

**Instant Imprints
Unit Franchise
Disclosure Document**

INSTANT IMPRINTS®



Franchise Disclosure Document
No Frill Franchising, Inc.
a Delaware Corporation
6615 Flanders Drive Suite B
San Diego, CA 92121
(858) 642-4848
franchise@InstantImprints.com
www.instantimprints.com

We offer franchises for a business that provides visual communications services, including custom T-shirts, embroidery apparel, signage, print services and promotional products under the name “Instant Imprints” and our System. The total investment necessary to begin operation of an Expanded Instant Imprints Center ranges from \$129,427 to \$289,261. This includes \$76,140 to \$191,661 which must be paid to the franchisor or its affiliates. The total investment necessary to begin operations of a Growth Center ranges from \$119,382 to \$204,013. This includes \$71,932 to \$119,413 which must be paid to the franchisor or its affiliates. If you sign a Development Agreement, you are granted the right to enter into 3 Franchise Agreements within a specified Development Area and you will pay a development fee of \$74,8501.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in the 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 the Manager of the Franchise Administration Department at 6615 Flanders Drive, Suite B, San Diego, California 92121, 858-642-4848.

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

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

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

Issuance Date: April 15, 2021 as amended on July 20, 2021

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 Instant Imprints 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 Instant Imprints 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 Franchise *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 delegates. These items may be more expensive than similar items you could buy or 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 the 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 F.

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 Contacts for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Delaware. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in Delaware than in your own state.
2. Your spouse must sign a document, such as a guarantee, 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 you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

**NOTICE REQUIRED
BY
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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

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

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

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

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

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

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

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

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

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISE

TABLE OF CONTENTS

Item	Page
ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE.....	3
ITEM 3 LITIGATION.....	5
ITEM 4 BANKRUPTCY	7
ITEM 5 INITIAL FEES	7
ITEM 6 OTHER FEES.....	8
ITEM 7 ESTIMATED INITIAL INVESTMENT	11
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	14
ITEM 9 FRANCHISEE'S OBLIGATIONS	16
ITEM 10 FINANCING.....	17
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	18
ITEM 12 TERRITORY.....	25
ITEM 13 TRADEMARKS.....	27
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	28
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	28
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	30
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	30
ITEM 18 PUBLIC FIGURES.....	33
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	33
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	33
ITEM 21 FINANCIAL STATEMENTS	38
ITEM 22 CONTRACTS	38
ITEM 23 RECEIPTS.....	39

Exhibits

- Exhibit A: State Specific Addenda
- Exhibit B: Franchise Agreement (and Exhibits)
- Exhibit C: Development Agreement
- Exhibit D: Financial Statements
- Exhibit E: Manual Table of Contents
- Exhibit F: List of State Agents/Administrators For Service of Process
- Exhibit G: List of Franchisees
- Exhibit H: Release
- Exhibit I: Receipts

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

The franchisor is No Frill Franchising, Inc., (also referred to as “we,” “us,” “our,” or “NFFI,”). We refer to the individual or legal entity, which includes a corporation, partnership, limited liability company or other legal entity (collectively “legal entity”) and their owners, officers and directors and their respective spouses who buys the franchise as “you” or “your” throughout this Disclosure Document.

We were incorporated in Delaware on February 2, 2011. Our principal business address (our U.S. headquarters) is 6615 Flanders Drive Suite B, San Diego, California 92121. We started granting Instant Imprints franchises in June 2011. We have not previously offered franchises in any other line of business. We also are in the business of administering our franchise system.

If we have an agent in your state for service of process, we disclose that agent in Exhibit F.

Our parent is II Transatlantic, Inc. (“IITI”), a Delaware corporation formed February 19, 2015 which shares our same principal business address. IITI acquired both us and our affiliate (and former parent) IICA Inc., as wholly-owned subsidiaries on May 15, 2015. It does not offer franchises similar to your Center (as defined below) or any other line of business. On December 6 of 2016, IITI acquired the Biz Card Xpress (BCX) franchise system with 16 operating locations. BCX centers are similar in size to those of Instant Imprints. IITI is in the process of converting the BCX franchisees to Instant Imprints. IITI does not plan to offer franchises of BCX but will continue to operate the brand alongside Instant Imprints until the conversions are complete.

Our affiliate IICA Inc. is an Ontario, Canada, corporation. IICA Inc. acquired a master franchise for Canada from Instant Imprints Franchising, Inc. (described below) in 2007, and subsequently acquired the “System” from Instant Imprints Franchising, Inc., in May 2011. IICA Inc. has offered franchises in Canada that are similar to the Instant Imprints franchise offered under this disclosure document, since 2007. IICA Inc.’s principal business address is 5230 South Service Rd, Burlington, ON, Canada L7L 5K2. It has not offered any franchises in any other line of business.

The first Instant Imprints Center was opened in San Diego, California in June 1992 by Instant Imprints, a sole proprietorship. Instant Imprints operated that Instant Imprints Center, which was similar to the Center franchises offered under this disclosure document. On March 2000 it was incorporated as Instant Imprints, Inc. as a California corporation. Our predecessor, Instant Imprints Franchising, Inc. (“IIFI”) was incorporated under California law in October 2001. IIFI offered franchises from March 2002 to December 2010. On May 11, 2011, IIFI made an assignment for the benefit of creditors, assigning its assets (including the rights to the Instant Imprints Franchise System) to Instant Imprints Franchising LLC (“IIFI LLC”). On the same date, IIFI LLC sold those assets to IICA Inc. IICA Inc. has licensed to us the right to grant franchises and provide support and services to franchisees in the United States since 2011. Other than IICA Inc., we do not and have not in the past had any affiliates that offer franchises in any line of business or provide products or services to our franchisees

DESCRIPTION OF OUR BUSINESS

Center Franchises

We grant franchises for the right to own and operate a business specializing in providing visual communications services, including custom T-shirts, embroidery apparel, signage, print services and promotional products under the name Marks and our System (a “Instant Imprint Center”) under the

terms of our standard Instant Imprints Franchise Agreement (a copy is attached in [Exhibit B](#)). You will service consumer and business customers by providing them with customized and decorated apparel (embroidered, screen printed, digitally printed, direct garment, or heat transfer products) digital wide format signs/banners, digital document services and advertising/promotional merchandise. This will include specific items such as custom T-shirts, golf shirts, caps, jackets, denims, team and work uniforms, outerwear, towels, bags, aprons, photographic gifts, pens, mouse pads, mugs, magnetic signs, banners, full color posters, as well as logo reproduction and creative design services. The Instant Imprints Center you will own and operate is referred to as a "Center". You will operate the Center under the Marks. "Marks" mean means such service marks, trademarks, trade dress, trade names and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of the business contemplated by the Franchise Agreement. Marks currently include "Instant Imprints Your Image People" and "Instant Imprints". You will also operate the Center according to our System. "System" includes copyrights, trade secrets, confidential information and know how, methods of creation, production and sale of embroidered and screen-printed apparel, direct garment printing, heat transfer products, digital wide format signs/banners, digital document services and advertising/promotional merchandise using specialized and highly developed techniques. This will include specific items such as T-shirts, golf shirts, caps, jackets, denims, team and work uniforms, outerwear, towels, bags, aprons, photographic gifts, pens, mouse pads, mugs, magnetic signs, banners, full color posters, as well as logo reproduction and creative design services. Also included is the training, equipment, standards of quality and uniformity of products and services offered, marketing techniques, methods and techniques for financial controls, record keeping, billing and collection procedures and process, accounting and reporting, personnel management, sales marketing and advertising, and development materials.

There are 2 types of Instant Imprints Centers. The "Growth" Instant Imprints Center is a smaller size store typically under 1,000 square feet. ("Growth Center"). It can sell all of the same products as any other Instant Imprints Center, but it has a more limited in-house production capability due to a reduced amount of equipment. An "Expanded Center" features a full complement of production capabilities. It is typically 1,200 – 1,600 square feet. If you already operate an Instant Imprints Center and you are in compliance under your existing Franchise Agreement, you can sign a new Franchise Agreement for a Growth Center and your existing Instant Imprint Center will produce some of the products sold through your Growth Center. Generally, you will operate an Expanded Center and 2 Growth Centers if you sign a Development Agreement described below. The term "Instant Imprint Center" includes any size or type of Instant Imprints Centers including Expanded Centers, Growth Centers and what was previously referred to as Hub Centers, Spoke Centers, Standard Centers regardless of whether owned by us, our affiliates, or our franchisees.

Your primary customer base will be small to medium sized businesses, along with larger corporations, educational non-profits and various other types of organizations. Your competitors include independent embroidery and screen-printing businesses, vinyl banner/sign shops, online websites, and certain catalog uniform and ad specialty companies and instant printing facilities operated by individual businesses and national and franchised locations.

Development Agreement

We also offer qualified applicants a Development Agreement for multiple Instant Imprints Centers (the "Development Agreement" in [Exhibit C](#)) which authorizes you to develop, own and operate 3 franchises in the territory designated in your Development Agreement ("Development Area"). Your Centers will operate under a "hub and spoke" model in which you will open 1 Expanded Center and 2 Growth Centers within the Development Area within a particular time frame. You or your controlled

affiliates must own and operate each Center you develop, and each Center will be operated under its own Franchise Agreement. If you agree to sign a Development Agreement, then the Franchise Agreement you sign for each Center will be our then-current form of franchise agreement at the time you sign. This franchise agreement may contain different than the original Franchise Agreement. You must sign Franchise Agreements for an Expanded Center and a Growth Center immediately after signing the Development Agreement with a timeline to open the Expanded Center and then the first Growth Center within 18-21 months. You will then sign a Franchise Agreement and open the additional Growth Center within 30 months of signing the Development Agreement.

If you refer a prospective franchisee for a new Center (not as part of a resale) to us, and your referral actually purchases a new Instant Imprints Center, our current policy is to “thank you” for the referral and provide you with a referral fee and/or other rewards. We may end or change this policy and impose rules and conditions whenever we choose. Persons who receive financial incentives to refer franchise prospects to us may be required to register as franchise brokers under the laws of some states. Franchisees who receive financial incentives to refer franchise prospects to us may be required to register as franchise brokers under the laws of Washington State.

Area Representative Program

We also offer qualified applicants an Area Representative whereby you will recruit franchisees to develop and operate Instant Imprints Centers within a specific geographic area. The Area Representative Program is offered under a separate Franchise Disclosure Document. Area Representatives also provide training, ongoing supervision and guidance to franchisees in exchange for a portion of the fees paid by the franchisees. Area Representatives do not sign any agreements with the prospective franchisee. Our Area Representatives do not have management responsibility relating to the sale or operation of the franchise.

Industry Regulations

The regulations vary from state to state and locality to locality for businesses that provide the types of services your Center will provide. Some states and/or municipalities may regulate embroidery, screen-printing and the retail sale of apparel. There also may be local, state and federal laws applicable to your Instant Imprints business. We encourage you to make further inquiries and review these laws with your legal counsel. You must comply with any state and local regulations pertaining to licensing of your Center. You must comply with all employment laws, rules and regulations, including the Equal Opportunity Employment Act, with respect to interviewing and hiring employees. You must check all applicable governmental laws, regulations and ordinances, and are responsible for knowing and complying with all laws and licensing requirements related to the operation of your Center. It is likely that you will be required by city and/or state law to obtain a license to operate the Center.

ITEM 2 **BUSINESS EXPERIENCE**

Ralph Askar – President and CEO/Director

Mr. Askar was appointed as our President and Chief Executive Officer in May 2011. From May 2010 until February 2011, he served, first as Acting Chairman, then as CEO of IIFI. He has been a partner in our Area Representative in San Diego, California since August 2008. Mr. Askar has also been President and CEO of IICA, Inc., and IITI our parents, in Burlington, Ontario, Canada since March 2007.

Christian Collucci – Executive Vice President Marketing and Development/Director

Mr. Collucci joined NFFI in May 2011 and served first as Chief Operating Officer and is currently Executive Vice President of Marketing and Development. Between October 2009 and February 2011, he served as a director of IIFI and has served as Chief Operating Officer of IICA.

John Tillger – CFO/Director

Mr. Tillger joined NFFI as CFO in January of 2013 and has been a director of NFFI since March of 2014. Mr. Tillger has also been President of Jomich Investments, Ltd in Toronto, Ontario, since March 1988.

Jim Blackburn – Chief Technology Officer

Mr. Blackburn has been Executive Vice President of Franchise Support since January 2015 and now is the Chief Technology Officer. Mr. Blackburn was Vice President of Technology and Communication from May 2011 until January 2015 and he was the Director of Information Technology for IIFI from April 2008 to April 2011.

Danny Lyon – Executive Vice President of Training and Franchise Partner Support/Director

Mr. Lyon became a director in May 2011 and in 2016 became the Executive Vice President of Partner Training and Support. He has also been a Director of Instant Imprints, LLC in Alberta, Canada since August 2010. Mr. Lyon has also been an area developer for The UPS Store in Alberta, Canada, from September 1998 until 2019. He resides in Alberta, Canada.

Wilson Sawyer – Director

Mr. Sawyer has been a director since May 2011, and was a director of IIFI from June 2009 until February 2011. He founded Ten Nineteen LLC in March 2005, became its Managing Member, and acquired an Instant Imprints Area Representative in Raleigh, North Carolina in December 2004. Mr. Sawyer continues to be the Managing Member of Ten Nineteen LLC and is an Instant Imprints Area Representative in Raleigh, North Carolina.

Jason Leigh Otte – Area Representative

Mr. Otte, as President of Flatwater Corporation, has been an Instant Imprints Area Representative in Charlotte, NC since January 2019. From July 2018 until January 2019, Mr. Otte was self-employed doing franchise research in Tega Cay, South Carolina. From September 2016 until July 2018, Mr. Otte was a Director of Honeywell in Fort Mill, South Carolina and from September 2004 until September 2018, Mr. Otte was the Senior Vice President of Bank of America in Charlotte, North Carolina.

Steve Efroymsen – General Counsel

Mr. Efroymsen has been the owner of Stephen W. Efroymsen Law Office in La Jolla California. From 2005 until August 2014, Mr. Efroymsen was of counsel with Barker Olmstead & Barnier.

ITEM 3 **LITIGATION**

Pending Actions

Hamid Lotfollahi v. Ralph Askar, John Tillger, II Transatlantic Inc.,

Hamid Lotfollahi v. Ralph Askar, John Tillger, II Transatlantic, Inc., a Delaware Corporation, 1184126 Ontario, Inc., a Canadian Corporation (Case 37-2019-00062129-CU-FR-CTL) was filed in the Superior Court of the State of California, San Diego, California on November 22, 2019. Mr. Lotfollahi is a shareholder in IITI. 1184126 Ontario Inc is a Canadian corporation owned by Ralph and Lisa Askar. The lawsuit alleges causes of action for fraudulent misrepresentation, negligent misrepresentation, fraudulent concealment and rescission involving the sale of IITI common shares owned by Mr. Askar and the Ontario company to Mr. Lotfollahi. for a total amount of approximately \$666,000 USD. The recession cause of action is not against IITI. The complaint was amended in early January 2020 and subsequently amended for a second time in March 2020. The plaintiff is seeking special damages in excess of \$666,000 USD against the defendants as well as punitive and exemplary damages against Mr. Askar and Mr. Tillger according to proof plus pre-judgement interest.

IITI and the other defendants have denied the claims set forth in the complaint, and each are vigorously defending the lawsuit. In connection with this defense IITI filed a Cross Complaint against Hamid Lotfollahi for Breach of Fiduciary Duty; Negligent Misrepresentation; Fraud; Abuse of Control; Corporate Waste; Breach of Contract; Trade Libel; Tortious Interference; and has requested Injunctive relief on the original lawsuit. A demurrer to the Cross-Complaint was filed and a ruling was recently issued in favor of IITI. As a result of Covid-19, significant delays in court proceedings are occurring resulting in uncertain timelines for the case moving forward. No trial date has been set.

Ruby Rules, LLC v No Frill Franchising, Inc.

Ruby Rules, LLC v No Frill Franchising, Inc., a Delaware corporation; BizUp, Inc. a California corporation; Ralph Askar, an individual (Case No 37-2020-00027801-CU-BC-CTL) was filed in the Superior Court of the State of California, San Diego, CA on August 7, 2020. No Frill is a wholly-owned subsidiary of II Transatlantic, Inc. and franchises Instant Imprints franchises in the United States. Ruby Rules was a franchisee for an Instant Imprints franchise and had a management services agreement with BizUp, Inc., a company currently owned by Mr. Askar and Mr. Lotfollahi, to run the operations of the franchise for a period before the majority member of Ruby Rules received a visa to immigrate to the United States. There was also an Option pursuant to which the franchisee could request that BizUp either find a third-party purchaser for the franchise and if unsuccessful require BizUp to purchase the franchise at a formula based price. Requests were made by the plaintiff under the Option. The defendant BizUp believed it had responded appropriately to the requests. Among other claims, Ruby Rules alleges breach of BizUp obligations. The causes of action are breach of contract, breach of covenant of good faith and fair dealing, fraud, promise without intent to perform, violation of California Franchise Investment laws, and unfair business practices. The Plaintiff seeks damages according to proof of not less than \$250,000 plus punitive or exemplary damages, costs of suit, prejudgment interest and attorney fees. Defendants filed an Answer claiming 22 affirmative defenses. Defendants believe that the law firm who filed the complaint on Plaintiff's behalf is no longer representing the plaintiff. As a result of Covid-19, significant delays in court proceedings are occurring resulting in uncertain timelines for the case moving forward. No trial date has been set.

