (except for certain defects specified in the statute, for which no opportunity to cure is required by law). The statute also requires that we give you notice of any intention not to renew your franchise at least 180 days before expiration of the Franchise Agreement.

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of your franchise. This provision may not be enforceable under California law.

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAW OF FLORIDA. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

To the extent permitted by law, you and we waive any right to or claim for any punitive or exemplary damages against each other and agree that in the event of a dispute between us, each will be limited to the recovery of actual damages only (except in limited circumstances). Each party further waives trial by jury and, to the extent permitted by law, all claims arising out of or relating to the Franchise Agreement must be brought within one year from the date on which you or we knew or should have known of the facts giving rise to such claims (except for claims relating to nonpayment or underpayment of amounts you owe us).

The Franchise Agreement requires mediation. The mediation will occur at the office of the American Arbitration Association Office closest to our principal executive offices. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

OUR WEBSITE (www.twistedink.com) 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.

REQUIRED BY THE STATE OF CONNECTICUT

1. If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.
2. Provide all legal notices to the following:

Twisted Ink Franchising, Inc.
Attention: Brandon Gano, CEO
15 Main Street
Flemington, NJ 08822
E-mail: brandon@twistedinkspe.com

AGENT FOR SERVICE OF PROCESS:

Registered Agents, Inc.
2389 Main St., Ste. 100
Glastonbury, CT 06033

REQUIRED BY THE STATE OF HAWAII

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 COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Item 20 of this Disclosure Document will be amended by the addition of the following paragraph:

As of the dates listed in Attachment 1, this franchise offering is or will be effective in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin. No states have refused, by order or otherwise, to register

these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

REQUIRED BY THE STATE OF ILLINOIS

Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:

State Law

The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

The Illinois Franchise Disclosure Act will govern any Franchise Agreement if it applies to a subfranchise located in Illinois.

Any condition in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for mediation in a forum outside of Illinois.

REQUIRED BY THE STATE OF INDIANA

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

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

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

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Although the Franchise Agreement requires mediation to be held at the office of the American Arbitration Association closest to our principal executive offices, mediation held pursuant to the Franchise Agreement must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.

REQUIRED BY THE STATE OF MARYLAND

A franchisee located within the state of Maryland shall not be required to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise which would act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

Lawsuits by either you or us may take place in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any limitation of claims provision(s) in the Franchise Agreement shall not act to reduce the 3-year statute of limitations afforded to you for bringing a claim under the Law. Any claims arising under the Maryland Franchise Registration and Law must be brought within 3 years after the grant of the franchise to you.

REQUIRED BY THE STATE OF MINNESOTA

We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release. Any release you sign as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.

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

Minn. Stat. § 80C.17, Subd. 5, states that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or the Franchise 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. Under Minnesota law, we cannot require you to consent to injunction relief; however, we may seek injunctive relief from the Court.

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

REQUIRED BY STATE OF NEW JERSEY

Liquidated damages are void if unreasonable under the totality of the circumstances, including whether a statute governs the relationship and concerns liquidated damages clauses; and the common practice in the industry.

REQUIRED BY THE STATE OF NEW YORK

Registration of this franchise by New York State does not mean that New York State recommends it or has verified the information in the Disclosure Document.

We may, if we choose, negotiate with you about items covered in the Offering Prospectus. However, we cannot use the negotiating process to prevail upon a prospective franchisee to accept terms which are less favorable than those set forth in the Offering Prospectus.

All references to "Disclosure Document" will be deemed to include the term "Offering Prospectus" as used under the General Business Law of New York.

Item 3 of the Offering Prospectus is supplemented with the following:

Except as provided in Item 3 of the Offering Prospectus, neither we nor any person identified in Item 2 of the Offering Prospectus, or an affiliate offering franchises under our principal trademark:

A. 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. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-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.

C. 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.

Item 4 of this Offering Prospectus is supplemented with the following:

Except as provided in Item 4 of the Offering Prospectus, neither we, our affiliates, nor any officer or general partner has at any time during the ten year period immediately before the date of the Offering Prospectus: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after our officer or general partner held this position in the company or partnership.

Under the Franchise Agreement, the Manuals we issue may be modified and you are bound by such modifications. However, no such modifications may impose an unreasonable economic burden on you.