Gunther Graphics Inc. v. No Frill Franchising, Inc. and Gregg Chiasson

Gunther Graphics Inc. v. No Frill Franchising, Inc. and Gregg Chiasson (Case No 2020CV30839) was filed on April 15, 2020 in the District Court, Arapahoe, County, State of Colorado. No Frill is a wholly-owned subsidiary of II Transatlantic, Inc. and franchises Instant Imprints franchises in the United States. Gunther Graphics entered into a franchise agreement in September 2018 with No Frill for an Instant Imprints franchise located in Centennial, Colorado and purchased substantially all the assets related to the Instant Imprints store from Mr. Chiasson who was at the time of purchase the franchisee of an Instant Imprints franchise at the same location. The claim against No Frill is for Breach of Contract for failing to complete all its obligations under the Franchise Agreement mainly regarding failure to provide marketing support and training services. The claim against Mr. Chiasson is for fraudulent inducement by misrepresenting the financials to purchase the assets. Plaintiff is seeking general and special damages in amounts determined at trial flowing from the alleged breaches as well as prejudgment and post judgment interest, costs of suit, witness fees and attorney fees.

No Frill has been vigorously defending the lawsuit. The parties had planned to go to mediation and No Frill had submitted a mediation brief to Plaintiff's and co-defendant's counsel in November 2020. However, Plaintiff has substituted out its original counsel, and No Frill has not heard from the new attorney. No trial date has been set.

Prior Actions

No Frill Franchising, Inc. (Plaintiff) v. Instant Imprints of Westminster and Shelley Varasteh (Defendants), Case No. 73114E0312309

Date Filed: Not filed.
Relief Sought: Injunction and Monetary damages for breach of contract and other related claims.
Venue: District Court of Colorado, County of Adams
Disposition: Settled.

Statement of the Case: Our predecessor IIFI sought recovery of past due royalties from the franchisee Defendants, through a prior arbitration proceeding before the American Arbitration Association (AAA File No: 73 114 E 0312309 LGB; 77114 Y 00355 09). In the arbitration, Defendants asserted a counterclaim against IIFI, seeking recovery from IIFI for alleged breach of contract, fraud and misrepresentation. On October 12, 2012, following mediation, the parties agreed to a conditional settlement which required Defendants to enter Plaintiffs' resale program and to work in good faith towards the sale of the Center to a potential third-party franchisee. At that time, the AAA held the case in abeyance pending final resolution under the settlement. In this action, we sought injunctive relief to enforce the terms of settlement agreement, to compel transfer of Defendants' business assets and to enjoin Defendants from continuing to operate the business. We also sought recovery of royalties and other monetary damages from Defendants for failure to submit required royalty statements and payments. This matter was resolved under a confidential Settlement Agreement dated February 9, 2015, under which the parties released one another and dismissed their respective claims, without payment by either party.

No Frill Franchising, Inc. (Plaintiff) v. Transition Solutions and Tommy Berry (Defendants), Case No. 2011CV5284

Date Filed: May 16, 2011
Relief Sought: Injunctive relief and monetary damages for breach of contract

Venue: District Court, Denver, CO
Disposition: Settled

Statement of the Case: In a prior arbitration matter before the American Arbitration Association (AAA FILE NO: 73 114 E 17941 08 CHPA), our predecessor IIFI sought recovery of past due royalties from Defendants, who had failed to submit required royalty statements and payments. Defendants asserted counterclaims for fraud, misrepresentation and breach of contract. On December 3, 2009, Defendants dismissed their counterclaims and entered into a settlement agreement with IIFI, which obligated Defendants to immediately fulfill reporting obligations and to pay IIFI past due royalties. IIFI later filed this suit against Defendants alleging that the Defendants failed to meet their obligations under the settlement agreement and alleging claims for breach of contract, unjust enrichment and seeking injunctive and declaratory relief. Defendants asserted counterclaims for breach of contract and for rescission. Prior to trial, the case and counterclaim were settled pursuant to a confidential settlement agreement whereby Defendants paid IIFI approximately \$5,000.

Other than these actions, 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

The Franchise Establishment Fee is \$24,950 and is due and payable when you enter into our Franchise Agreement (“Franchise Establishment Fee”).

If you already own an existing printing business and want to convert (a “Conversion Franchisee”), the amount of the Franchise Establishment Fee is based on the level of annual revenue your existing business generated in the calendar year prior to signing the Franchise Agreement.

Annual Revenue	Franchise Establishment Fee for Conversion Franchisee
\$200,000 and \$399,999	\$19,950
\$400,000 and greater	\$10,000

We offer a Veteran/First Responder Grant Program that provides special financial incentives to veterans of the U.S. Armed Forces and first responders—*i.e.* police, firefighters, and emergency medical technicians (an EMT)—that meet the program qualifications and are not Conversion Franchisees. If you qualify under the program, you receive a \$10,000 discount off the Franchise Establishment Fee which then will be \$14,950.

You will pay us a \$10,000 Opening Launch Program Deposit that we will spend to promote the launch of your Center. If your Center is a transfer of an Instant Imprints Center, the Opening Launch Program Deposit is only \$5,000

You must purchase or lease an Equipment Package from us. The Equipment Package includes the fixtures, furniture and the manufacturing equipment, computer hardware and software, inventory, supplies, signage, and shipping and handling and taxes. The costs will depend on what type of

Center you are planning on opening and operating. Typically, franchisees finance the Equipment Package over 5 years. The range in the chart below includes the deposit and 3 months of payments:

Type of Center	Finance Equipment Package	Purchase Equipment Package
Expanded Center	\$27,190 - \$37,002	\$110,210 \$142,711
Growth Center	\$22,982-\$27,882	\$70,463

You must pay us a training fee of \$5,000 for the initial training and on-site assistance we will provide (“Training Fee”). The Training Fee is only paid for your first Center.

You will pay us a Design, Buildout Coordination and Management Fee of \$7,500. For this fee, we will assist in the design of the premises, coordination of the timing of the delivery and installation of the items in the Equipment Package.

You are required to pay us \$1,500 as a prepayment to cover the cost of having our preferred supplier of bookkeeping services provide the bookkeeping services to you for the first 6 months of operations. After the initial 6 months, you are allowed to continue the program or use a different supplier.

All of the fees and costs described above are fully earned when paid and not refundable under any circumstances.

Development Agreement

You will pay us a Development Fee is \$74,850 which represents the Franchise Establishment Fees for the 3 Centers you will open and operate pursuant to the individual Franchise Agreements. Under the Development Agreement you will open 1 Expanded Center and 2 Growth Centers. Once you sign each Franchise Agreement, that portion of the Development Fee will represent payment in full of the Franchise Establishment Fee required under that Franchise Agreement. The Development Fee is fully earned when paid and not refundable under any circumstances

ITEM 6 **OTHER FEES**

Type Of Fee	Amount	Due Date	Remarks
Royalty (Note 1)	6% of annual Sales Subject to Royalty (“SSTR”) from 0-\$1,000,000 4% for SSTR between \$1,000,001-\$2,000,000, and 0% for SSTR over \$2,000,001	Payable monthly by the 5 th day of the month	Via electronic funds transfer or other methods approved by us
Brand Fee (Note 2)	2% of annual SSTR up to \$1M; \$0 on annual SSTR exceeding \$1M	Payable monthly by the 5 th day of the month	Via electronic funds transfer or by other methods approved by us

Type Of Fee	Amount	Due Date	Remarks
Local/Regional Advertising Contribution	Minimum of 3% of annual SSTR is recommended	Recommended monthly expense (not collected by us)	If we establish an advertising cooperative in your region, you may have to contribute to the cooperative. The affiliate-owned outlets, if within the coop, will have a vote
Renewal Fee	25% of the then current Initial Franchise Fee	Upon renewal	If you renew your Franchise Agreement
Transfer Fee Franchise Agreement	\$15,000 plus the Training Fee and a \$5,000 Opening Launch Program Deposit	Upon transfer (paid by the buyer)	If you are planning on transferring ownership in you the assets of your Center or the Franchise Agreement or Development Agreement
Transfer Marketing Fee	9% of the sale price of the Center	Upon closing of the transfer of the Center	Payable to us we generate the lead that results in the sale of your Center to a new franchisee.
Assignment Fee	\$1,000	Upon closing of the assignment of the ownership of the Center	Payable upon transfers of ownership interest in you among family members or other existing owners
Audit	\$1250 + travel expenses plus interest on underpayment	Payable at the time of audit	Payable only if an audit shows an understatement of at least 3% of the SSTR
Additional Training and Assistance	Fee and all expenses	Upon request or as we require	This is for additional training we may provide from time to time and is variable depending on what additional training or assistance is required
Technology Support Fee	\$300 per month, or the then-current fee	Payable monthly to us by the 5 th day of the month	This fee is subject to reasonable increases from time to time. Includes point-of-sale software, email, extranet and online services
Late Fees and Interest	\$100 and the lesser of Prime +5% or the maximum interest rate allowed by law per annum	On demand	Late fees and Interest will accrue from the day after the date the fees were due
Costs and Attorney's Fees *	Actual Costs	Upon demand	You'll reimburse us for accounting, attorneys', arbitrators' and related fees incurred by us if we are forced to seek enforcement or defense

Type Of Fee	Amount	Due Date	Remarks
Taxes (Note 3)	Actual Costs	Upon demand	Payable if certain taxes are levied or assessed on the fees you pay to us or our affiliates
Indemnification*	Will vary under circumstances	As incurred	You must reimburse us if there are 3 rd party claims against us resulting from the operation of your Agency.
Dispute Resolution Fees*	\$50,000 plus attorneys' fees and expenses	Upon invoice	Only applicable if you do not follow the dispute resolution requirements in the Franchise Agreement or the Development Agreement

Unless otherwise noted, all fees are uniformly imposed and are payable to us and are non-refundable.

*These fees are required under the Development Agreement and the Franchise Agreement.

Note 1: "Sales Subject to Royalties" or "SSTR" means the entire amount of actual sales, whether for cash, credit or otherwise, of all sales of products and services at or in connection with the franchised business and all other receipts from all business conducted at or originating from the Center premises, including proceeds from any business interruption insurance. If your Center produces products for another Instant Imprints Center, the revenue from such products is not included in your SSTR. The revenue collected from the Instant Imprints Center that sells the product to the customer is included in that Instant Imprints Center's SSTR. In addition, the SSTR does not include any sums collected by you on behalf of and paid to a governmental taxing authority for taxes imposed upon the sale of goods or services from the Center. Sales Subject to Royalties does not include uncollectible accounts (bad debts) or approved customer refunds.

If you are a Conversion Center, the Royalty Fee for the first year of the Franchise Agreement is 3% to a max of \$500,000 in SSTR. In the second year, the Royalty Fee is 4.5% of the SSTR and in the third year and thereafter, the Royalty Fee is 6%.

The Royalty Fee is a monthly percentage of SSTR. The percentage used to calculate these fees varies based on the level of total SSTR that have been achieved by your Center during the then-current calendar year.

Note 2: The Brand Fee is a monthly percentage of SSTR. The percentage used to calculate these fees varies based on the level of total SSTR that have been achieved by your Center during the then-current calendar year. The fee amount phases out to \$0 once the Center achieves annual SSTR of \$1 million during the applicable calendar year. The Brand Fee is for the development of the brand.

Note 3: You must pay us the amount of any state or local sales, use, gross receipts, or similar tax that the State or local government authority imposes on fees which you pay to us under the Franchise Agreement, without offset or deduction of any kind. Your obligation to reimburse us for these taxes does not extend to income-type taxes which a State or local government imposes on our income.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(Expanded Center)

Type Of Expenditure	Amount¹	Method Of Payment	When Due	To Whom Payment Is To Be Made
Franchise Establishment Fee ¹	\$ 24,950	Lump Sum	When you sign Franchise Agreement	Us
Training Fee	\$ 5,000	Lump Sum	When you sign the Franchise Agreement	Us
Travel and Living expenses while attending training	\$ 0 – \$ 2,000	Lump Sum	During training	Restaurants, Hotel, Airlines, Entertainment, etc.
Equipment Package ²	\$ 32,977 – \$142,711	Lump Sum	Before Opening	Us
Design, Buildout Coordination and Management Fee	\$ 7,500	Lump Sum	Before Opening	Us
Bookkeeping and Accounting Fee	\$ 1,500	Lump Sum	When you sign the Franchise Agreement	Us
Leasehold Improvements ³	\$ 15,000 – \$ 35,000	As incurred	As incurred, before opening	Landlord / Contractor
Opening Launch Program Deposit	\$ 10,000	Lump Sum	Before Opening	Us
Rent ⁴	\$ 3,000 – \$ 10,000	As incurred	As incurred (monthly)	Landlord
Security Deposit / Utility Deposits / Licenses	\$ 1,500 – \$ 4,000	Lump Sum	As incurred	Suppliers/ Utilities
Business Insurance ⁵	\$ 500 – \$ 600	As incurred	As incurred	Suppliers

Type Of Expenditure	Amount ¹	Method Of Payment	When Due	To Whom Payment Is To Be Made
Miscellaneous Supplies	\$ 1,500 – \$ 2,500	As incurred	As needed	Employees, Suppliers and other third-party vendors
Professional Fees	\$ 1,000 – \$ 3,500	As Incurred	Before Opening	Attorneys and Accountants
Additional Funds [initial period – 3 months] ⁶	\$ 25,000 – \$ 40,000	As incurred	As needed	Employees, Suppliers and other third party vendors
Total ⁷	\$129,427 \$289,261			

(Growth Center)

Type Of Expenditure	Amount ¹	Method Of Payment	When Due	To Whom Payment Is To Be Made
Franchise Establishment Fee ¹	\$ 24,950	Lump Sum	When you sign Franchise Agreement	Us
Training Fee	\$ 5,000 \$ 5,000	Lump sum	When you sign Franchise Agreement	Us
Equipment Package ²	\$ 22,982- \$ 70,463	Lump Sum	Before Opening	Us
Design, Buildout Coordination and Management Fee	\$ 7,500	Lump Sum	Before Opening	Us
Bookkeeping and Accounting Fee	\$ 1,500	Lump Sum	When you sign the Franchise Agreement	Us
Leasehold Improvements ³	\$ 15,000 - \$ 35,000	As incurred	As incurred, before opening	Landlord / Contractor
Opening Launch Program	\$ 10,000	Lump Sum	Before Opening	Us
Rent ⁴	\$ 3,000 – \$ 9,000	As incurred	As incurred (monthly)	Landlord

Type Of Expenditure	Amount ¹	Method Of Payment	When Due	To Whom Payment Is To Be Made
Security Deposit / Utility Deposits / Licenses	\$ 1,500 - \$ 4,000	Lump Sum	As incurred	Suppliers/ Utilities
Business Insurance ⁵	\$ 500 - \$ 600	As incurred	As incurred	Suppliers
Miscellaneous Supplies	\$ 1,500 - \$ 2,500	As incurred	As needed	Employees, Suppliers and other third-party vendors
Professional Fees	\$ 1,000 - \$ 3,500	As Incurred	Before Opening	Attorneys and Accountants
Additional Funds [initial period – 3 months] ⁶	\$ 25,000 - \$ 30,000	As incurred	As needed	Employees, Suppliers and other third party vendors
Total ⁷	\$119,382 \$204,013			

Except where noted otherwise, all amounts that you pay to us are nonrefundable. Third-party lessors and suppliers will decide if payments to them are refundable. If you are a Conversion Franchisee, your initial investment expenses may be different based on the leasehold improvements, build out of the premises and the equipment you already possess. If you are signing a Development Agreement you will also owe \$74,850 for the Development Fee which is in lieu of the Franchise Establishment Fees for all 3 units.

¹ The Franchise Establishment Fee is discussed in detail in Item 5 of this Disclosure Document. The standard Franchise Establishment fee is \$24,950; however, there are a variety of reduced establishment fees available under certain circumstances.

² The Equipment Package includes fixtures, furniture and the manufacturing equipment, including computer hardware and software you will need to operate the Center as well as inventory, supplies and signage. This range also includes shipping and handling for the Equipment Package, the cost of which will vary depending on your Center location. We have also included an estimate of state and local sales taxes that may apply. Typically, franchisees will elect to finance the Equipment Package over a 5 year period. The lower range assumes that you will lease/finance the cost of the Equipment Package. This lower amount represents the deposit or down payment and 3 months of payments. The higher range assumes that you will purchase the equipment outright. The costs for the Equipment Packages \$70,463 for a Growth Center and \$110,210 - \$142,711 for an Expanded Center.

³ When a site has been selected, we will provide you with layout, drawings and design of a typical Instant Imprints Center. The cost of construction, improvements or building varies widely by the size of the space, the existing improvements and local construction rates. Until a specific site is located

and evaluated a reliable estimate of costs cannot be reliably projected. Sometimes you may receive a construction allowance from the landlord and if so, the costs may be reduced accordingly.

⁴ Typically you will need to lease space from a landlord. These costs will vary greatly depending on the metropolitan area where the Center will be located and is dependent on factors such as size, condition and location of the leased premises. Based on our experience, rent will typically range from \$500 to \$4,000 per month or approximately \$1.80 to \$2.60 per square foot. The typical Growth Center has approximately 800 to 1,000 square feet, and the typical Expanded Center has 1200-1600 square feet, good ingress and egress and road visibility. Typical Centers are in a strip plaza or a street level location.

⁵ The amount listed in this table reflects our estimate of basic insurance for your first 3 months of operation. Your expenses will vary depending on your exact requirements as dictated by your landlord and/or local insurance rates.

⁶ This item estimates your expenses during the initial period of operation of the Center (other than the items identified separately in this table). These expenses include estimated payroll costs, benefits, the cost to have your utilities, additional inventory requirements, supplies, etc., but do not include an estimate for the cost to purchase the property where your Center will operate, fee from Item 6 or an owners' draw or salary. These figures are estimates, and you may have additional expenses in order to start the business. Your costs will depend on factors similar to these: how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and sales level reached during the initial period. These figures were based on the experience of our franchisee since in 2002. Expenses may differ in other parts of the country.

⁷ Costs and expenses can vary depending on factors like local real estate values, cost of labor and supplies. Except as described above, none of the fees listed in this Item are refundable. Your financial condition and arrangements negotiated by and the business decisions made by you will also affect these costs. There can therefore be no assurance that the experience of a particular franchisee will correspond with the information presented above. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

We do not offer, either directly or indirectly, financing to you for any items except as described in Item 10. The availability of financing will depend upon various factors like the availability of financing generally, your credit worthiness, other security that you may have, and the requirements of lending institutions concerning the type of business to be operated by you.

ITEM 8 **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

In order to ensure a standard image and standard quality of products and services in all Instant Imprints franchised businesses, you must maintain and comply with our quality standards. You must improve and equip the premises from which you operate the Center in accordance with our then current accepted design specifications and standards. In addition to meeting our design specifications and standards, you must ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state or local laws. You also must use equipment (which includes hardware and software for the computer system), signage, fixtures, furnishings, products, supplies, and marketing and sales promotion materials that meet the specifications and/or standards in our Manual. We may change our specifications and standards at any time in our sole discretion

You must sell or use only those products and services in connection with the Marks and Center that we have approved in writing or that otherwise meet our quality standards. The purpose of this requirement is to ensure that all franchises adhere to the quality standards associated with Instant Imprints businesses. Requests for approval of additional products or services or of an additional supplier may be submitted in writing to us and you will be notified of an acceptance or rejection within 30 days. We are not required to approve your requests. We do not charge a fee to review your proposed supplier. We do not provide our criteria for approving suppliers to franchisees. We may revoke our approval of a supplier or of a particular product or service at any time.

We are the sole approved supplier for the Equipment Package. After you receive the initial Equipment Package, we do not require you to purchase your on-going supplies for the operation of your franchise through us however you must purchase products or supplier from our other approved suppliers. We may periodically reject certain suppliers that are not on our list of approved vendors for quality or other reasons. In an effort to provide you additional benefits, we do interview, select, and negotiate prices, special shipping and other terms with suppliers. We locate our preferred suppliers through personal contact, previous business dealings, franchisee referral and attendance at industry trade shows as well as other various means. We provide you with a list of the names, addresses and phone numbers of local and national vendors which we approve for your use when you open your Center. None of our officers own an interest in any other supplier with whom you are required to deal except for us.

In the year ending December 31, 2020, we received \$13,957 from the sale of products to our Unit Franchisees or .02% of our total revenues of \$552,683. The cost of goods and services purchased in accordance with our specifications will represent approximately 78% of your total purchases in establishing your Center and approximately 40% of your total purchases during operation of the Center.

We have not established any purchasing or distribution cooperatives. Although we are not required to provide material benefits to you based on your purchase of particular products or services or use of a particular supplier, it is our practice to seek out and establish strategic procurement relationships with key vendors and these relationships may generally benefit our franchisees. Benefits to our franchisees from our relationship with key vendors may include automatic qualification for preferred pricing programs, reduced or no cost product training, and priority ordering for limited stock supplies. Some key vendors may independently contribute to our Marketing Fund or sponsor our annual conference. In the fiscal year ended. In the fiscal year ended December 31, 2020, we received administrative fees and rebates from vendors totaling \$13,835. Of this \$9,843 was given to our franchisees.

We are not obligated to do so in the future.

You must purchase and maintain liability insurance in an aggregate amount that we designate periodically. You must hold certain business insurance policies including comprehensive general liability policy, a policy covering "all risk" of physical loss business interruption and additional policies as may be required under your local laws or ordinances. Each policy must name us and the Franchisor-Related Persons/Entities (us, or affiliates and/or officers, directors, employers and representatives) as additional named insureds, will contain a waiver of all subrogation rights against us, our affiliates (if any), the Franchisor- Related Persons/Entities and any successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellation, or expiration of the policies.

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 other items of this Disclosure Document.

	Obligation	Section In Franchise Agreement (FA) or Development Agreement (DA)	Item In Disclosure Document
a.	Site selection and acquisition/equipment	Section 4.B (FA); Section I (DA)	Items 7, 11 and 12
b.	Pre-opening purchases/leases	Section 4.B (FA)	Items 7, 8 and 11
c.	Site development and other pre-opening requirements	Section 3 (FA); Section I (DA)	Items 5, 7 and 11
d.	Initial and ongoing training	Section 6 (FA)	Items 7 and 11
e.	Opening	Section 5.A (FA);	Item 11
f.	Fees	Section 7 (FA); Section IV (DA)	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Section 4.E(FA)	Items 8 and 11
h.	Trademarks and proprietary information	Section 11 (FA)	Items 13 and 14
i.	Restrictions on products/services offered	Section 5.D (FA)	Item 16
j.	Warranty and customer service requirements	Section 5.D (FA)	Item 11
k.	Territorial development and sales quotas	Section 1 (FA); Section I (DA)	Item 12
l.	Ongoing product/service purchases	Section 5.M (FA)	Item 8
m.	Maintenance, appearance and remodeling requirements	Section 5.L (FA)	Item 11
n.	Insurance	Section 10 (FA)	Item 6
o.	Marketing/Advertising	Section 9 (FA)	Item 11
p.	Indemnification	Section 16(Y) (FA); Section IX (DA)	Item 6
q.	Owner's participation/ management/ staffing	Section 5.G (FA)	Items 11 and 15
r.	Records/reports	Section 8 (FA)	Item 6
s.	Inspection/audits	Section 5.H (FA)	Items 6 and 11
t.	Transfer	Section 12 (FA); Section VI (DA)	Item 17
u.	Renewal	Section 2.B (FA)	Item 17
v.	Post-termination obligations	Section 14 (FA)	Item 17
w.	Non-competition covenants	Section 15 (FA);	Item 17
x.	Dispute resolution	Section 17 (FA)	Item 17

ITEM 10
FINANCING

We may, in our sole discretion provide financing of ½ of the Franchise Establishment Fee for the purchase of subsequent franchises by existing Instant Imprints franchisees which are in good standing under their existing Franchise Agreements. In addition, if you sign an Area Representative Agreement (see separate Area Representative FDD) and wish to establish a Spec Center, we will finance the Franchise Establishment Fee.

Summary of Financing Offered

Item Financed	Source of Financing	Down Payment	Amount Financed	Term (Yrs)	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Franchise Establishment Fee Subsequent Unit	Franchisor	\$14,950	\$10,000	3	0%	\$300	None	Assets of Center and Guaranty	Acceleration of debt, loss of business & atty's fees	Waiver of Notice
Franchise Establishment Fee for Spec Centers under Area Program	Franchisor	\$5,500	\$19,450	12 months	0%	Balloon payment when Center opens or is sold	No	Assets of Center and Guaranty	Acceleration of debt, loss of business & atty's fees	Waiver of Notice

You must execute the Promissory Note attached as Schedule D of the Franchise Agreement to this Disclosure Document. We require you, your owners and their spouses to sign a Personal Guarantee and to provide us with a security interest in the Center's assets, whether owned now or acquired later, and in all additions, located at or arising from transactions related to the Center, all policies of insurance covering such assets and all proceeds thereof. The Promissory Note may be prepaid without penalty at any time during the 4-year term. If you default under this Note, or default under the Franchise Agreement and such default is not cured under the terms thereof, if any, the entire principal balance will immediately become due and payable ("acceleration") at our option. Upon acceleration of the Promissory Note, interest will accrue on all unpaid amounts from the date of acceleration at a rate of 18% per annum or the maximum rate permitted by law, whichever is less, until the entire principal balance and all accrued but unpaid interest is paid. We may also obtain court costs and attorneys' fees if a collection action is necessary. You waive presentment, protest and demand, delinquency, notice of protest, demand and dishonor, and any other notice otherwise required to be given by law in connection with the delivery, acceptance, performance, default, enforcement or collection of the Promissory Note, and expressly agree that the Promissory Note, or any payment thereunder, may be extended or subordinated, without affecting your liability.

Other than as described above, we do not arrange financing from other sources. It is not our practice or intent to sell, assign, or discount to a third party all or part of the financing arrangement. We and our affiliates do not receive any consideration for placing financing with a lender.

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

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

Before you open the Center, we will:

1. Designate your Designated Territory (See the Franchise Agreement, Section 1.C and Summary Pages).
2. Designate your Development Area (See the Development Agreement, Section I and Summary Pages).
3. Approve or disapprove a site for your Center. We do not currently own sites for leasing to franchisees. Although we may provide you with assistance in locating a site and negotiation of the lease, you are still solely responsible for investigating the suitability of the site and having any leases or sales contract for site review approved by your lawyer. (See the Franchise Agreement, Section 3).

If you intend to lease a site, you will submit a copy of the proposed lease to us, within 30 days of our consent to the site. Within 10 days of execution of the lease, you shall provide us a copy of the executed lease. The lease must include substantially the terms in the Lease Rider, which is Schedule F of the Franchise Agreement.

4. Provide you with a prototype plans and drawings for the Center (See the Franchise Agreement, Section 4.A).

We provide you with a prototype layout and design of your Center. Any such suggestion will not include the requirements of any federal, state, or local law, code, or regulation, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities, nor shall such suggestions include the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build the Center. You will construct the Center in accordance with specifications and plans prepared by you based upon our standards, subject to our right to consent. The cost of plans and specifications shall be borne by you. Our consent shall be limited to review of such plans to assess compliance with our design standards for Instant Imprints Centers, including such items as trade dress, presentation of trademarks, and the provision to the potential customer of certain products and services that are central to the functioning of the Center.

5. Provide approved suppliers or specification for the products and services you need to equip your Center (See the Franchise Agreement, Section 4.B).

You will purchase the equipment you need to begin operations of the Center from us as part of the Equipment Package. We will order all supplies and equipment, as well as coordinate delivery and installation schedules. We will initiate the setup of accounts with various industry vendors on your behalf. These services are included in the Buildout Coordination Fee. Note that some improvements of the premises, fixture assembly and equipment set up will be your responsibility.

6. Provide an initial training program for the operation of the Center to you and at least 1 designated managers. This training is described in greater detail later in this Item 11 (See the Franchise Agreement, Section 6).

7. Provide you with electronic access to the Operations and Training Manual (See the Franchise Agreement, Section 4.E);

This Operations and Training Manual, which may be in a format determined by us (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.) ("Manual") is confidential and remains our property. You will operate your Center in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manual which are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments thereto, all of which are a part of the Manual.

You must treat the Manual, any other manuals or written materials provided by us or our affiliates for use in the operation of the Center, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place within the Center. It must be returned to us upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from or revisions to the Manual which you have to comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit E to this disclosure document. Currently, the electronic Manual contains approximately 281 pages

Site Selection

We will provide you with our site selection criteria for an Instant Imprint Center. The site must meet our criteria for demographic characteristics: traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; foot traffic; daytime business population; size; appearance; and other physical and commercial characteristics. We will approve or disapprove a location you propose within 30 days after receiving your description of the site and all demographic information we require in order to evaluate the site. We will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to assist in designating the location, although we will not conduct site selection activities for you. If you do not open the Center for business within 9 months of the date you signed the Franchise Agreement, we have a right to terminate your Franchise Agreement.

Time for Opening the Center

We must approve or disapprove your site within 1 months after we receive notification of your proposed site and all necessary information regarding the site in order to review it. You must participate in the site selection process, and must enter into a Center lease before attending our franchise training class. During the 6-week training period, either your landlord or the contractors that you hire will build out your Center location. The total time from signing of the Franchise Agreement to the Center opening is approximately 18 to 27 weeks. Factors that may affect this time period include the ability to obtain a lease, ability to procure and install equipment and computers and signs, make

acceptable financial arrangements, obtain any required approvals in zoning and/or building permits, as well as resolve other factors bearing on construction. If you do not open the Center for business within 9 months of the date you signed the Franchise Agreement, we have a right to terminate your Franchise Agreement.

During the Operations of your Center, we will:

1. May continue to train and assist you in the operation of the System (See Franchise Agreement, Section 6).
2. May offer you continual advice and guidance for your Center's ongoing business by telephone and via the Internet at no independent charge to you. (See the Franchise Agreement, Section 4.F.)
3. May hold franchisee conventions at different locations for 2-3 days. (See the Franchise Agreement, Section 6.D).
4. Send 1 representative to your Center to provide on-site assistance for a period of 5-7 days of pre-opening training, post training, and soft opening support (See Franchise Agreement, Section 6.B).
5. Provide the FastStart Program to you for a period of 15 weeks beginning within 2 weeks after your Center opens for business (See Franchise Agreement, Section 6.E).
6. Continue to loan you the Manual (See Franchise Agreement, Section 4.E).
7. Have an approved supplier provide you bookkeeping services for a period of 6 months once you begin operation of the Center. This is included under the Bookkeeping and Accounting Fee (See Franchise Agreement, Section 4.D)

Advertising

In prior years, franchisees were required to contribute to a National Media Fund. Beginning in 2021, our new franchisees and some of our existing franchisee will no longer be required to contribute to the National Media Fund. The balance in the National Media Fund will be accounted for and the remaining balance used to pay for expenses incurred by the Fund in the future. In 2020, approximately 100% of the National Media Fund was for placement. We will provide unaudited financial statements of the National Media Fund upon your reasonable request.

Local Advertising

In addition to the Brand Fees, we recommend that you spend up to 3% of your Center's SSTR on local marketing efforts. We have the right to review and approve any marketing materials that you propose to use. You must submit all of your own advertising and sale promotion materials to our designated advertising agency or us for approval before use. If you do not receive written disapproval within 20 days after we or they receive the materials, we will be deemed to have given approval. You are responsible to ensure that all advertising and promotion materials used by you, whether created or consented to by us, comply with applicable laws. You may not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct.

You may not advertise or use any of the Marks on the Internet except after obtaining our consent. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us. We may require you to place all such electronic advertisements with our designated third-party vendor or us. Further, you may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user or account name, or in the content of any website or mobile application, including any social media website (such as LinkedIn, Facebook or Twitter). We maintain and control the web site www.instantimprints.com. We may provide contact information for Instant Imprints Centers, including the Center, on our website for so long as we determine.

You agree to create and continuously conduct, during the Term, a full-time and ongoing marketing program, and you agree to devote a minimum of 8 hours per week, either personally or through an employee, to conducting such a marketing program. You further agree to create a marketing file and record all marketing activities therein. This file shall remain in the Center and be available to us to review upon reasonable notice.

Franchise Advisory Council

We have established a Franchise Advisory Council ("FAC"), which is comprised of both franchisee representatives and personnel from NFFI. Franchisee representatives are invited to participate in the FAC by us (subject to our eligibility requirements) and are not elected by franchisees at this time in order to try to obtain franchisees from different regions and different ages in the system. Our plan is that once we have a sufficient number of franchisees, we will transition to having the franchisee representatives elected. The FAC serves in an advisory capacity concerning operational and marketing matters facing the System. If we propose a change to franchise agreements which is approved by a majority of the members of the FAC Board who vote at a duly constituted FAC meeting after having received at least 30 days' notice of the proposed amendment, then the change shall be binding upon you in 90 days or at such later date as we may specify, as if the modification had been included in your franchise agreement. Your Manual will contain additional information regarding the FAC. We have the power to change or dissolve it.

Local/Regional Marketing Programs and Cooperatives

Although we have not yet done so in any region, we have the right, in the future, to require that you participate in, and contribute a maximum of 2% of your SSTR as a "Local/Regional Advertising Fee" to, a local or regional marketing program or cooperative established by us in the Designated Market Area (a "DMA") where your Center is located. If we designate a DMA, both company-owned and franchised Centers will be required to pay in to the Local/Regional Marketing Fee, which generally will be spent to conduct advertising and promotional activities within the DMA. In order for us to designate a DMA, franchisees in the region need to vote by super majority of 75% to establish a marketing cooperative. Each franchised location gets one vote. If 75% or more of the franchisees are in favor, then all Instant Imprint Centers will be required to contribute and participate in the cooperative. We may administer the local/regional marketing programs as we deem advisable or we may establish the framework for local/regional cooperatives to govern themselves, within the parameters that we establish. We have no fiduciary obligations with respect to local/regional programs that we administer directly. We reserve the right to establish, dissolve or otherwise modify local/regional marketing programs and/or cooperatives.

Opening Launch Program for New and Transfer Centers

We have developed, both internally and with the aid of professional marketing firms, standardized advertising campaigns appropriate for Instant Imprints Centers, including opening launch marketing procedures. These systems are designed to make your opening launch and initial marketing effort simple, cost effective, and productive. We require you to pay us \$10,000 when you sign the Franchise Agreement as the Opening Launch Program Deposit to promote your Center. We require Instant Imprint Centers which are transferred to contribute an Opening Launch Program Deposit of \$5,000.

We will use the Opening Launch Program Deposit to promote the launch of your ownership of the Center.

Computer Hardware and Software Systems

You must install computer systems and software supplied by us. In addition, you will pay us a technology fee of \$300 per month which will be used to effect system wide electronic updates and support and maintain IT systems ("Technology Support Fee"). The fee is subject to change as the IT needs of the System continue to evolve and change. You must upgrade or update your computer and POS systems and other equipment used in the Center when we require you to do so. We are not limited in the number of changes we may require. The cost and frequency of such changes are not restricted by the Franchise Agreement.

As of the date of this disclosure, the suggested computer systems are as follows and will be included in the Equipment Package:

GRAPHIC DESIGN SYSTEM AND BUSINESS MANAGEMENT HARDWARE

The Graphic Design System will consist of 3 Windows PC systems featuring the then current required speed and memory with a large capacity (as we then specify) hard drive and, LCD monitors and CD/DVD ROM. 4 printers are supplied, 1 dye sublimation printer, 1 large format printer/cutter, 1 direct garment printer and 1 Xerox copier. We offer phone support for the systems as well as direct to you extended manufacturer technical support lines.

POINT OF SALE SYSTEM AND PRINTER (POS)

The Point of Sale System ("POS") consists of 1 Windows PC computer with a flat screen LCD monitor for your front counter. This system is our proprietary shop management software that includes quoting, scheduling, workflow, reporting and customer management systems as well as integration with accounting software. It will have our order processing, accounting, and workflow management software. It will create your invoices, quotations and track accounts receivable. The POS is cloud based and is licensed for up to 2 devices to access it at a time, either in the Center or remotely. Additional licenses are available for an additional monthly fee of \$26.10. A printer will be connected to this system. We reserve the right to access any and all data entered in the Point Of Sale System by you or your staff as frequently as we deem necessary including up to 24/7 365 live access.