Provisions of general releases are mentioned in the Offering Prospectus and specified in the Franchise Agreement. These releases are limited by the following: all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued under this law will remain in force, it being the intent that the non-waiver proviso of the General Business Law of the State of New York Sections 687.4 and 687.5 be satisfied.

We will not make any assignment of the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

The choice of law of the Franchise Agreement should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33.

Item 17 of the Offering Prospectus, the summary column of part (d), is modified to include the following sentence:

You can also terminate the Franchise Agreement on any grounds available by law.

REQUIRED BY STATE OF NORTH CAROLINA

1. If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.
2. Provide all legal notices to the following:

Twisted Ink Franchising, Inc.
Attention: Brandon Gano, CEO
15 Main Street
Flemington, NJ 08822
E-mail: brandon@twistedinkspe.com

AGENT FOR SERVICE OF PROCESS:

Registered Agents, Inc.
4030 Wake Forest Rd., Ste. 349
Raleigh, NC 27609

REQUIRED BY THE STATE OF NORTH DAKOTA

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of your franchise. This provision may not be enforceable under North Dakota law.

Although the Franchise Agreement provides that the place of mediation will be located at the office of the American Arbitration Association closest to our principal executive offices, we agree that the place of mediation will be a location that is in close proximity to the site of your Franchised Business.

The Franchise Agreement requires that you consent to the jurisdiction of a court in close proximity to our principal executive offices. This provision may not be enforceable under North Dakota law because North Dakota law precludes you from consenting to jurisdiction of any court outside of North Dakota.

Although the Franchise Agreement provides that it will be governed by and construed in accordance with the laws of the State of Florida, we agree that the laws of the State of North Dakota will govern the construction and interpretation of the Franchise Agreement.

A contractual requirement that you sign a general release may be unenforceable under the laws of North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a waiver of trial by jury, the Commissioner has determined that a requirement requiring the waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages, the Commissioner had determined these types of provisions to be unfair, unjust and

inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a limitation of claims period within one year, the Commissioner had determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is therefore governed by North Dakota law.

To the extent any provision of the Franchise Agreement requires you to consent to a waiver of exemplary or punitive damages, the provision will be deemed null and void.

REQUIRED BY THE STATE OF RHODE ISLAND

Even though our Franchise Agreement says the laws of Florida apply, § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

REQUIRED BY STATE OF SOUTH CAROLINA

1. If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.
2. Provide all legal notices to the following:

Twisted Ink Franchising, Inc.
Attention: Brandon Gano, CEO
15 Main Street
Flemington, NJ 08822
E-mail: brandon@twistedinkspe.com

AGENT FOR SERVICE OF PROCESS:

Registered Agents, Inc.
6650 Rivers Ave., Ste. 100
Charleston, SC 29406

REQUIRED BY THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any mediation involving a franchise purchased in Washington, the mediation site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the mediation, or as determined by the mediator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

These requirements must be included in an addendum to the Franchise Agreement you sign for the State of Washington.

EXHIBIT I

REQUIRED VENDOR AGREEMENTS

None at this time

EXHIBIT J

**FORM OF TRANSFER AGREEMENT
AND GENERAL RELEASE AGREEMENT**

TWISTED INK FRANCHISING INC
TRANSFER AGREEMENT

THIS TRANSFER AGREEMENT (the “Agreement”) is made and entered into and effective as of the ____ day of _____, 20__ (“the Effective Date”), by and between TWISTED INK FRANCHISING INC, a Wyoming Corporation (“Franchisor”), and _____ (“Assignor” or “Franchisee”), and each undersigned owner of Assignor/Franchisee and his or her spouse (individually, a “Assignor or Franchisee Owner,” and collectively, the “Assignor or Franchisee Owners”), and _____ (“Assignee”), and each undersigned owner of Assignee and his or her spouse (individually, an “Assignee Owner,” and collectively, the “Assignee Owners”) (collectively, Franchisor, Franchisee/Assignor, Franchisee/Assignee Owners, Assignee, and Assignee Owners are referred to hereinafter as the “Parties”).