In addition to the Technology Support Fee described above, we estimate that you may spend between \$240 and \$1,200 annually on software licensing fees paid to third-party providers for software used in connection with the services you offer from the Center.

INTERNET, TECHNOLOGY

You must have a dedicated high-speed Internet connection for your computers.

If we or our affiliates license proprietary software to you, or otherwise allow you to use similar technology we develop or maintain, you must sign any other documents which are required. You will have sole and complete responsibility for: (i) operation, maintenance and updating of your computer systems operating and anti-virus software; (ii) the manner in which your computer systems interface with our computer system and those of other third parties; (iii) any and all consequences that may arise if the system is not properly operated, maintained and upgraded; and (iv) any upgrades to the computer systems, including but not limited to hardware and software upgrades. You must implement any new technology we require and sign any user agreements at your own expense.

EMBROIDERY, DESIGN AND CUSTOMIZED BUSINESS SOFTWARE PACKAGE

Included in the Equipment Package is an embroidery software suite, which is used to produce and edit stitched designs and text for your customers. Also included is a Graphic Design Software package to create custom artwork, and manipulate work from customer provided art. Several professional programs are required along with clip art & fonts. All are included in the initial Package cost, but will require upgrades from time to time.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location (May be provided virtually)
Introduction, Introduction to Business, General business Info	3.5	24 Pre-training (20) Post-Training (4)	San Diego Training Center, your Center, or another Center we designate
Sales Development Intro to Sales, Opening Launch Program, Promotional concepts, Advertising, Networking, B2B marketing, and Intro to Customer relationships, Sales Process - prospecting, qualifying, preparing presentations, making presentations, cross-selling, up-selling, customer referrals, Marketing Action Plan, Intro to direct selling, conducting outside sales, cold calling, bold walking, reviewing sales calls, follow-up calls.	17.25	60 2/3 of FastStart @ 2 hrs/wk for 15 wks = 20hrs Promo Academy 40hrs	San Diego Training Center, your Center, or another Center we designate
Customer Service Discovering needs, quoting, converting, closing , cross selling, up-selling, adding value, handling complaints, follow-up, tracking and measurement.-	11.0	10 1/3 of FastStart @ 2hrs/wk for 15 weeks.	San Diego Training Center, your Center, or another Center we designate

Subject	Hours of Classroom Training	Hours of On the Job Training	Location (May be provided virtually)
Business Management - POS system, QuickBooks, Intro to financial management, Break-even analysis and tools, Human Resources, Personnel, Business Development, Communication, Tools and Technology	14.75	15 Post-Class	San Diego Training Center, your Center, or another Center we designate
Production & Production Management - Intro to Production and Production scheduling, Graphic Arts introduction and concepts, Signs, Wide-format printing, Direct-to-Garment, Embroidery, Heat-Transfer, Promotional Products and Document services	9.5	92 Post-Class	San Diego Training Center, your Center, or another Center we designate
TOTALS	55.0	201	

Our training program will be offered as needed. You are responsible for the costs of travel, food and accommodations incurred by you and your staff to attend training.

Training is conducted by Ralph Askar, Danny Lyon, Jim Blackburn, Christian Collucci and Bob Baker. Mr. Askar was appointed as our President and Chief Executive Officer in May 2011 and was previously the Acting Chairman and CEO of IIFI. He has also been a partner in our Area Franchisee in San Diego, California since 2009. Mr. Askar has more than 30 years of franchise experience. Mr. Lyon is a currently our Executive Vice President of Training and Franchise Partner Support. He has over 20 years of leadership experience as a Multiple Area franchisee with a heavy emphasis on operations support, training and coaching in The UPS Store system. Mr. Blackburn is our Executive Vice President of Franchise Support. He began working with the Instant Imprints system with IIFI in April 2008 and joined us (NFFI) when we incorporated in 2011. Mr. Blackburn has more than 25 years of information technology and small business experience, including 10 years of experience with franchise organizations. Mr. Collucci is our Executive Vice President of Development & Marketing. Has over 12 years of franchise management experience. Mr. Baker is a partner Support Manager and has over 30 years of experience in the field with our major equipment vendors. He handles equipment evaluation, operations, pricing and field support.

Before opening your Instant Imprints Center, your CEO or another owner or manager of your Center must attend and complete to our satisfaction our training program held at our headquarters in San Diego, California. Your Center must have one or more graduates of our training programs on staff and active in the operations of the business, at all times.

We currently hold a franchisee convention every 18 to 24 months, at different locations within the United States or Canada, for up to 2 to 3 days or virtually. You will incur travel and lodging expenses to attend the convention, which may range from \$500 to \$1,000 or more for each person, depending on the location of the convention as well as a registration fee of up to \$750. We invite vendors, suppliers and outside contractors to these meetings in order to make you aware of technological advancements and to potentially save you money on your ongoing supplies. In addition, we may conduct seminars on topics relating to your ongoing training and improved operation of your Instant

Imprints Center. Furthermore, we will update you on the progress of our company and the Instant Imprints System. In addition to our conventions, we may provide seminars and smaller regional franchisee meetings for your benefit. Seminars and regional franchise meetings will be held at different locations within the United States, each on a quarterly basis and last for a few hours to a half day. You will incur travel expenses to attend seminars and regional franchise meetings. You must attend our national conventions.

We will use the Manual as instructional materials as well as software and various videos.

In addition to the 7 days of classroom training conducted at our San Diego training facility, there are 3 additional weeks of in-Center training (1 week of pre-opening training and 2 weeks of post-training). The intent of the in-Center training is to allow you to become trained and familiar with business operations and to achieve a basic proficiency in production methods and our operating environment.

All new franchisees are required to participate in our "FastStart" mentoring program for new franchisees. The FastStart program involves business planning, coaching, mentoring, progress-tracking and self-evaluation, under the guidance and with the assistance of an Area Representative or a member of our field operations staff. FastStart is designed to support new franchisees through assistance in implementing sales development actions under a Marketing Action Plan (MAP) for the Center. The FastStart program also assists you in the tracking and measuring of your results and with other operations and management functions. FastStart occurs over the course of approximately 15 weeks and is generally conducted at or near your Center, beginning within 2 weeks after your Center first opens for business.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

ITEM 12 **TERRITORY**

Franchise Agreement

When you sign your Franchise Agreement we will designate an area within which you will locate your Center. This Designated Territory will be defined by zip codes or street boundaries to include a minimum of 1000-1500 businesses and 30,000-50,000 people, as determined by demographic studies which will include data taken from the U.S. Census Bureau and the U.S. Postal Service. The exact size will be based upon the location of your Center, and the demographic and competitive makeup of the area. You will be provided with a map and a physical description defining the Designated Territory for your Center which will be described in Summary Pages of your Franchise Agreement. While this Designated Territory has protective aspects, it is not an "exclusive Territory." You will not receive an exclusive Territory. You may face competition from other franchisors, from outlets that we own, or from other channels of distribution on competitive brands that we control. You do not have the right to use other channels of distributions, such as the Internet, catalog sales, telemarketing or other direct marketing to make sales outside of your Designate Territory without our prior written consent.

Other than as provided below, so long as you are in compliance with your Franchise Agreement, we will not establish a company-owned Instant Imprints Center or grant a franchise or license authorizing another party to open an Instant Imprints Center in your Designated Territory other than in a Non-Traditional Location. A "Non-Traditional Location" includes military bases, university/college campuses, resorts, convention centers, mall kiosks, airports, convenience stores and inside other retailers. A Non-Traditional Location is not considered part of the Designated Territory.

You may relocate your Center if you are in compliance with the terms of the Franchise Agreement upon our written consent which will not be unreasonably withheld. Your Designated Territory may need to be reassigned.

Except as limited above in this Item 12, we and our affiliates retain all rights with respect to Instant Imprints Centers, the System, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate Instant Imprints Centers in Non-Traditional Locations within your Designated Territory, immediately adjacent to your Designated Territory or anywhere outside of your Designated Territory; (2) the right to operate or license other to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in Non-Traditional locations and outside of your Designated Territory; (3) the right to operate or license other to operate businesses that are not similar to an Instant Imprints Center under the Marks in any location, both inside or outside of your Designated Territory; (4) the sole right to offer any products or services (including the products and services you offer at the Center) through other channels of distribution (including catalogues, the Internet and other outlets) both inside and outside of your Designated Territory, and to establish a wholesale production facility which would be prohibited from competing for commercial or retail/consumer accounts. We are not required to pay you if we exercise any of the rights specified above inside your Designated Territory.

Nothing will prohibit us and our affiliates from doing business within the Designated Territory for National Accounts. A National Account means those customers who require more than one Instant Imprints Center not located solely in the designated territory to provide products and services to them. If you obtain an account that is considered a National Account, you must refer it to us because we have appropriate resources to allocate supporting and developing the National Account. However, we reserve the absolute right to reject any such account for any reason. National Accounts shall be negotiated solely by us or our affiliates, even if you procure the National Account. All National Accounts will be considered our property and you will have no claim to them. If one or more locations of a National Account fall within your Designated Territory, we will first offer you the opportunity to provide services on the terms and conditions that we have established with such National Account. You are not required to service a National Account, and if you do not accept such offer in the manner and within the time period that we specify, we have the right to service the account ourselves, or may authorize other Instant Imprints Center, to provide such services. However, the decision to accept or reject you as a provider of services for the National Account ultimately rests with the National Account.

We and our affiliates have the right to purchase, be purchased, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as "Instant Imprints" operating under the Marks or any other marks following the purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within your Designated Territory, near your Designated Territory, or near your location).

You must restrict your advertising and promotional efforts to your Designated Territory and to any adjacent designated territories which are not owned by another franchisee or which do not contain another Center. You may only advertise your business on a website which we own or on social media or other electronic communications which we approve or in a manner of which we approve.

You have no options, right of first refusal or similar rights to acquire an additional franchise within any particular territory, although you may ask us at any time to purchase additional franchises. You may

not own or operate another franchise or business without our approval and upon executing a new Franchise Agreement and paying the required fees. The continuation of your franchise is not dependent upon achievement of a specific sales volume or market penetration or any other contingency.

Development Agreement

A Developer receives a protected territory, called the Development Area. If you enter into a Development Agreement, you will receive a Development Area within which you will have certain exclusive rights to develop 3 Instant Imprints Centers – 1 Expanded Center and 2 Growth Centers. If you meet the Development Schedule, comply with all other provisions described in the Development Agreement and comply with the provisions of each related Franchise Agreement, we will not establish or license others to establish an Instant Imprints Center within the Development Area assigned to you except for in a Non-Traditional Location. You maintain your rights to your Development Area even if the population increases or decreases.

Continuation of your territorial protection under the Development Agreement requires that you meet your Development Schedule. If you fail to timely meet your Development Schedule, we may terminate your Development Agreement. However, the termination of the right to develop your Development Area will not terminate any rights granted under any Franchise Agreements then in effect between you and us in which you are in compliance. After the expiration or termination of your Development Agreement, we may own, operate, franchise or license others to operate additional Instant Imprint Centers anywhere, without restriction, including in your Development Area, except for any Designated Territories under your Franchise Agreement(s) that then remain in effect.

Except as limited above in this Item 12, we and our affiliates retain all rights with respect to Instant Imprints Centers, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate Instant Imprints Centers immediately adjacent to your Development Area or anywhere outside of your Development Area; (2) the right to operate or license others the right to operate Instant Imprints Centers in any Non-Traditional Location within and outside of your Development Area; (3) the right to operate or license others to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Development Area; and (4) the right to offer any products or services (including the products and services you offer at your Center) through other channels of distribution (including, the Internet, catalogues and other retail outlets) both inside and outside of your Development Area and to establish a wholesale production facility which would be prohibited from competing for commercial or retail/consumer accounts. We are not required to pay you if we exercise any of the rights specified above inside your Development Area.

Your Development Agreement grants you no options, rights of first refusal, or similar rights to acquire additional development rights; nor does it grant you any right to enter into a new Development Agreement upon its expiration. 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.

ITEM 13 **TRADEMARKS**

Under the Franchise Agreement, we grant you the right to operate your Center under the Marks. The Mark, “Instant Imprints – The Image People” is owned by us. The Mark, “Instant Imprints” is owned by

our parent, IITI. The Marks are registered or are to be registered on the Principal Register of the United States Patent and Trademark Office ("PTO"). The principal Marks are:

Mark	Registration No. (Serial No.)	Registration Date (Application Date)
"Instant Imprints - The Image People"	3,020,810	Nov. 29, 2005
Instant Imprints	4950435	May 3, 2016

We intend to file all necessary affidavits with respect to these trademarks by the dates they are due.

We will grant you a nontransferable, non-sublicensable, non-exclusive license to use the Marks at the Center. You must follow our rules when you use the Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the principal Marks. There are no superior prior rights in the Marks or infringing uses actually known to us, which could materially affect your use of the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise.

We are not required to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense and/or indemnify you. We reserve the right to control any trademark litigation and will be the sole judge as to whether suit will be brought or settled in any instance when any person or entity infringes the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks that you become aware of and to cooperate with any action that we undertake. If any party claims that its rights to use any of the Marks are superior and if we determine that the claim is valid, you must at your expense, immediately make the changes and use the substitutions to the Marks we require.

If we decide to modify or discontinue the use of the Marks and/or to use one or more additional or substitute names or marks, you must make the changes at your own expense and without claim against us. You will need to comply within a reasonable time of the request.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own no special patents which pertain to the System. We or our affiliates have copyright rights in the Manual, sales material and brochures, and related items used in operating the franchise. We and our affiliates have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating the Center.

There currently are no effective adverse determinations of the PTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if it is in the system's best interest.

Although neither we nor any of our affiliates have filed an application for a copyright registration for these materials, it has copyright rights and the information is proprietary. Item 11 describes limitations on the use of the Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information in a manner we think is appropriate.

The Franchise Agreement provides that all ideas, concepts, techniques, or materials concerning your Center, Instant Imprints Centers in general or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or help us obtain intellectual property rights in the item.

The Franchise Agreement provides that you acknowledge that the System and the methods of operation licensed by us for the operation of an Instant Imprints Center are proprietary, confidential trade secrets of us and our affiliates, and you agree to maintain the confidentiality of all materials and information lent or otherwise furnished to you by us at all times, including after the termination or expiration of the Franchise Agreement, for any reason.

Further, under the Franchise Agreement, you agree that you shall not, during the term of the Franchise Agreement (other than to the extent necessary to operate the Center) or after its expiration transfer or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those already in the public domain. You also agree to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement.

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

Although you are not required to personally participate in the day-to-day management of the Center, we recommend that you do, and no matter what your participation in management is, you are required to devote your best efforts to the operation of the Center. You must hire at least 1 person to serve as your designated manager, and both you and these designated managers must successfully complete our initial training program. However, if you will not actively participate in the management of your Center, then you must hire at least 2 designated managers, and each of you and the 2 designated managers must successfully complete our initial training program. At all times during the operation of your Center, there must be at least 2 people (including you) who have completed our initial training program or are otherwise certified by us to manage an Instant Imprints. You are required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of your Center. These designated managers do not need to own any equity in your entity.

All managerial employees must sign the Non-Competition and Confidentiality Agreement in a form approved by us. All owners of any entity franchisee and their spouses must also sign a Guaranty and

Assumption of Obligations in the form attached to the Franchise Agreement assuming and agreeing to discharge all of your obligations under your Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only the types of goods and services that we have approved. You must offer and sell all goods and services authorized by us. There are no limits on your right to make modifications to the approved goods and services – provided you continue to comply with our Quality Standards as set forth in the Manual or otherwise in writing. We may change the types of authorized goods and services that you sell. There are no limits on our right to make those changes.

Our Franchise Agreement does not require you to sell products or services for a specified or minimum price. We produce a suggested pricing list that you may change to adapt to your local market conditions and competition. Before deviating from our suggested pricing you must conduct a survey of local competitors and their pricing and consult with our operations department about your proposed change. You will retain sole and absolute discretion in all product-pricing matters.

We may advertise a national or regional promotion which all franchises in the covered area must participate in to the extent permitted by applicable laws. We reserve the right to give written permission not to participate in a program at our sole discretion.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section In Franchise Agreement or other agreement	Summary
a.	Length of the Franchise Term	Section 2.A of the Franchise Agreement Section III of the Development Agreement	10 Years Day you sign the Development Agreement and e when you open your last unit or the expiration date
b.	Renewal or Extension	Section 2.B of the Franchise Agreement	10 Years
c.	Requirements for franchisee to renew or extend	Section 2.C of the Franchise Agreement	Give notice, sign new agreement that may contain terms and conditions materially different from those in your previous franchise agreement such as different fee requirements, sign release, remodel and pay renewal fee
d.	Termination by Franchisee	Section 13.D of the Franchise Agreement	If you are in compliance with the Franchise Agreement, and we materially breach the Franchise Agreement and fail to cure this breach within 60 days after you deliver written notice to us

	Provision	Section In Franchise Agreement or other agreement	Summary
e.	Termination by Franchisor Without Cause	Not applicable	Not applicable
f.	Termination by Franchisor with Cause	Section 13.A of the Franchise Agreement Section VII of the Development Agreement	If you do not satisfactorily complete training, do not open within 9 months, or generally if you breach the Franchise Agreement Generally, for a material breach of the Development Agreement
g.	“Cause” Defined-Curable Defaults	Section 13 of the Franchise Agreement Section VII of the Development Agreement	You have 10 days to cure monetary defaults and 30 days to cure all others except those listed in Section 13.C You have 30 days to cure a default of the Development Schedule
h.	“Cause” Defined-Non-Curable Defaults	Section 13. C of the Franchise Agreement Section VII of the Development Agreement	Non-curable defaults: conviction of a felony, fraud affecting the System, abandonment of your Center, giving insufficient funds checks, material misrepresentations by you in your application, repeated defaults and bankruptcy If you transfer in violation of the ADA, you or your owners commit a felony or fraud or you are bankrupt or you default under a franchise agreement and do not cure within the applicable cure period
i.	Franchisee’s Obligations on Termination/ Non-renewal	Section 14 of the Franchise Agreement Section VII of the Development Agreement	Obligations include providing Instant Imprints with a list of customers, invoices, address card file and business cards, payment of all amounts due, return of all manuals and other proprietary materials, discontinue the use of copyrighted materials and all items identifying our Marks, assign contracts with customers if we request, change or assign telephone numbers and be subject to non-compete provisions, offer to sell back any shares in IITI granted to you under the Franchisee Stock Program. You lose your rights to establish or operate any Center where Franchise Agreement is not yet signed by us and lose rights to Designated Area.
j.	Assignment of Contract by Franchisor	Section 12.A of the Franchise Agreement and Section VII.B of the Development Agreement	No restrictions on right to assign
k.	“Transfer” by Franchisee-Defined	Section 12.B of the Franchise Agreement	Includes any assignment, sale or other transfer of the agreement (or any beneficial interest in the agreement), or all or any part of your ownership interests or the assets of the business.

	Provision	Section In Franchise Agreement or other agreement	Summary
i.	Franchisor Approval of Transfer by Franchisee	Section 12.B of the Franchise Agreement and Section VII.A of the Development Agreement	We have the right to approve all transfers but will not unreasonably withhold approval, if conditions are met.
m.	Conditions for Franchisor Approval of Transfer	Section 12.B. of the Franchise Agreement Section VII.B of the Development Agreement	Approved and qualified purchaser, training completed, signing of new franchise or development agreement, payment of transfer fee, you are not in default of any agreements with us, and payment of all costs and obligations, purchaser signs new agreements, you sign a release in our favor, and you sell to purchaser or offer to sell back any shares in IITI granted to you under the Franchisee Stock Program. Upon our written consent
n.	Franchisor's Right of First Refusal to Acquire Franchisee's Business	Sections 12.D of the Franchise Agreement	We can match any offer.
o.	Franchisor's Option to Purchase Franchisee's Business	Section 14.I of the Franchise Agreement	Upon expiration or termination, we can buy certain assets at a price equal to your cost or fair market value, whichever is less.
p.	Death or Disability of Franchisee	Section 12.C of the Franchise Agreement	The Franchise Agreement is transferable without additional fee or penalty, subject to Instant Imprints approval, to qualified applicant and subject to all transfer requirements (see item m. above).
q.	Non-competition Covenants During the Term of the Franchise	Section 15 of the Franchise Agreement	No direct or indirect involvement or interest in any other business that may compete with an Instant Imprints Center, except with our prior written consent and no solicitation of customers or employees
r.	Non-competition Covenants after the Franchise is Terminated or Expires	Section 15 of the Franchise Agreement	FA, DA: No competing business for 2 years within a 5-mile radius of terminated location or the location of any other Instant Imprints business and no solicitation of customers or employees of other Instant Imprints Centers
s.	Modification of Agreement	Section 9.C and 18.E of the Franchise Agreement and Section VIII.M of the Development Agreement	No modification generally but Manual and System subject to change. Amendments must be in writing and signed unless approved by the FAC
t.	Integration/ Merger Clause	Section 18.E of the Franchise Agreement and Section VIII.M of the Development Agreement	Only the terms of the written agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.

	Provision	Section In Franchise Agreement or other agreement	Summary
u.	Dispute Resolution by Arbitration or Mediation	Section 17.B of the Franchise Agreement	Subject to mediation in Wilmington, Delaware
v.	Choice of Forum	Section 18.R of the Franchise Agreement and Section VIII.G of the Development Agreement	Subject to state law, the U.S. District Court in Wilmington, Delaware or the state court in Wilmington, Delaware if the U.S. District Court lacks jurisdiction over the claim.*
w.	Choice of Law	Section 18.Q of the Franchise Agreement and Section VIII.G of the Development Agreement	Subject to state law, Delaware.*

*If a state regulator requires us to make additional disclosures related to the information contained in this disclosure document, these additional disclosures are contained in a State Law Addendum included in this disclosure document Exhibit A.

ITEM 18 **PUBLIC FIGURES**

We do not use any public figure to promote our franchise. We do reserve the right to do so in the future.

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.

Our financial performance representation consists of two parts. Part I contains the actual 2017 and 2018 average and median annual gross sales of all franchised Instant Imprint Centers in operation during the entire calendar year. Part II contains the actual 2018 operating results of the 30 United States Instant Imprint Centers that were in operation during the entire 2017 calendar year and that delivered financial reports to us. “Gross Sales” includes all sales derived from the Instant Imprint Centers except for taxes. All figures are based on Standard Centers.

Actual 2018, 2019 and 2020 Average Annual and Median Gross Sales of Certain Franchised Instant Imprint Centers

The financial performance representations contain the actual 2018, 2019 and 2020 average and median annual gross sales, by geographic location, of franchised Instant Imprint Centers that were open during the entire calendar year listed and that reported results to us for all 12 months of that calendar year. Outlets that were not in operation for the entire calendar year or from whom we do not

have a full year of data to report have been excluded from the financial performance representation because their partial year performance is not indicative of the performance we would reasonably expect to see over an entire calendar year.

Table 1 provides the average annual gross sales for United States-based Instant Imprint Centers open for the entire calendar year listed. Table 1 provides the results of 28 outlets out of a total of 36) opened in 2018 (76%), 32 outlets out of a total of 37 opened in 2019 (87%) and 28 outlets out of a total of 36 opened 2020 (77%).

Table1:									
Year	2018			2019			2020		
	Annual Gross Sales	# Centers Met or Exceeded	% of Total Met or Exceeded	Annual Gross Sales	# Centers Met or Exceeded	% of Total Met or Exceeded	Annual Gross Sales	# Centers Met or Exceeded	% of Total Met or Exceeded
Top	\$1,212,399.76	1	4%	\$1,188,147.92	1	3%	\$905,055.08	1	4%
Bottom	\$64,623	1	100%	\$50,574.76	33	100%	\$51,460.43	28	100%
Average top 25%	\$530,817.60	1	4%	\$477,005.00	1	3%	\$406,264.93	1	4%
Median Top 25%	\$447,571.05	4	14%	\$360,741.73	4	13%	\$335,071.88	4	14%
Average top 50%	\$397,691.57	5	18%	\$356,973.86	5	16%	\$318,184.61	5	18%
Median top 50%	\$332,639.23	8	29%	\$337,238.24	8	25%	\$273,440.91	7	25%
Average top 75%	\$324,651.71	8	29%	\$288,549.01	10	31%	\$259,793.16	9	32%
Median top 75%	\$271,250.47	12	43%	\$233,005.31	12	38%	\$239,156.67	11	39%
Average of top 100%	\$265,502.61	12	39%	\$238,253.31	12	36%	\$216,349.58	12	43%
Median top 100%	\$215,652.61	15	54%	\$173,109.25	17	53%	\$166,108.15	14	50%

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

These statements have not been audited, and may not be based on generally accepted accounting principles.

The actual average gross sales figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from revenue to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you may incur in operating your Center. Franchisees and former franchisees listed in this disclosure document may be one source of this information.

Written substantiation for the financial performance representation will be made available to prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations, either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ralph Askar, President and CEO at 6615 Flanders Drive, Suite B, San Diego, California 92121, 858-642-4848, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2018-2020

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2018	31	36	+5
	2019	36	37	+1
	2020	37	31	-6
Company-Owned	2018	1	1	0
	2019	1	1	0
	2020	1	2	+1
Total Outlets	2018	32	37	+5
	2019	37	38	+1
	2020	38	33	-5
Canada Outlets- Franchised	2018	22	23	+1
	2019	23	25	+2
	2020	25	22	-3
Total Systemwide Outlets	2018	54	60	+6
	2019	60	63	+3
	2020	63	55	-8

Table No. 2
Transfers of Outlets from Franchisees To New Owners
(Other Than the Franchisor)
For years 2018-2020

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Colorado	2018	2
	2019	0
	2020	0
Georgia	2018	1
	2019	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2020	1
North Carolina	2018	1
	2019	0
	2020	0
Totals	2018	4
	2019	0
	2020	0
Canada Outlets- Franchised	2018	3
	2019	1
	2020	0
Total Systemwide Outlets	2018	7
	2019	1
	2020	1

Table No. 3
Status of Franchised Outlets
For years 2018-2020

Col. 1 State	Col. 2 Year	Col. 3 Outlets at the Start of the Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets Operating At Year End
Arkansas	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
California	2018	2	1	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	1	1	1	0
Colorado	2018	5	0	1	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	1	3
Connecticut	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	1	0	0	0
Delaware	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Florida	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
Georgia	2018	6	2	0	0	0	0	8
	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	0	0	8
Idaho	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
Illinois	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at the Start of the Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets Operating At Year End
Missouri	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2020	5	0	1	0	0	0	4
North Carolina	2018	3	0	0	0	0	0	3
	2019	3	1	0	0	0	0	4
	2020	4	0	0	0	0	0	4
Pennsylvania	2018	2	0	0	0	0	1	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
South Carolina	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Texas	2018	2	2	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
Washington	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Totals	2018	32	6	1	0	0	1	36
	2019	36	1	0	0	0	0	37
	2020	37	1	1	2	1	3	31
Canada Outlets Franchised	2018	22	1	0	0	0	0	23
	2019	23	2	0	0	0	0	25
	2020	25	0	1	1	0	1	22
Total Franchised Systemwide Outlets	2018	53	8	1	0	0	1	59
	2019	59	3	0	0	0	0	62
	2020	62	1	1	3	1	4	54

Table No. 4
Status of Company-Owned Outlets
For years 2018-2020

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at Year End
California	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	1	0	0	2
Total	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	1	0	0	2

Table No. 5

Projected Openings as of December 31, 2020

State	Franchise Agreements Signed But Business Not Open	Projected Franchises in Next Fiscal Year	Projected Company Owned Businesses in Next Fiscal Year
California	0	1	0
Florida	0	0	0
Total	0	1	0

A list of the names of all franchisees and the addresses and telephone numbers of their businesses is included as Exhibit G to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee, Developer and area representative who had a business terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business 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 is listed on Exhibit G to this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 years, some of our franchisees have signed confidentiality clauses with us. In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with Instant Imprints. You may wish to speak with current and former franchisees, but be aware that not all of these franchisees will be able to communicate with you.

Our Franchisee Advisory Council's the only trademark-specific association we have. It was established by us. Its contact information is as follows: 6615 Flanders Drive Suite B, San Diego, CA 92121, (858) 642-4848, FAC@instantimprints.com.

ITEM 21
FINANCIAL STATEMENTS

Our audited financial statement for the years ending December 31, 2018 and 2019; and December 31, 2019 and 2020, are attached to this Disclosure Document as Exhibit D.

ITEM 22
CONTRACTS

The following contracts are included in this Disclosure Document as follows:

- Exhibit B: Franchise Agreement
 - a. Schedule 1 Disclosure Acknowledgement Addendum
- Exhibit C: Development Agreement
- Exhibit H: Release

ITEM 23
RECEIPTS

TWO COPIES OF AN ACKNOWLEDGMENT OF YOUR RECEIPT OF THIS DISCLOSURE DOCUMENT APPEAR AS EXHIBIT I. PLEASE SIGN BOTH THEN RETURN ONE COPY TO US AND RETAIN THE OTHER FOR YOUR RECORDS.

Exhibit A
State Specific Addenda

STATE LAW ADDENDUM - CALIFORNIA

“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 FRANCHISE DISCLOSURE DOCUMENT.”

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 *et seq.*, the franchise disclosure document, Franchise Agreement and Development Agreement for No Frill Franchising, Inc. for use in the State of California shall be amended as follows:

Item 3 of the FDD is supplemented to include the following:

Neither we nor any person identified in Item 2 of the FDD 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. 78a *et seq.*, suspending or expelling such person from membership in such association or exchange.

Item 5 of the FDD and Section 7.A of the Franchise Agreement and Section IV of the Development Agreement is amended to include the following:

The California Department of Business Oversight has imposed financial assurances based on our financial condition. For this reason, the "initial franchise fees" are to be deferred. The "initial franchise fees" include any payments you make to us and our Affiliates for goods and services before your Center is opened. The initial franchise fees will be deferred until all of our initial obligations to you have been fulfilled and you have opened your Center for business pursuant to the Franchise Agreement.

Notwithstanding the requirements of the FDD Cover sheet, Item 5, 6, 7 and 8 of the FDD and Sections 4.B, and 7.H and K of the Franchise Agreement, due to the imposition of the financial assurances set forth above, you may be required to purchase the Equipment Package, Opening Launch Program Deposit and the Bookkeeping Services Fee directly from the vendors instead of from us or our affiliates until we have satisfied our pre-opening obligations. Thereafter, you will again be required to purchase these items and pay the fees from us or our affiliates.

Other provisions:

California Business & Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Business & Professions Code Sections 20000 through 20043, the California Business & Professions Code Sections 20000 through 20043 controls.

The Franchise Agreement and Development Agreement provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).

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

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code 20040.5, Code of Civil Procedure Section 1281, and Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and Development Agreement require application of the law of the State of Delaware. This provision may not be enforceable under California law.

Waiver of jury trial and the restriction on the statute of limitations may not be enforceable under California law.

You must sign a release if you 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 Professions Code 2000 through 20043).

OUR WEBSITE IS www.instantimprints.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DPFI.CA.GOV.

Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

The financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Center. Franchisees or former franchisees, listed in the FDD, may be one source of this information.

Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement and Franchise Disclosure Document shall remain in full force and effect, except to the extent specifically modified herein.

Dated on the day of _____, 20__.

No Frill Franchising, Inc.

By: _____
_____, _____

Franchisee: _____

By: _____
_____, _____

STATE LAW ADDENDUM TO AGREEMENTS– WASHINGTON

This State Law Addendum amends and modifies the Franchise Agreement, Development Agreement and/or Franchise Disclosure Document. The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and/or Development Agreement in your relationship with FRANCHISOR, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and/or Development Agreement in your relationship with FRANCHISOR, including the areas of termination and renewal of your franchise.

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

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 Franchise Agreement and/or Development 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 Washington Franchise Investment Protection Act, right or remedies under such Act, such as a right to jury trial, may not be enforceable.

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

In lieu of an impound of franchise fees, the FRANCHISOR will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) the Center is open for business.

Notwithstanding the requirements of the FDD Cover sheet, Item 5, 6, 7 and 8 of the FDD and Sections 4.B, and 7.H and K of the Franchise Agreement, due to the imposition of the financial assurances set forth above, you may be required to purchase the Equipment Package, Opening Launch Program Deposit and the Bookkeeping Services Fee directly from the vendors instead of from us or our affiliates until we have satisfied our pre-opening obligations. Thereafter, you will again be required to purchase these items and pay the fees from us or our affiliates.

Because the Franchisor has material opening obligations with respect to each franchised business, when the Franchisee opens under the Development Agreement, the Division will require that the development fees be released proportionally with respect to each franchised business.

[SIGNATURE PAGE TO FOLLOW]

Dated on the _____ day of _____, 20____.

No Frill Franchising, Inc.

By: _____
_____, _____

FRANCHISEE:

By: _____
Name, Title: _____

Exhibit B
Franchise Agreement

**No Frill
Unit Franchise Agreement**

DATED: _____, 20__

BETWEEN

No Frill Franchising, Inc.

AND

TABLE OF CONTENTS

SUMMARY PAGES	ii
INTRODUCTION.....	1
1. RIGHTS GRANTED	2
2. TERM.....	4
3. THE PREMISES	5
4. INSTANT IMPRINTS' GENERAL OBLIGATIONS	6
5. FRANCHISEE'S GENERAL OBLIGATIONS	7
6. TRAINING.....	11
7. FEES	12
8. ACCOUNTING AND REPORTING.....	15
9. MARKETING	16
10. INSURANCE	17
11. TRADEMARKS	18
12. ASSIGNMENT AND SALE OF BUSINESS.....	19
13. DEFAULT AND TERMINATION.....	22
14. CONSEQUENCES OF TERMINATION.....	24
15. RESTRICTIVE COVENANTS.....	26
16. INDEPENDENT CONTRACTOR/INDEMNIFICATION.....	28
17. DISPUTE RESOLUTION.....	29
18. MISCELLANEOUS PROVISIONS	30
19. WARRANTIES AND REPRESENTATIONS OF FRANCHISEE	34
20. CAVEAT	34

Personal Guaranty and Assumption of Obligations

Schedules

- A. Designated Territory Map
- B. Assignment of Telephone Number(s)
- C. SBA Addendum
- D. Promissory Note
- E. Security Agreement
- F. Lease Rider
- G. Equipment Package
- H. Conversion Addendum
- I. Disclosure Acknowledgement Addendum

NO FRILL FRANCHISING INC.
UNIT FRANCHISE AGREEMENT

SUMMARY PAGES

These pages (the "Summary Pages") summarize certain terms of the attached Franchise Agreement. The Summary Pages are an integral part of the attached Franchise Agreement and are hereby incorporated therein.

1. FRANCHISEE:

Name: _____
Address: _____

Telephone: _____
Facsimile: _____
Email Address: _____

2. FRANCHISEE'S CEO:

Name: _____
Address: _____

Telephone: _____
Cell Phone: _____
Facsimile: _____
Email Address: _____

3. DESIGNATED TERRITORY _____

4. CENTER'S PREMISES ADDRESS:

("Premises") _____

5. EFFECTIVE DATE: _____

6. EXPIRATION DATE: _____

7. FRANCHISE ESTABLISHMENT FEE: _____

Date Due: Upon Execution of Franchise Agreement

8. TYPE OF INSTANT IMPRINT CENTER:

___ Expanded Center ___ Growth Center

TRAINING FEE: \$5,000

Date Due: 2 weeks before Scheduled Training

9. TARGET TRAINING DATE: _____

10. RENEWAL FEE: 25% of the then-current franchise establishment fee

11. FEES AND DATE DUE:

(a) Royalty Fee and Related Fees:

Royalty Fee 6% of the SSTR ranging from \$0 to \$1,000,000

4% of the SSTR ranging from \$1,000,001 - \$2,000,000; and

0% of the SSTR over \$2,000,001.