Recitals

WHEREAS, Franchisor and Franchisee previously entered into that certain Franchise Agreement dated _____ and any and all addenda thereto (collectively the “FA”), granting to Franchisee that certain Twisted Ink™ Unit Franchise in _____ (hereinafter the “Franchise”);

WHEREAS, the FA provides as follows with respect to the Transfer (as defined below) of the FA, the Franchise, or any interest therein:

- a. Section 14.4 of the FA states that any Transfer (as defined below) of the Franchisee’s interest in the FA or of Franchisee’s rights or privileges under the FA must be approved by Franchisor in writing before such Transfer may be made or become effective;
- b. Section 14.5 of the FA sets forth certain terms and conditions that must be complied with, or that Franchisor may require be complied with, before any Transfer may be made or become effective; and

WHEREAS, Franchisee and/or each undersigned Franchisee Owner wish(es) to Transfer (as set forth in Section 14 of the FA) to Assignees the following interest (the “Transferred Interest”):

WHEREAS, Franchisor is willing to consent to the above Transfer of the Transferred Interest, and the Parties desire that the Transfer be made in accordance with the following terms and conditions;

NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby agree as follows:

1. Recitals. The above recitals are hereby incorporated into and made part of this Agreement.
2. Consent to Transfer. Franchisor hereby consents to the Transfer of the Transferred Interest as described in the Recitals. The following conditions apply to the transfer:

A. The Assignee/Franchisee represents and warrants that the conditions for approval of Transfer as set forth in Section 14.5 of the FA, except to the extent such requirements have been otherwise addressed by the Parties, have been fully and completely satisfied to Franchisor's satisfaction.

B. Notwithstanding the foregoing, the Assignor and Assignee understand a transfer fee ("the Transfer Fee") must be paid before the Transfer will be approved, and before Franchisor will countersign this Agreement.

3. Release. Franchisee and/or each undersigned Franchisee Owner, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the "Releasing Entities"), hereby fully release Franchisor and its present or former affiliated entities, and their respective officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through it (the "Released Entities") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities, whether arising prior to or after the date this Agreement is executed, and which are related to or arise out of the Transferred Interest in the FA.

4. Non-Competition ; Non-Solicitation ; Confidentiality.

A. Definitions. Wherever used in this Section 5, the term "Franchisor" shall refer to Franchisor and any affiliate, subsidiary, or any successor or assign of Franchisor. Wherever used in this Section, the phrase "directly or indirectly" includes, but is not limited to, acting, either personally or as principal, owner, shareholder, employee, independent contractor, agent, manager, partner, joint venturer, consultant, or in any other capacity or by means of any corporate or other device, or acting through the spouse, children, parents, brothers, sisters, or any other relatives, friends, trustees, agents, or associates of any of the undersigned parties. Wherever used in this Section, the term "employees" shall refer to employees of Franchisor; any affiliate, subsidiary, or any successor or assign of Franchisor; and any franchisee of Franchisor existing as of the date of this Agreement and, to the extent allowable by law, any other person that has been an employee (as defined above) in the twelve (12) months preceding the date of this Agreement. Whenever used in this Section, the term "Confidential Information" shall be defined as provided in Section 9.1 of the FA, which provisions are hereby incorporated by reference.

B. Consideration. The undersigned Parties acknowledge that consideration for this Agreement has been provided and is adequate. The consideration includes, but is not limited to, the granting of the Franchise to Franchisee and/or each undersigned Owner, and Franchisor's consent to the Transfer of the Transferred Interest as provided in this Agreement.

C. Need for this Agreement. The undersigned Parties recognize that in the highly competitive business in which Franchisor and its affiliates and franchisees are engaged, preservation of Confidential Information is crucial and personal contact is important in securing new franchisees and employees, and retaining the goodwill of present franchisees, employees, customers, and suppliers. Personal contact is a valuable asset and is an integral part of protecting the business of Franchisor. Franchisee and/or each undersigned Owner recognize that it has had substantial contact with Franchisor's employees, customers, and suppliers and Confidential Information. For that reason, Franchisee and/or each undersigned Owner may be in a position to take for his or her benefit the Confidential Information and goodwill Franchisor has with its employees and Confidential Information now or in the future. If Franchisee and/or each undersigned

Owner, after the Transfer of the Transferred Interest as provided in this Agreement, takes advantage of such Confidential Information or goodwill for Franchisee's and/or each undersigned Owner's own benefit, then the competitive advantage that Franchisor has created through its efforts and investment will be irreparably harmed.