Brand Fee 2% of the first \$1,000,000 in SSTR for each calendar year

Technology Support Fee \$300 per month, subject to change

Date Due: 5th day of each month

Opening Launch Marketing Program: \$10,000

Date Due: Date of Franchise Agreement

(b) Transfer and Related Fees:

Transfer Fee: \$15,000, Training Fee

Date Due: Paid by transferee before consummation of transfer

Transfer Marketing Fee: 9% of the sale price of a Center whereby Instant Imprints finds the purchaser

Assignment Fee: \$1,000

(c) Other Fees and Charges

Design, Buildout Coordination
And Management Fee

\$7,500, due upon execution of the
Franchise Agreement

Audit Fee:

\$1250 + travel expenses plus
interest on underpayment (lower of
Prime Rate + 5% or the maximum
amount authorized by law)

Date Due:

At time of audit

Late Fees:

\$100 payment fee and the lesser of
Prime Rate + 5% or the maximum
interest rate allowed by law per
annum.

Date Due:

On demand

Bookkeeping Fees:

\$1,500 as a prepayment of the cost
of having an approved supplier of
bookkeeping services provide such
services for the first 6 months the
Center is in business.

Equipment Package:

Depending on the type of Instant
Imprints Center to be operated.

Type of Center	Equipment Package Cost
Expanded Center	\$110,210-\$142,711
Growth Center	\$70,463

12. NOTICES TO FRANCHISEE:

Name:

Address:

Facsimile:

Email:

13. NOTICES TO INSTANT IMPRINTS:

No Frill Franchising, Inc.
Attn: CEO
6615 Flanders Drive Suite B
San Diego, CA 92121

Email: _____

No Frill Franchising, Inc.

FRANCHISE AGREEMENT

By and Between:

No Frill Franchising, Inc., a Delaware corporation with its principal place of business at 6615 Flanders Drive Suite B, San Diego, CA 92121, (hereinafter referred to as “**Instant Imprints**”) and _____ with its principal place of business at _____ (hereinafter referred to as “Franchisee”).

Franchisee shall be deemed to include: (a) all persons and their spouses owning any interest in Franchisee if it is a corporation or a limited liability company; (b) all partners and their spouses owning any interest in Franchisee if it is a partnership; and (c) all of the individuals and their spouses owning any interest in Franchisee if it is a sole proprietorship. For purposes of determining ownership in a franchise, the interests owned by one spouse shall be considered also owned by the other spouse and both shall be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.

INTRODUCTION

A. Instant Imprints and its predecessors, affiliate and parent (individually and collectively referred to as “affiliate(s)”) have expended time, effort and money developing knowledge about operating a business that provides custom T-shirts and apparel, custom embroidery, signs and banners, digital print services and promotional products according to the System and under the Marks (“Instant Imprints Center”).

B. “System” includes copyrights, trade secrets, confidential information and know how, methods of creation, production and sale of embroidered and screen-printed apparel, direct garment printing, heat transfer products, digital wide format signs/banners, digital document services and advertising/promotional merchandise using specialized and highly developed techniques. This will include specific items such as T-shirts, golf shirts, caps, jackets, denims, team and work uniforms, outerwear, towels, bags, aprons, photographic gifts, pens, mouse pads, mugs, magnetic signs, banners, full color posters, as well as logo reproduction and creative design services. Also included is the training, equipment, standards of quality and uniformity of products and services offered, marketing techniques, methods and techniques for financial controls, record keeping, billing and collection procedures and process, accounting and reporting, personnel management, sales marketing and advertising, and development materials.

C. “Marks means such service marks, trademarks, trade dress, trade names and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by Instant Imprints or its affiliates, in connection with the operation of the business contemplated by the Franchise Agreement. Marks currently include “Instant Imprints Your Image People” and “Instant Imprints”.

D. Franchisee desires the benefits of Instant Imprints’ knowledge, skill and experience and the right to operate an Instant Imprints Center and Instant Imprints is willing to grant Franchisee the right according to the terms of this Agreement.

AGREEMENT

1. RIGHTS GRANTED

A. Grant of Franchise. Subject to and in accordance with the terms hereof, Instant Imprints grants to Franchisee the non-exclusive right to use the system and Marks to open and operate one Instant Imprint Center to be located at the site listed in Summary Pages, attach to this Agreement (the "Premises"). If no Premises is specified at the time the parties sign this Agreement, an appropriate location will be specified when it is determined, and Franchisee and Instant Imprints agree to initial a completed Summary Pages describing that location. In order for Franchisee to operate an Instant Imprint Center at an additional location, a separate Franchise Agreement must be signed, and Franchisee will be required to pay Instant Imprints an additional Franchise Establishment Fee. Franchisee may relocate the Center if Franchisee is in compliance with the terms of this Agreement upon Instant Imprints' written consent which will not be unreasonably withheld. Franchisee's Designated Territory may need to be reassigned.

B. Type of Instant Imprint Center. There are 2 types of Instant Imprints Centers. The Instant Imprints Center that a Franchisee will operate for a single location is referred to as an "Expanded Center". A "Growth Center" is a satellite location to an existing Expanded Center. It is a smaller-sized Instant Imprints Center in which some of the products it sells are produced by its Expanded. Therefore, if Franchisee already operates an Instant Imprints Center and Franchisee is in compliance under the existing Franchise Agreement, Franchisee can sign a new Franchise Agreement for a Growth Center and Franchisee's existing Instant Imprint Center will produce some of the products sold through its Growth Center. The term "Instant Imprint Center" includes any size or type of Instant Imprints Centers including Expanded Centers, Growth Centers and what was previously referred to as Hub Centers, Spoke Centers, Standard Centers regardless of whether owned by Instant Imprints, its affiliates, or its franchisees. The "Center" is the Instant Imprint Center Franchisee will operate pursuant to this Agreement. The type of Instant Imprint Center Franchisee will operate is described in the Summary Pages.

C. Designated Territory. Franchisee is granted a designated territory, which is described on the Summary Pages attached to this Agreement (the "Designated Territory"). The Designated Territory will be determined at the time the Premises are agreed to by both parties, and will be specified in the Summary Pages, which Franchisee and Instant Imprints will initial. So long as this Agreement is in effect and Franchisee is not in default, Instant Imprints and its Affiliates will not locate, operate, or grant a license or franchise for another Instant Imprints Center within the Designated Territory other than in a Non-Traditional Location. A Non-Traditional Location is not considered part of the Designated Territory, even if it located within the geographic boundaries of the Designated Territory. Franchisee shall limit its telemarketing, direct mail and other targeted marketing activities to the Designated Territory and to adjacent Designated Territories which are not granted to another Instant Imprints Franchisee.

D. Rights Reserved. Instant Imprints, on behalf of itself and its affiliates, reserve all rights not specifically granted to Franchisee pursuant to this Agreement, all without compensation to Franchisee, including but not limited to all rights with respect to Instant Imprints Centers, the System, the Marks, the sale of similar or dissimilar products and services and any other activities Instant Imprints deem appropriate whenever and wherever Instant Imprints desires, including (1) the right to own or operate, or license others to own or operate Instant Imprints Centers in Non-Traditional Locations within the Designated Territory, immediately

adjacent to the Designated Territory or anywhere outside of the Designated Territory; (2) the right to operate or license other to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in Non-Traditional Locations and outside of the Designated Territory; (3) the right to operate or license other to operate businesses that are not similar to an Instant Imprints Center under the Marks in any location, both inside or outside of the Designated Territory; (4) the right to offer any products or services (including the products and services offered at the Center) through other channels of distribution (including catalogues, the Internet and other outlets) both inside and outside of the Designated Territory, and to establish a wholesale production facility which would be prohibited from competing for commercial or retail/consumer accounts.

Instant Imprints and its affiliates have the right to purchase, be purchased, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as "Instant Imprints" operating under the Marks or any other marks following the purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Franchisee acknowledges may be within Franchisee's Designated Territory, near the Designated Territory, or near the Premises).

Instant Imprints and its affiliate may sell themselves, their assets, their Marks or other trademarks or service marks, or its System or any other system to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above transactions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of the name, the Marks (or any variation thereof), the System and/or the loss of association with or identification of "Instant Imprints" as a franchisee under this Agreement. If Instant Imprints assigns its rights in this Agreement, nothing will be deemed to require Instant Imprints to remain in this business or to offer or sell any products or services to Franchisees.

E. Principal. The rights and privileges granted to Franchisee under this Agreement are personal in nature to Franchisee's Principals and may not be used at any location other than the Premises. Any person who owns or controls or who has the right to direct an ownership interest of five percent (5%) or more in Franchisee or its affiliates is a "Principal." A "Person" is an individual or a business entity (a corporation, partnership, limited liability company or trust). Franchisee has no right to sub-franchise or sublicense any of its rights under this Agreement, or to open more than one (1) Center in the Territory. Franchisee shall not use the Premises for any purposes other than the operation of an Instant Imprints Center.

F. National Accounts. Notwithstanding anything herein to the contrary, Instant Imprints, its affiliates and other Instant Imprints Centers may provide products and services within the Designated Territory for National Accounts. A National Account means those customers who require more than one Instant Imprints Center not located solely in the designated territory to provide products and services to them. If Franchisee obtains an account that is considered a National Account, Franchisee must refer it to Instant Imprints and it will be treated as a National Account; however, Instant Imprints reserve the absolute right to reject any such account for any reason. National Accounts shall be negotiated solely by Instant Imprints or its affiliates, even if Franchisee procures the National Account. All National Accounts will be considered Instant Imprints' property and Franchisee will have no claim to them. If one or more locations of a National Account fall within the Designated Territory, Instant Imprints will first offer

Franchisee the opportunity to provide services on the terms and conditions that Instant Imprints have established with such National Account. Franchisee is not required to service a National Account, and if Franchisee does not accept such offer in the manner and within the time period that Instant Imprints specifies, Instant Imprints have the right to service the account itself, or may authorize other Instant Imprints Center, to provide such services. However, the decision to accept or reject Franchisee as a provider of services for the National Account ultimately rests with the National Account.

2. TERM

A. Initial Term: This Agreement shall commence on the Effective Date specified on the Summary Pages and shall expire ten years after ("Expiration Date") unless it is terminated earlier. The period between the Effective Date and the Expiration Date is called the "Term."

B. Additional Term: Franchisee may enter into a new franchise agreement (the "New Agreement") to take effect immediately following the end of the Term for a subsequent Term of ten (10) years, subject to the conditions and terms which follow.

C. Conditions For Renewal. Franchisee shall exercise its right to enter into a New Agreement by notifying Instant Imprints of its desire not less than nine (9) months, and not more than twelve (12) months before the Term ends. The conditions precedent are:

1. Franchisee must be in full compliance with this Agreement at the time of its notice and at the time the New Agreement is scheduled to become effective. Franchisee must renovate, modernize, and refurbish the Premises, and acquire and install equipment as prescribed by Instant Imprints so as to bring the Premises up to Instant Imprints' then-current standards;

2. Rather than paying a franchise establishment fee, Franchisee shall pay a renewal fee when it submits its application for a New Agreement equal to twenty-five percent (25%) of the then-current franchise establishment fee charged by Instant Imprints for comparable franchises, and

3. Franchisee must sign the most current version of the franchise agreement at the time of renewal which may differ significantly from the original franchise agreement.

4. Franchisee shall, to the full extent permitted by applicable law, cause Franchisee's Representatives to release and discharge Instant Imprints and its Representatives from and against all claims and demands which Franchisee's Representatives may have against Instant Imprints' Representatives arising from this Agreement or in any way out of the relationship between Instant Imprints and the Franchisee. A "Representative" includes either Franchisee or Instant Imprints and their affiliates and their respective officers, directors, employees, agents and lawyers.

5. In any event, Instant Imprints may, in its discretion, refuse to renew this Agreement if Franchisee has been notified of defaults (even if subsequently cured) under this Agreement more than 3 times during the Term, even if Franchisee is not in default at the time of the renewal.

D. If Franchisee continues to operate the Center with Instant Imprints' express or implied consent following the expiration of this Agreement, the continuation will be a month-to-month extension of this Agreement, unless otherwise set forth in writing. All provisions of this Agreement will apply while Franchisee continues to operate the Center. This Agreement will then be terminable by either party on 30 days written notice to the other party.

3. THE PREMISES

A. Premises Selection. The Premises at which the Instant Imprints Center is to be located will be mutually agreed upon by the parties. Franchisee will select the proposed site for the location of the Center and submit a completed site analysis package, including demographics and other material requested by Instant Imprints containing all information reasonably required by Instant Imprints to assess the proposed site. Within 30 days after receipt, Instant Imprints will advise Franchisee whether the proposed site is acceptable. Instant Imprints is not responsible for and do not make any warranty regarding the suitability of the Premises. Instant Imprints consent to a proposed site means only that the proposed site meets its minimum standards for an acceptable location of an Instant Imprints Center. Franchisee is primarily responsible for investigating the Premises and having any leases or sale contract for the Premises reviewed and approved by Franchisee's attorney.

B. Lease. Franchisee shall acquire the Premises by lease (the "Lease"). Franchisee shall not enter into any Lease without obtaining Instant Imprints' prior written consent, which consent shall not be unreasonably withheld. The Instant Imprints' approval of the Premises or a Center's Lease is not a guarantee or representation that the Center will be successful or that the terms of the Lease are reasonable. Franchisee alone is responsible for reviewing and determining the appropriateness and desirability of the site and the Lease. Franchisee shall not assign the Lease, sublet or share the Premises without Instant Imprints' prior written consent. Franchisee must deliver to Instant Imprints a fully executed copy of the Lease immediately after the execution of the Lease. Franchisee shall not amend, extend, renew or cancel the Lease without Instant Imprints' express written consent thereof, which consent shall not be unreasonably withheld. Franchisee's lease for the Premises shall contain substantially the same terms as the Lease Rider set forth on Schedule F attached hereto or all parties must sign the Lease Rider.

C. Collateral Assignment of Lease. Franchisee hereby assigns, transfers and sets over unto Instant Imprints all of Franchisee's right, title and interest as tenant in, to and under the Lease. This assignment is for collateral purposes only and except as specified herein, Instant Imprints shall have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless Instant Imprints shall take possession of the Premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of its interest in the Lease or the premises demised thereby.

Upon a default by Franchisee under the Lease or a default or expiration under this Agreement, or in the event of a default by Franchisee under any document or instrument securing this Agreement or under any other agreement between Franchisee and Instant Imprints or its affiliates, Instant Imprints shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Franchisee therefrom, and, in such event, Franchisee shall have no further right, title or interest in the Lease.

D. Relocation. If Franchisee loses the right to occupy the Premises, other than because of a default under the Lease or the Agreement, Instant Imprints shall grant

authorization to relocate the Center if: a new site acceptable to Instant Imprints is within the Designated Territory, is reasonably suited for an Instant Imprints Center, does not infringe on the rights of any other franchisee and is reasonably distant from other Instant Imprints Centers; provided that the new Center is open and operating within thirty (30) days after Franchisee discontinues operation of the Center at the previous location, all in accordance with the current standards of Instant Imprints for new Centers.

4. INSTANT IMPRINTS' GENERAL OBLIGATIONS

A. Layout and Design. Instant Imprints will provide Franchisee with suggestions for layout and design of a typical Instant Imprints Centers. These suggestions will not include the requirements of any federal, state, or local law, code or regulation, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities, nor will such suggestions include the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Center.

B. Equipment Package. Franchisee must purchase an Equipment Package from Instant Imprints prior to opening. The Equipment Package is based on the type of Center Franchisee will operate. The cost of the Equipment Package is described in the Summary Pages attached hereto. The Equipment Package includes the equipment, computer hardware and software, inventory, supplies, signage, and shipping and handling and taxes. The items included in the Equipment Package are set forth in Schedule G attached hereto.

C. Design, Buildout Coordination and Management Fee. Instant Imprints will provide assistance in coordinating timing of the delivery and installation of the items in the Equipment Package within the Center and assisting in the design element.

D. Supplier of Bookkeeping Services. Instant Imprints will provide Franchisee access to an approved supplier of bookkeeping services which Franchisee must use during the first 6 months the Center is in operation. After that period, Franchisee is either permitted to continue to use the approved supplier and pay the required fees to the approved suppliers or may use another bookkeeping service.

E. Manual. Instant Imprints will loan Franchisee for the duration of this Agreement and any renewal 1 copy of the Instant Imprints' Operations and Training Manual ("Manual") in the format determined by Instant Imprints (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.), and all supplemental bulletins, notices, revisions, modifications or supplemental information, either in document or electronic form, concerning the System are considered part of the Manual. Also included are any passwords or other digital identification necessary to access the Manual on a website or extranet. Franchisee agrees to comply with the mandatory requirements in the Manual and acknowledge that Franchisee's compliance is an essential part of its obligations under this Agreement. Franchisee will at all times be responsible for ensuring that its employees and all other persons under its control comply with the mandatory provisions of the Manual in all respects. The Manual constitutes a confidential trade secret of Instant Imprints and will remain Instant Imprints property. The Manual cannot be photocopied, reproduced, or disseminated without Instant Imprints' written consent. Instant Imprints may modify the Manual from time to time in its discretion, and Franchisee agrees that from time to time Instant Imprints may reasonably change the System. Franchisee expressly agrees to comply with each modification, addition or deletion of the System or Manual at Franchisee's sole cost and expense. Franchisee acknowledges that due to the changing nature

of the business, as well as changing attitudes of customers and other factors, changes to the System or the Manual may be necessary and may involve Franchisee's expenditure of substantial sums of money. Franchisee will at all times insure that its copy of the Manual is kept current and up-to-date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Instant Imprints will be controlling.