D. Non-Competition with Franchisor. Franchisee and/or each undersigned Owner of Franchisee agrees that for twenty-four (24) months following the date of this Agreement, neither Franchisee, nor any Owner, nor any member of Franchisee's or an Owner's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business located or operating: (a) within twenty-five (25) miles of the Franchisee's current location(s); or (b) within twenty-five (25) miles of any Twisted Ink™ franchise in operation or development on the date of this Agreement. The term "Competitive Business" means any business which derives more than Ten Thousand and No/100 Dollars (\$10,000.00) of revenue per year from the performance of custom imprinting or related services, or any business which grants franchises or licenses to others to operate such a business, other than a Twisted Ink™ franchise operated under a franchise agreement with us.

E. Non-Solicitation of Franchisor's Employees. Franchisee and/or each undersigned Owner agrees that for twelve (12) months after the date of this Agreement, it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any employees of Franchisor, the Franchise, or any Twisted Ink™ franchise to accept employment with any person, firm, or business that competes with any business of Franchisor, the Franchise, or any Twisted Ink™ franchise; or (b) induce, request, or advise any employee of Franchisor, the Franchise, or any Twisted Ink™ franchise to terminate such employee's relationship with Franchisor, the Franchise, or any Twisted Ink™ franchise; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the employees of Franchisor, the Franchise, or any Twisted Ink™ franchise, except as required by law.

F. Non-Solicitation of Franchisor's Customers. Franchisee and/or each undersigned Owner agrees that for twelve (12) months after the date of this Agreement, it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any customers of Franchisor, the Franchise, or any Twisted Ink™ franchise to become customers of any person, firm, or business that competes with any business of Franchisor, the Franchise, or any Twisted Ink™ franchise; or (b) induce, request or advise any customer of Franchisor, the Franchise, or any Twisted Ink™ franchise to terminate or decrease such customer's relationship with Franchisor, the Franchise, or any Twisted Ink™ franchise; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the customers of Franchisor, the Franchise, or any Twisted Ink™ franchise, except as required by law.

G. Confidential Information. Franchisee and/or each undersigned Owner agrees at all times following the date of this Agreement, to hold the Confidential Information in the strictest confidence and not to use such Confidential Information for Franchisee's and/or each undersigned Owner's personal benefit, or the benefit of any other person or entity other than Franchisor, or disclose it directly or indirectly to any person or entity without Franchisor's express authorization or written consent. Franchisee and each undersigned Owner fully understand the need to protect the Confidential Information and all other confidential materials and agree to use all reasonable care to prevent unauthorized persons from obtaining access to Confidential Information at any time.

5. Subordination. Franchisee and/or each undersigned Owner and Assignee each agrees that all of Assignee's obligations to make any installment payments to or for the benefit of Franchisee and/or an undersigned Owner in connection with the Transfer of the Transferred Interest as provided under this Agreement shall be subordinate to Assignee's obligations under the FA or any New FA (as defined below) to pay to us or our affiliates any fees and payments provided for therein.

[PICK ONE OF OPTIONS BELOW BASED ON WHAT THEY SELECT IN SECTION 2.B.]

[6. No New FA. Assignee agrees that in connection with the Transfer of the Transferred Interest to it, Assignee shall be bound by all of the terms and conditions of the existing FA and that a new FA will not be executed by the Assignee. As such, any and all deadlines in the FA shall remain unchanged. Assignee will also be bound by the terms of any and all addenda to the FA, which are attached as Exhibit A hereto. Each principal owner of the Assignee ("Assignee Owner") shall execute the Guaranty and Assumption of Obligations in the form attached as Exhibit B hereto. The executed Guaranty and Assumption of Obligations shall be submitted to Franchisor with an executed copy of this Agreement.]

OR

[6. New FA. Assignee agrees that in connection with the Transfer of the Transferred Interest to it, Assignee shall sign a New FA along with all applicable exhibits, including but not limited the Guaranty and Assumption of Obligations.]