Instant Imprints agrees to impose any of these changes in a reasonable, non-discriminatory manner among other franchisees. However, because complete and detailed uniformity under many varying conditions may not be possible or practical, Instant Imprints specifically reserve the right and privilege, in Instant Imprints' sole discretion and as it may deem to be in the best interests of the System in any specific instance, to vary standards for any particular franchisee based upon the peculiarities of a particular territory, density of population, business potential, business practice or other condition important to the successful operation of a particular Instant Imprints Center. Instant Imprints may grant variations from standard specifications and practices as it determines in its discretion, and Instant Imprints will have no obligation to grant Franchisee or any other franchisee like or similar variations, and Instant Imprints' failure to require a change from any particular franchisee will not affect Franchisee's obligations under this Agreement.

F. Continuing Advisory Assistance. Instant Imprints will make available continuing advisory assistance in the operation of the Center, rendered in such manner and available from time to time, as Instant Imprints may deem appropriate. More specifically, Instant Imprints will use reasonable efforts to offer advice and technical assistance and guidance for the embroidery, screen print, sign and banner making processes, digital printing including document services, wide format printing, and digital garment printing and business operations by telephone and via the Internet at no charge. If Instant Imprints sends its representatives to the Center to provide assistance, it reserves the right to charge a reasonable fee for this type of assistance.

G. Use of Area Representatives. Instant Imprints offers Area Representatives in certain states, which authorize Area Representatives to develop and operate Instant Imprints Centers as well as recruit franchisees to develop and operate Centers within a specific geographic area. Area Representatives also provide training, ongoing supervision and guidance to franchisees in their territories in exchange for a portion of the fees paid by the franchisees. If Franchisee is granted a Franchise in a territory granted to an Area Representative, many of Instant Imprints' obligations to Franchisee may be provided through an Area Representative.

5. FRANCHISEE'S GENERAL OBLIGATIONS

A. Center Opening and Construction. Franchisee agrees to begin operation of the Center within 9 months after the date of this Agreement. Franchisee will construct and equip the Center according to the specifications prepared by Franchisee and subject to Instant Imprints right to consent. Franchisee must pay for the cost of construction drawings and other documentation necessary to build, obtain permits or receive other necessary authorizations for constructing the Center. Franchisee must submit these plans and other documents, along with any revisions of them made during the construction process, to Instant Imprints for Instant Imprints consent prior to Franchisee use of them. Instant Imprints review will be limited to reviewing these plans and documents to assess compliance with Instant Imprints' design specifications and standards for an Instant Imprint Center, including items such as trade dress, presentation of trademarks, and the provision to the potential customer of certain products and

services that are central to the functioning of the Center under the System. Instant Imprints review is not designed to assess, nor does it assess, compliance with federal, state or local laws and regulations, including the Americans with Disabilities Act, as compliance with such laws is Franchisee's sole responsibility. The opening of the Center may be delayed only if the delay is caused by contingencies not within Franchisee's control, like acts of God, governmental restrictions, strikes or labor disputes, the occurrence of which Instant Imprints is given notice within a reasonable period time. Franchisee will use its best efforts to cure any delay. Any permitted delay in completion will only be for a period of days equal to the number of days during which such event actually prevents completion.

B. Use of Name and System. Franchisee agrees that during the term of this Agreement, Franchisee will operate, advertise and promote the Center under the name "Instant Imprints " without prefix or suffix and to adopt and use the Marks and System licensed hereunder solely in the manner prescribed by Instant Imprints. Franchisee agrees to identify the Center with a sign in compliance with applicable local ordinances and approved by Instant Imprints. Franchises must identify the Center and indicated in all communications that it is an independently owned and operated franchise.

C. Compliance with Laws. Franchisee agrees to operate the Center in compliance with applicable laws and governmental regulations and in accordance with the operational standards Instant Imprints may establish from time to time. At all times Franchisee will comply with all federal, state, municipal, and local laws, rules, regulations, ordinances, and codes applicable and related to this Agreement, the Center, and all aspects of the conduct of the Center. Franchisee must obtain all licenses and permits required by any applicable federal, state, municipal, and local law, rule, regulation, ordinance and code to operate the Center as required by this Agreement. Franchisee must make timely filings of all tax returns and pay when due all taxes levied or assessed on and related to this Agreement and the Center. At no time is Instant imprints required to inform Franchisee of any federal, state, municipal, or local law, rule, regulation, ordinance code, or tax. Any such information Instant Imprints does provide to Franchisee, whether as part of the Manual or otherwise, is for general information purposes only and may not be applicable to the Center. Such information is not to be construed as legal advice.

D. Standards of Operation. The Center must conform with the mandatory standards relating to signage, color scheme, appearance, hours of operation, cleanliness, sanitation, type of equipment and decor as designated by Instant Imprints. Unless Instant Imprints gives Franchisee its prior consent, Franchisee must offer products and services required by Instant Imprints in the Manual or in any other written instruction Instant Imprints give to Franchisee. Franchisee will not conduct any business or sell any products or services other than those approved by Instant Imprints and agrees to at all times sell such products and services in accordance Instant Imprints standards of quality, quantity and appearance.

Franchisee must keep the Premises clean and provide prompt and courteous service to its customers. Each manager Franchisee employs must satisfactorily complete the initial training program. Franchisee agrees to, and will take all steps as are necessary to, ensure that all of its employees treat each customer fairly and provide services in an honest, ethical, and non-discriminatory manner. Franchisee must not advertise in a deceptive, misleading, or unethical manner and agrees to meet such minimum standards as Instant Imprints may establish from time to time in the Manual.

E. Staffing. Franchisee will maintain a competent, conscientious, and trained staff. Franchisee will be solely responsible for all employment decisions and functions of the Center including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision and discipline of employees. Franchisee will be responsible for ensuring that the Center is staffed appropriately at all times.

F. Security and Safety Procedures. Franchisee is solely responsible for taking necessary or appropriate security and safety measures to protect employees, customers, those engaging in business with Franchisee, those coming on the Premises of the Center and the general public at large. Instant Imprints does not in any way share any of that responsibility.

G. Actual Participation. Franchisee recognizes the importance of the Principal and/or designated manager's participation in the management of the Center and that the Principal and/or designated manager's agreement to participate in the management of the Center is a material inducement for Instant Imprints to enter into this Agreement. Therefore, Franchisee agrees that either the Principal or a designated manager who has satisfactorily completed the initial training program are required to use his or her best efforts and are personally responsible for the management of the Center on a day-to-day basis. Whether or not participating in the day to day management of the Center, the Principal is required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of the Center. Supervisory personnel, including the designated manager(s) are required to sign an agreement regarding confidentiality and covenants not to compete in a form acceptable to Instant Imprints.

H. Inspections. Franchisee must permit Instant Imprints' representatives or agents or the representatives or agents of its affiliates to enter the Premises with or without notice during regular business hours to inspect the Center and audit the business operations, including all books and records. In conducting inspections, Instant Imprints have the right to observe, photograph and videotape the operations of the Center for such consecutive or intermittent periods as Instant Imprints deem necessary, to remove samples of any products or materials for testing and analysis, and to interview personnel and customers of the Center. Franchisee also grants Instant Imprints permission to examine all records of any supplier from whom Franchisee has made purchases. Instant Imprints rights to approve certain matters, to inspect the Center and its operation and to enforce Instant Imprints' rights, exists to protect Instant Imprints' interest in the System and Marks for the benefit of Instant Imprints, its affiliates and all Instant Imprints Centers and to insure compliance with the terms of this Agreement. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters which are clearly reserved to Franchisee, nor will they be construed to do so. The obligations of this provision survive termination or expiration of the term of this Agreement.

I. Cooperation for Financial Performance Representations. Franchisee will maintain its books and records in accordance with generally acceptable accounting principles, consistently applied. If Instant Imprints at any time desire to utilize a financial performance representation or similar document in connection with the sale of franchises, Franchisee agrees to provide Instant Imprints, at no cost, with such reasonable information as Instant Imprints may require in order to properly prepare such representation, and will permit Instant Imprints to utilize such information as Instant Imprints deem necessary.

J. Innovations. All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning an Instant Imprints, whether or not

protectable intellectual property and whether created by or for Franchisee or its owners, affiliates, employees or representatives, must be promptly disclosed to Instant Imprints and will be deemed to be Instant Imprints sole and exclusive property, part of the System and works made-for-hire for Instant Imprints. To the extent any such item does not qualify as a "work made-for-hire" for Instant Imprints, Franchisee must assign, or must require its owners, affiliates, employees or representatives to assign, their ownership interest of such item to Instant Imprints. Franchisee agrees to take, or direct its owners, affiliates, employees or representatives to take, whatever action required by Instant Imprints to document such assignment or to assist Instant Imprints in obtaining any and all intellectual property rights in such item.

K. Remodeling. Instant Imprints may require Franchisee to make capital expenditures to remodel the Center to reflect Instant Imprints' then current standards for Instant Imprints Centers. Compliance with these standards may be an ongoing obligation of Franchisee and may be a condition of Instant Imprints consenting to a renewal of this Agreement or consenting to a Transfer.

L. Maintenance of the Center and the Equipment. Franchisee must maintain all fixtures, equipment, furnishing, fixtures, computer equipment and signs in the highest degree of cleanliness, orderliness, sanitation and repair and in accordance with the Manual or as otherwise communicated to Franchisee. Franchisee acknowledges and understands that in the future, and from time to time, Franchisee may be required to upgrade or purchase or lease new computer hardware and software or equipment at Franchisee's expense. Franchisee may not make any material alternations, additions, replacements or improvements to the Center without Instant Imprints' prior written consent. Mandatory specifications, standards and operating procedures described by Instant Imprints in the Manual, or otherwise communicated to Franchisee in writing, constitute provisions of this Agreement as if fully set forth in this Agreement.

M. Sources of Products. Franchisee shall purchase or lease all products and services used for the operation of the Center as required by the Manual solely from authorized manufacturers and suppliers who have been approved in writing by Instant Imprints and not thereafter disapproved. Instant Imprints, in its sole and absolute discretion, may approve a single distributor or supplier for any brand and may approve a distributor or supplier only as to a certain brand or brands. Instant Imprints and its affiliates may be authorized manufacturers or suppliers and Franchisee may be required to purchase equipment, supplies, inventory or other products from Instant Imprints or its affiliates. Currently Instant Imprints is the sole supplier of the Equipment Package. However, it is not required that Franchisee purchase these ongoing supplies and equipment from Instant Imprints, but Franchisee must purchase these items from an approved supplier.

If Franchisee desires to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier, Franchisee shall submit to Instant Imprints a written request for such approval. Instant Imprints shall have the right to require, as a condition of its approval, that its representatives are permitted to inspect the supplier's facilities, review the supplier's specifications and that samples from the supplier be delivered to Instant Imprints. Instant Imprints shall notify Franchisee in writing within 30 days after Instant Imprints' receipt of samples, whether such products or services satisfy Instant Imprints' then current quality standards and are consistent with the image and business of Instant Imprints. Notwithstanding the foregoing, Instant Imprints may revoke its approval of a supplier at any time in its sole and absolute discretion.

Instant Imprints has the right to collect credits, rebates, commissions and other sources of compensation from suppliers or dealers with whom Instant Imprints' franchisees, including the Franchisee, or the Marketing Fund do business or make purchases. Instant Imprints may elect to keep such collected monies and other items, or it may elect, in Instant Imprints' sole discretion, to pass such rebates on to its franchisees or to the Marketing Fund. Currently Instant Imprints has been passing the rebates on to the Marketing Fund, but it can modify this decision at any time in its sole discretion.

6. TRAINING

A. Initial Training. Instant Imprints shall make an initial training program available to Franchisee or its Principal and the manager of the Center (if other than Franchisee). Prior to beginning operation, Franchisee or its Principal and the manager of the Center, if any, shall attend and successfully complete, to Instant Imprints' satisfaction, Instant Imprints' initial training program. At Franchisee's request, Instant Imprints shall make the initial training program available to such other employees of Franchisee as Instant Imprints deems appropriate, in its sole discretion. All expenses incurred by Franchisee, its manager and any additional employees in attending the initial training program including, but not limited to, travel cost, room and board expenses and employees' salaries, shall be the responsibility of Franchisee. The cost of the initial training is \$5,000. The Franchisee and the manager must satisfactorily complete the initial training.

B. On-Site Assistance. Instant Imprints shall furnish to Franchisee, at Instant Imprints' expense, over a period of approximately 5-7 days around the Opening of the Center, (1) of Instant Imprints' representatives for the purpose of providing pre-opening training, post-training and soft opening support. Should Franchisee request additional assistance from Instant Imprints in order to facilitate the opening of the Center, and should Instant Imprints deem it necessary and appropriate to comply with the request, Franchisee shall reimburse Instant Imprints for the expense of Instant Imprints providing such additional assistance at Instant Imprints' standard rates, plus expenses.

C. Additional Training and Assistance. Instant Imprints from time to time may provide and, if it does, may require that previously trained and experienced franchisees and/or employees attend and successfully complete additional training programs or seminars to be conducted at locations designated by Instant Imprints. Attendance at such training programs or seminars shall be at Franchisee's sole expense including, without limitation, travel cost, room and board expenses and employees' salaries. In addition, Instant Imprints may hold seminars and regional franchise meetings will be held at different locations within the United States, each on a quarterly basis and last for a few hours to a half day. Franchisee will incur travel expenses to attend seminars and regional franchise meetings.

At Franchisee's request, Instant Imprints shall from time to time provide such additional training and assistance as it deems necessary and appropriate, in its sole discretion. If Instant Imprints provides such additional assistance, Franchisee shall reimburse Instant Imprints for the expense of Instant Imprints providing such additional assistance at Instant Imprints' standard rates, plus expenses. There will be no training fee or charge for these additional training classes; however, all costs of attendance shall be at Franchisee's sole expense. Franchisee is required to attend at least one (1) training session per two (2) year period and one (1) regional training session per year.

D. Conventions. Instant Imprints currently holds a franchisee convention every 18 to 24 months, at different locations within the United States or Canada, for up to 2 to 3 days. Franchisee is required to attend. Franchisee will incur travel and lodging expenses to attend the convention, as well as a registration fee that is currently \$750. Instant Imprints invites vendors, suppliers and outside contractors to these meetings in order to make Franchisee aware of technological advancements and to potentially save Franchisees money on ongoing supplies.

E. Fast Start Program. All new franchisees are required to participate in the “FastStart” program for new franchisees. The FastStart program involves business planning, coaching, mentoring, progress-tracking and self-evaluation, under the guidance and with the assistance of an Area Representative or a member of Instant Imprints field operations staff. FastStart is designed to support new franchisees through assistance in implementing sales development actions under a Marketing Action Plan (MAP) for the Center. The FastStart program also assists Franchisees in the tracking and measuring of its results and with other operations and management functions. FastStart occurs over the course of approximately 15 weeks and is generally conducted at or near the Center, beginning within 2 weeks after the Center first opens for business.

7. FEES

A. Franchise Establishment Fee. Franchisee must pay Instant Imprints a Franchise Establishment Fee when this Agreement is signed. The amount of the Franchise Establishment Fee is set forth on the Summary Pages attached hereto.

If Franchisee already owns an existing printing business and wants to convert (a “Conversion Franchisee”), the amount of the Franchise Establishment Fee is based on the level of annual revenue Franchisee’s existing business generated in the calendar year prior to signing this Agreement.

Annual Revenue	Franchise Establishment Fee for Conversion Franchisee
\$200,000 and \$399,999	\$21,250
\$400,000 and greater	\$10,000

Instant Imprints offer a Veteran/First Responder Grant Program that provides special financial incentives to veterans of the U.S. Armed Forces and first responders—*i.e.* police, firefighters, and emergency medical technicians (an EMT)—that meet the program qualifications and are not Conversion Franchisees. If Franchisee qualifies under the program, Franchisee receives a \$10,000 discount off the Franchise Establishment Fee which then will be \$19,950.

If this Agreement is for an additional Instant Imprints Center for an existing franchisee or for a spec unit for an Area Representative, Instant Imprints may, in its sole discretion, provide financing of the Franchise Establishment Fee. If this Agreement is for an additional Instant Imprints Center, the Franchisee will pay Instant Imprints \$14,950 when this Agreement is signed and also sign a Promissory Note in a form set forth in Schedule D attached hereto for the balance of the Franchise Establishment Fee. If this Agreement is for a spec unit for an Area Representative, then the Franchisee will pay Instant Imprints \$5,000 when this Agreement is

signed and also sign a Promissory Note in the form set forth in Schedule D attached hereto for the balance of the Franchise Establishment Fee.

The Franchise Establishment Fee shall be deemed fully earned and non-refundable upon the execution of this Agreement.

B. Royalty Fees. During the Term of this Agreement, Franchisee must pay Instant Imprints a monthly Royalty Fee based on SSTR (as defined below) from the prior month as calculated on a calendar basis:

6% of the SSTR (as defined below) ranging from \$0 to \$1,000,000

4% of the SSTR ranging from \$1,000,001 - \$2,000,000; and

0% of the SSTR over \$2,000,001.

C. Brand Fee. Franchisee must pay Instant Imprints a monthly Brand Fee of 2% of the SSTR from the prior month up to an annual \$1,000,000 throughout the Term of this Agreement. The Brand Fee is for the development of the brand.

D. SSTR. "Sales Subject to Royalty" or "SSTR" means the entire amount of actual sales, revenue or other consideration received, whether for cash, credit or otherwise, for sales of products and services at or in connection with the Franchisee's Business and all other receipts from all business conducted at or originating from the Center premises, including proceeds from any business interruption insurance. Consideration consisting of goods, property or services traded or bartered for Center products or services shall be valued at the standard prices then applicable to the products or services exchanged for such consideration. SSTR does not include: (i) sales made to another Instant Imprints Center if the products or services sold are resold to a customer and included on the receiving franchisee's report of SSTR; (ii) sums collected by Franchisee on behalf of and paid to a governmental taxing authority for taxes imposed on the sale of goods or services at the Center; or (iii) uncollectible accounts (bad debts) or approved customer refunds.