7. Guaranty of Obligations. In consideration of, and as an inducement to, the execution of this Agreement by Franchisor, each of the undersigned Assignee Owners hereby personally and unconditionally guarantees to Franchisor and its successors and assigns that the Assignee Owners will punctually pay and perform each and every undertaking, agreement and covenant of Assignees set forth in the FA; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the FA, including without limitation, monetary obligations, the obligations to take or refrain from taking certain legal of disputes. Each of the undersigned Assignee Owners waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Section 8; (2) any right the Assignee Owners may have to require that an action be brought against Franchisor or any other person as a condition of the Assignee Owners' liability; (3) all right to payment or reimbursement from, or subrogation against, Franchisor which Assignee Owners may have arising out of this guaranty of Assignee; and (4) any and all other notices and legal or equitable defenses to which Assignee Owners may be entitled in its capacity as guarantor. Each of the undersigned Assignee Owners consents and agrees that (1) its direct and immediate liability under this Section shall be joint and several; (2) it will make any payment or render any performance required under the FA on demand if Assignee fails or refuses to do so when required; (3) its liability will not be contingent or conditioned on our pursuit of any remedies against Assignees or any other person; (4) its liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Assignee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) the guaranty under this Section will continue and be irrevocable during the term of the FA and afterward for so long as Assignee has any obligations under the FA. If Franchisor is required to enforce the guaranty provided for under this Section in a judicial proceeding, and prevail in such proceeding, then each of the undersigned Assignee Owners agrees that Franchisor will 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 of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, 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 any undersigned Assignee Owner to comply with the guaranty provisions of this Section, then the Assignee Owners shall reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

8. Breach. The Parties hereby agree that each of the matters stated herein are important, material, and confidential, and substantially affect the effective and successful conduct of the business of Franchisor and its reputation, and goodwill. Any breach of the terms of this Agreement is a material breach

of this Agreement, which will result in substantial and irreparable injury to Franchisor, for which the breaching Party may be preliminarily and permanently enjoined and for which the breaching Party shall also pay to Franchisor all damages (including, but not limited to, compensatory, incidental, consequential and lost profits damages) which arise from the breach, together with interest, costs and Franchisor's reasonable attorneys' fees (through final unappealable judgment) to enforce this Agreement. This Agreement does not limit any other remedies available at law or in equity available to Franchisor.

9. No Waiver. Franchisor may waive a provision of this Agreement only in writing executed by an authorized representative. No Party shall rely upon any oral representations as to a waiver of any provision of this Agreement. No waiver by a Party of a breach by another Party of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach by the breaching Party.

10. Assignment. This Agreement is fully transferable by Franchisor. Franchisee and/or each undersigned Franchisee Owner, Assignee and Assignee Owner shall not assign, convey, sell, delegate, or otherwise transfer this Agreement or any right or duty hereunder without obtaining Franchisor's prior written consent.

11. Binding Agreement. This Agreement shall be binding upon the Parties' heirs and legal representatives. This Agreement shall be enforceable by the successors and assigns of Franchisor, any person or entity which purchases substantially all of the assets of Franchisor, and any subsidiary, affiliate or operation division of Franchisor.

12. Headings. The paragraph headings of this Agreement are not a substantive part of this Agreement and shall not limit or restrict this Agreement in any way.

13. Choice of Law and Venue. This Agreement shall be construed in accordance with and governed for all purposes by the laws of Florida. If any action or proceeding shall be instituted by any Party, or any representative thereof, all Parties and their representatives hereby consent and will submit to the jurisdiction of, and agree that venue is proper in Hillsborough County, State of Florida.

14. Severance and Reformation. In case any one or more of the provisions or restrictions contained in this Agreement, or any part thereof, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or restrictions of this Agreement. In case any one or more of the provisions or restrictions contained in this Agreement shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law. The intention of the Parties is that Franchisor shall be given the broadest protection allowed by law with respect to this Agreement.

15. Entire Agreement. No change, addition, deletion or amendment of this Agreement shall be valid or binding upon any Party unless in writing and signed by the Parties. Insofar as matters within the scope of this Agreement are concerned, this Agreement is the entire Agreement between the Parties and replaces and supersedes all prior agreements and understandings pertaining to the matters addressed in this Agreement. There are no oral or other agreements or understandings between the Parties affecting this Agreement.

16. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

17. Opportunity to Seek Independent Advice. The undersigned Parties recognize that this Agreement is an important document that affects their legal rights. For this reason, the Parties may wish to seek independent legal advice before accepting the terms stated herein. The undersigned Parties acknowledge

that they have had an opportunity to seek such independent legal advice. They acknowledge that they have read and understand the provisions contained herein and acknowledge receipt of a copy of this Agreement.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Agreement as of the day and year first above written.

FRANCHISOR:

TWISTED INK FRANCHISING LLC, a Wyoming Corporation

By: _____

Its: _____

ASSIGNOR/FRANCHISEE:

By: _____

Print Name: _____

Title: _____

ASSIGNEE:

By: _____

Print Name: _____

Title: _____

ASSIGNOR/FRANCHISEE OWNERS:

By: _____

Print Name: _____

By: _____

Print Name: _____

ASSIGNEE OWNERS:

By: _____

Print Name: _____

By: _____

Print Name: _____

**EXHIBIT A
TO TRANSFER AGREEMENT**

FRANCHISE AGREEMENT AND ADDENDA (IF ANY)

(Attached)

**EXHIBIT B
TO TRANSFER AGREEMENT**

GUARANTY AND ASSUMPTION OF OBLIGATIONS

(If Assuming Existing Franchise Agreement)

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Transfer Agreement dated _____, 20____, by and between Twisted Ink Franchising Inc., a Wyoming Corporation ("us"), _____, ("Assignor"), and _____ ("Assignee") for relating to the Franchise Agreement dated _____, and all addenda thereto (collectively the "FA"), each of the undersigned owners of the Assignee and their respective spouses (the "Assignee Owners" or "you"), hereby personally and unconditionally agree to perform and keep during the terms of the FA, each and every covenant, obligation, payment, agreement, and undertaking on the part of Assignee contained and set forth in the FA. Each of you agree that all provisions of the FA relating to the obligations of Assignee, including, without limitation, the covenants of confidentiality and non-competition and other covenants set forth in the FA, shall be binding on you.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Assignee or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Assignee which you may have arising out of your guaranty of the Assignee's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the FA on demand if Assignee fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Assignee or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Assignee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) this Guaranty will continue and be irrevocable during the term of the FA and afterward for so long as the Assignee has any obligations under the FA.

If we are required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you agree to reimburse us for any of the above-listed costs and expenses incurred by us.

This Guaranty may be executed in counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

This Guaranty is now executed as of the Agreement Date.

ASSIGNEE OWNER:

Print Name: _____

ASSIGNEE OWNER'S SPOUSE:

Print Name: _____

ASSIGNEE OWNER:

Print Name: _____

ASSIGNEE OWNER'S SPOUSE:

Print Name: _____

TWISTED INK FRANCHISING LLC

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT ("Release") is made and entered into this ____ day of _____, 20__, by and between Twisted Ink Franchising Inc., a Wyoming Corporation ("Franchisor"), and _____, a _____ corporation/limited liability company/partnership (circle one) ("Franchisee"), and each owner of Franchisee and his or her spouse (individually, an "Owner," and collectively, the "Owners") (collectively, Franchisor, Franchisee, and Owners are referred to hereinafter as the "Parties").

WITNESSETH

WHEREAS, the Parties previously entered into that certain Franchise Agreement dated _____, 20__ (the "Agreement"), granting Franchisee the right to operate a Franchise Business of Franchisor ("Store") for a specific Term (as defined in the Agreement); and

WHEREAS, Franchisee desires to renew the Agreement for an additional Term (as defined in the Agreement); and

WHEREAS, Section 2.4(c) of the Agreement requires Franchisee and each of its Owners and their respective spouses to execute, in favor of Franchisor and its officers, directors, agents, and employees, and Franchisor's affiliates and their officers, directors, agents, and employees, as a condition to renew the Agreement, a general release from liability of all claims that Franchisee, its Owners, and their respective spouses may have against Franchisor, its affiliates, and their respective owners, officers, directors, employees, and agents; and

WHEREAS, the Parties desire to enter into this Release to comply with the requirements of the Agreement and preserve Franchisee's eligibility to renew the Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other valuable consideration, the Parties hereby agree as follows:

1. Recitals. The foregoing Recitals are incorporated into and made part of this Release.

2. Release. Franchisee, each Owner and his or her spouse, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the "Releasing Entities"), hereby fully release Franchisor and its present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, and Franchisor's affiliates and their respective present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through Franchisor (the "Released Entities") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities as of the date this Release is executed.

3. Miscellaneous.

A. This Release contains the entire agreement and representations between the Parties hereto with respect to the subject matter hereof. This Release supersedes and cancels any prior understanding or agreement

between the parties hereto whether written or oral, express or implied. No modifications or amendments to this Release shall be effective unless in writing, signed by all Parties.

B. In the event any provision hereof, or any portion of any provision hereof shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect the remaining portion of any provision, or of any other provision hereof, and each provision of this Release shall be deemed severable from all other provisions hereof.

C. This Release shall be governed by the laws of the State of Florida. Any litigation or court action arising under or related to this Release shall be filed in state or federal court in Hillsborough County, State of Florida.

D. In the event a court action is brought to enforce or interpret this Release, the prevailing Party in that proceeding or action shall be entitled to reimbursement of all of its legal expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred. The prevailing Party shall be entitled to reimbursement of all such expenses both in the initial proceeding or action and on any appeal therefrom.

E. This Release is binding on the Parties hereto and their respective successors, heirs, beneficiaries, agents, legal representatives, and assigns, and on any other persons claiming a right or interest through the Parties.

F. This Release may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Release as of the day and year first above written.

FRANCHISOR:

TWISTED INK FRANCHISING INC
A Wyoming Corporation

By: _____
Its: _____

FRANCHISEE:

By: _____
Title: _____

OWNERS:

	Owner's Residential Address:	Owner's % Ownership:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	_____	_____%
	Owner's Title/Position with Franchisee:	
_____ Signature of Owner's Spouse	_____	
_____ Printed/Typed Name of Spouse	Date: _____	, 200

[The remainder of this page is intentionally left blank]

EXHIBIT K

STATE EFFECTIVE DATES

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	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
New York	Not Registered
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

EXHIBIT L

RECEIPTS

RECEIPT

(YOUR COPY – RETAIN FOR YOUR FILES)

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

If Twisted Ink Franchising Inc. offers you a franchise, it must provide this Disclosure Document to you fourteen (14) days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement or other agreement or the payment of any consideration, whichever occurs first.

If Twisted Ink Franchising Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal 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 in Exhibit A.

The franchisor is Twisted Ink Franchising, Inc., located at 15 Main Street, Flemington, NJ 08822. Its telephone number is (908) 237-3318.

The following franchise seller(s) will represent us in connection with the sale of our franchises: Brandon Gano, Chief Executive Officer, at 15 Main Street, Flemington, NJ 08822 and (908) 237-3318.; and
(Name) _____ (Address) _____ (Phone) _____.

Date of Issuance: August 12, 2022

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated August 12, 2022. This Disclosure Document included the following Exhibits:

- | | |
|---|---|
| A. State Administrators/Agents for Service of Process | G. Form UCC-1 Financing Statement |
| B. Franchise Agreement for Unit Franchises | H. State-Specific Disclosures |
| C. Operations Manual: Table of Contents | I. Required Vendor Agreements |
| D. Financial Statements of Franchisor | J. Form of Transfer Agreement and General Release Agreement |
| E. Confidentiality Agreement | K. State Effective Dates |
| F. List of Franchisees | L. Receipts |

Signature of Potential Franchisee

Date

Print Name of Potential Franchisee

You may return the signed receipt either by signing, dating, and mailing it to us at Twisted Ink Franchising, Inc, located at 15 Main Street, Flemington, NJ 08822 or sending a copy via email to brandon@twistedinkspe.com.

RECEIPT

(OUR COPY – SIGN, DATE AND RETURN TO US)

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

If Twisted Ink Franchising Inc. offers you a franchise, it must provide this Disclosure Document to you fourteen (14) days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

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If Twisted Ink Franchising Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal 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 in Exhibit A.

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| F. List of Franchisees | L. Receipts |

Signature of Potential Franchisee

Date

Print Name of Potential Franchisee

You may return the signed receipt either by signing, dating, and mailing it to us at Twisted Ink Franchising Inc., located at 15 Main Street, Flemington, NJ 08822 or sending a copy via email to brandon@twistedinkspe.com.