E. Technology Fee. Franchisee must pay Instant Imprints a monthly Technology Fee throughout the Term of this Agreement. Currently the Technology Fee is \$300 per month. This includes but is not limited to the upkeep and maintenance of Webmail email addresses, Imagenet, POS/ShopVox, I-design, Web-hosting and maintenance and other applications used by the Center as part of the Instant Imprints System. This Technology Fee is reviewed on an annual basis and may fluctuate depending on the technology requirements of the business, and as system modifications and technology enhancements are made to the System.

F. Time and Manner Payment. Royalty Fees, Brand Fee, Technology Fees and any other periodic fees due under this Agreement will be paid by the 5th day of each Month based on the SSTR of the previous month. However, if any 5th is a legal holiday, the payment will be made on the next day which is not a legal holiday). All of these payments will be made via electronic funds transfer ("EFT") or such other manner which Instant Imprints may designate from time to time. None of these fees are refundable and all fees are fully earned when paid. Franchisee will comply with the procedures specified in the Manual or as otherwise communicated to Franchisee for such EFT program or other manner of payment Instant Imprints establish, and Franchisee will perform the acts and sign the documents, including authorization forms that Instant Imprints, its bank, and Franchisee's bank may require to

accomplish such payment methods, including authorizations for Instant Imprints to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, Franchisee will pay all costs associated with utilizing an EFT payment program or other manner of payment Instant Imprints establish. Failure to maintain adequate funds in the designated account or failure to pay all amounts due will be considered a breach of this Agreement and grounds for termination. Franchisee must also submit all sales and other reports required to be submitted to Instant Imprints by this Agreement, the Manual or as otherwise communicated to Franchisee.

H. Opening Launch Program Deposit. Franchisee must pay Instant Imprints an Opening Launch Program Deposit of \$10,000 when Franchisee signs the Franchise Agreement. This Deposit is used to offset the costs of the advertising campaign including opening launch marketing procedures. If this Agreement is for a transfer of an existing Instant Imprints Center, the Opening Launch Program Deposit is \$5,000. This fee is fully earned when paid and non-refundable.

I. Training Fee. Franchisee must pay Instant Imprints a Training Fee of \$5,000 when Franchisee signs the Franchise Agreement for its first Center. This fee is fully earned when paid and non-refundable.

J. Design, Buildout Coordination and Management Fee. Franchisee will pay Instant Imprints a Buildout Coordination Fee of \$7,500 upon the execution of this Agreement. This fee is fully earned when paid and non-refundable.

K. Bookkeeping Services Fee. Franchisee will pay Instant Imprints a Bookkeeping Services Fee of \$1,500. This fee is fully earned when paid and non-refundable.

L. Interest. All amounts due to Instant Imprints or its affiliate shall bear interest after their due date at the rate of \$100 plus the lesser of Prime + 5% or the maximum interest rate allowed by law per annum. Franchisee acknowledges that this Section shall not constitute an agreement by Instant Imprints or any affiliate to accept such payments after the same are due or a commitment by Instant Imprints to extend credit to, or otherwise finance the operations of the Center. Further, Franchisee acknowledges that its failure to pay all amounts when due shall give Instant Imprints the right to terminate this Agreement notwithstanding the provisions of this Section. Instant Imprints' right to interest is in addition to any other remedies that Instant Imprints may have.

M. Application of Payment/No Right to Offset. Notwithstanding any designation by Franchisee, Instant Imprints shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for any amounts due to Instant Imprints or any affiliate, interest or any other indebtedness. Franchisee agrees to make prompt payment, without deduction or set-off, of all charges which are properly. Such payments cannot be withheld on grounds of non-performance by Instant Imprints of any of its obligations hereunder.

N. Under-Reporting. If it is found that Franchisee under-reported SSTR of its Center, Franchisee will reimburse Instant Imprints for the amount of the fees that would have been paid had SSTR been reported accurately, plus interest. In addition, if the amount of SSTR reported for any calendar year is less than Ninety-Seven percent (97%) of the actual sales for that period, Franchisee agrees to reimburse Instant Imprints for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals and lodging plus \$1,250.

O. Taxes. Franchisee agrees to indemnify and/or reimburse Instant Imprints and its affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the Center's business or the license of any of Instant Imprints' or its affiliates' intangible property to Franchisee (whether required to be paid by Instant Imprints or its affiliates, withheld by Franchisee or otherwise). Franchisee's obligation to indemnify or reimburse Instant Imprints or its affiliates for these taxes does not extend to income-type taxes which a state or local government imposes on Instant Imprints or its affiliates' income.

P. Security Interest. As security for all Franchisee's monetary and other obligations to Instant Imprints, or its affiliates, Franchisee hereby grants to Instant Imprints a first priority security interest in all of Franchisee's assets, including, without limitation, all furniture, fixtures, machinery, equipment, inventory, all cost and accounts receivable of the Center and all other property, (tangible or intangible), now owned or hereafter acquired by Franchisee, used in connection with Instant Imprints Center, wherever located, as well as all contractual and related rights of Franchisee under this Agreement and all other agreements Franchisee may have with third parties. Franchisee agrees to execute such financing statements, continuation statements, notices of lien, assignments, or other documents as may be required in order to perfect and maintain Instant Imprints' security interest (see Schedule E to this Agreement). Instant Imprints agrees to subordinate its security interest to any working capital lender of Franchisee in reasonable amounts, and to the purchase money security interest of an accepted equipment vendor for any equipment purchased by Franchisee and used in the operation of the Instant Imprints Center. Franchisee shall pay all filing fees and costs for perfecting Instant Imprints' security interest. Franchisee acknowledges that this Agreement constitutes a security agreement for the purposes of the attachment, perfection, and enforcement of the foregoing security interest. Upon the occurrence of any default under this Agreement, Instant Imprints shall have and be entitled to exercise all rights to which a secured party may be entitled under the Uniform Commercial Code of the state where the Center is located.

8. ACCOUNTING AND REPORTING

Franchisee will maintain and preserve for at least 5 years from the dates of their preparation, full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Instant Imprints from time to time. Franchisee will send Instant Imprints for each of Franchisee's accounting years not less than two (2) financial statements (including a balance sheet and profit and loss statement) for Franchisee's full accounting year which shall be prepared by an independent Certified Public Accountant ("CPA"). Such reports and financial statements shall be delivered to Instant Imprints within thirty (30) days from the end of the said interim period, and within ninety (90) days from the end of any accounting year. In addition, Franchisee will provide Instant Imprints such other financial reports and information as Instant Imprints may reasonably request. However, Franchisee will not be obligated to disclose confidential tax returns if such disclosure would violate applicable state law. All reporting data will be prepared in accordance with generally accepted accounting principles, consistently applied. At all times, Instant Imprints will have access to and may use the information contained in Franchisee's books, records and accounts for any purpose Instant Imprints deem appropriate, including, but not limited to, disseminating such information to Instant Imprints' potential franchisees (except that Instant Imprints will not disclose social security number, birth date or home address information without Franchisee's consent, unless required or permitted by law).

9. MARKETING

A. Franchise Advisory Council. Instant Imprints has established a Franchise Advisory Council ("FAC"), which is comprised of both franchisee representatives and personnel from Instant Imprints. Franchisee representatives are invited to participate in the FAC by Instant Imprints (subject to Instant Imprints eligibility requirements) and are not elected by franchisees. The FAC serves in an advisory capacity concerning operational and marketing matters facing the System. If Instant Imprints propose a change to franchise agreements which is approved by a majority of the members of the FAC Board who vote at a duly constituted FAC meeting after having received at least 30 days' notice of the proposed amendment, then the change shall be binding upon Franchisee in 90 days or at such later date as Instant Imprints may specify, as if the modification had been included in this Agreement. The Manual will contain additional information regarding the FAC. Instant Imprints has the power to change or dissolve it.

B. Local/Regional Cooperative. Although Instant Imprints has not yet done so in any region, it has the right, in the future, to require that Franchisee to participate in, and contribute a maximum of 2% of the SSTR as a "Local/Regional Advertising Fee" to, a local or regional marketing program or cooperative established by Instant Imprints in the Designated Market Area (a "DMA") where the Center is located. If Instant Imprints designates a DMA, both company-owned and franchised Centers will be required to pay in to the Local/Regional Marketing Fee, which generally will be spent to conduct advertising and promotional activities within the DMA. Instant Imprints may administer the local/regional marketing programs as it deems advisable or it may establish the framework for local/regional cooperatives to govern themselves, within the parameters that it establishes. Instant Imprints has no fiduciary obligations with respect to local/regional programs that it administers directly. Instant Imprints reserves the right to establish, dissolve or otherwise modify local/regional marketing programs and/or cooperatives.

C. Opening Launch Program. Instant Imprints has developed, both internally and with the aid of professional marketing firms, standardized advertising campaigns appropriate for Instant Imprints Centers, including opening launch marketing procedures. These systems are designed to make the opening launch and initial marketing effort simple, cost effective, and productive. Instant Imprints requires Franchisee to pay Instant Imprints an Opening Launch Program Deposit when Franchise signs the Franchise Agreement as the Opening Launch Program Deposit of \$10,000 to promote the Center or a transferred Instant Imprint Center. Instant Imprints will use the Opening Launch Program Deposit of only \$5,000 to promote the launch of Franchise's ownership of the Center. However, Franchisee may only use advertising materials that meet Instant Imprints' trademark guidelines and marketing standards, and the Opening Launch Program funds will be committed to initial marketing for the Center.

D. Local Advertising. In addition to the Brand Fees and the Opening Launch Program Deposit, Instant Imprints recommends that Franchisee spends 3% of the SSTR on local marketing efforts. Instant Imprints has the right to review and approve any marketing materials that Franchisee proposes to use. Franchisee must submit all of its own advertising and sale promotion materials to Instant Imprint or its designated advertising agency for approval before use. If Franchise does not receive written disapproval within 20 days after receipt of the materials, it will be deemed to be approved. Franchisee is responsible to ensure that all advertising and promotion materials used by Franchisee, whether created or consented to by Instant Imprints, comply with applicable laws. Franchisee may not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as Instant Imprints directs.

Franchisee may not advertise or use any of the Marks on the Internet except after obtaining Instant Imprints consent. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by Instant Imprints and on terms specified by Instant Imprints. Instant Imprints may require Franchisee to place all such electronic advertisements with its designated third-party vendor or Instant Imprints. Further, Franchisee may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user or account name, or in the content of any website or mobile application, including any social media website (such as LinkedIn, Facebook or Twitter). Instant Imprints maintain and control the web site www.instantimprints.com. Instant Imprints may provide contact information for Instant Imprints Centers, including the Center, on the website for so long as it determines.

Franchisee agrees to create and continuously conduct, during the Term, a full-time and ongoing marketing program, and Franchisee agrees to devote a minimum of eight (8) hours per week, either personally or through an employee, to conducting such a marketing program. Franchisee further agrees to create a marketing file and record all marketing activities therein. This file shall remain on the Premises and be available to Instant Imprints to review upon reasonable notice.

10. INSURANCE

Franchisee shall obtain and maintain at its cost and expense such policies of insurance in at least such amounts and from such carriers as may reasonably be required by Instant Imprints from time to time throughout the Term. Subject to changes or additions which may be set out in the Manual, such insurance shall include, without limitation,

1. comprehensive general liability policy with a minimum combined single limit covering bodily injury and property damage with respect to the Premises and products, and completed operations of three million dollars (\$3,000,000);
2. one hundred percent (100%) of full replacement cost value including plate glass coverage, business income and extra expense for twelve (12) months at the actual loss Franchisee sustains;
3. all insurance required by applicable law, including workers compensation and disability (limits may vary according to geographical location); and
4. business interruption insurance.

Instant Imprints may, from time to time, in its sole discretion, make such changes in minimum policy limits, coverage, and endorsements as it may determine. Franchisee agrees to comply with any of these changes, at Franchisee's sole cost and expense. All general liability insurance policies will name Instant Imprints, its affiliates and their successors and assigns as additional insured and will provide that Instant Imprints must receive 30 days prior written notice of any termination, expiration, or cancellation of the insurance policy. Each year Franchisee must provide Instant Imprints with a certificate or other evidence of Franchisee's compliance with the insurance requirements. If Franchisee fails to maintain such insurance, Instant Imprints may procure such insurance on Franchisee's behalf and will be entitled to reimbursement from Franchisee of Instant Imprints costs to do so, in addition to any other rights and remedies Instant Imprints may have under this Agreement. However, Instant Imprints is not obligated to obtain such insurance on Franchisee's behalf. Regardless of the amounts set forth above, it will be Franchisee's responsibility to maintain adequate insurance coverage at all times during the

Term of and after the expiration or termination of the Term of this Agreement. Franchisee recognizes that the levels of insurance described above are merely a minimum requirement. Franchisee should determine if additional insurance is necessary through consultation with its advisors. Franchisee's failure to maintain coverage will not relieve Franchisee of any contractual responsibility or obligation or liability under this Agreement.

11. TRADEMARKS

A. Ownership and Goodwill of Marks. Franchisee acknowledges that Instant Imprints and/or its affiliates are the owner of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Instant Imprints during the Term of the Franchise. Any unauthorized use of the Marks by the Franchisee is a breach of this Agreement and an infringement of the rights of Instant Imprints and its affiliates in and to the Marks. All usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Instant Imprints and its affiliates. This Agreement does not confer any goodwill or other interests in the Marks upon Franchisee. Franchisee shall not, at any time during the Term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks shall apply to any additional trademarks, service marks and commercial symbols authorized for use by and licensed to Franchisee by Instant Imprints after the date of this Agreement.

B. Limitations on Franchisee's Use of Marks. Franchisee shall not use any Mark or portion of any Mark as part of any corporate or trade name, with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form, without the prior written consent of Instant Imprints. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Instant Imprints. Franchisee shall give such notices of trademark and service mark registrations as Instant Imprints specifies and obtain such fictitious or assumed name registrations as may be required under applicable law.

C. Notification of Infringements and Claims. Franchisee shall, upon receipt, notify Instant Imprints in writing of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof. Franchisee shall notify Instant Imprints of any action, claim or demand against Franchisee relating to the Marks immediately after Franchisee receives notice of said action, claim or demand. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks, Instant Imprints shall have the sole right and duty to defend any such action. Instant Imprints shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in their sole discretion. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Instant Imprints, Franchisee shall cooperate with Instant Imprints and execute any and all documents and take all actions as may be desirable or necessary, in the opinion of Instant Imprints' counsel, to carry out such defense or prosecution. Both parties shall make every effort consistent with the foregoing to protect, maintain and promote the Marks as identifying the System.

D. Discontinuance of Use of Marks. If it becomes advisable at any time, in Instant Imprints' sole discretion, for Instant Imprints and/or Franchisee to modify or discontinue use of

any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Instant Imprints' directions within a reasonable time (not to exceed 30 days) after notice to Franchisee by Instant Imprints. Instant Imprints shall not be obligated to reimburse Franchisee for any expenses or loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute trademark or service mark.

E. Rights of Inspection. In order to preserve the validity and integrity of the Marks and System, Instant Imprints and its agents shall have the right of entry and inspection of the premises at all reasonable times and, additionally, shall have the right to observe and inspect the manner in which Franchisee is rendering its services and conducting its activities and operations to make certain that the Center is being operated in accordance with the quality control provisions and performance standards established by Instant Imprints. Instant Imprints and its agents have the right to inspect the Center for no reason or any reason.

F. Restrictions On Internet And Website Use. Franchisee acknowledge that Instant Imprints, or its Affiliate, is the lawful, rightful and sole owner of the www.instantimprints.com Internet address (URL), and Franchisee unconditionally disclaim any ownership interest in that or any similar Internet address. Franchisee will not maintain a website, or social media (e.g., LinkedIn, Facebook or Twitter) account or user name, or any other presence, or otherwise advertise on the Internet, or any other public computer network, in connection with the Center, without Instant Imprints' prior written consent or in the manner Instant Imprints approves. Franchisee agrees not to register any Internet address name under any Internet domain, class or category that contains "Instant Imprints" or any abbreviation, acronym or variation of that word. Instant Imprints and its Affiliates retain the sole right to advertise on the Internet and create a website using any of the Marks or any variation of the Marks. Instant Imprints and its Affiliates retain the sole right to determine the content on any website Instant Imprints creates. Instant Imprints retains the right to pre-approve Franchisee's use of linking and framing between Franchisee's web pages and all other websites. Franchisee will, within 5 days after Instant Imprints' request, dismantle any frames and links between Franchisee's web pages and any other websites.

12. ASSIGNMENT AND SALE OF BUSINESS

A. By Instant Imprints. Instant Imprints is free to assign all of its rights and obligations under this Agreement and upon such assignment Instant Imprints shall be relieved of all liability under this Agreement, and all rights and obligations shall accrue to the successor or assignee.

B. By Franchisee. The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee, and Instant Imprints has agreed to enter into this contract with Franchisee in reliance upon Franchisee's personal skill and financial ability. Therefore, there can be no Transfer without Instant Imprints' prior written consent. "Transfer" means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift, conveyance, lease or other disposition of an interest in this Agreement, Franchisee or the Center, including: (a) transfer of any capital stock, partnership interest, limited liability company interest or other ownership interest; (b) merger, consolidation, reorganization, business combination or other issuance of additional stock or ownership interests; (c) transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) transfer to a personal representative upon disability or transfer upon the death of a Principal; (e) the grant or creation of any lien or encumbrance on any ownership interest or asset; (f) the grant

of any option, call, warrant, conversion rights or rights to acquire any equity or voting interest; (g) assignment of contract rights; or (h) sale of assets (including the inventory, furniture, fixtures, equipment and other operating assets of the Center, other than in ordinary course of business).

Instant Imprints' consent shall not constitute consent to any future such Transfer and no future such Transfer shall be valid without the prior written consent of Instant Imprints. Any such purported Transfer will be voidable at Instant Imprints' sole option. If Instant Imprints elects not to exercise its right of first refusal pursuant to Section 12.D below, Instant Imprints will not unreasonably withhold its consent to a Transfer, provided that the following conditions are satisfied:

1. All obligations owed to Instant Imprints or its Affiliate and all other outstanding obligations relating to the Center shall be fully paid and satisfied.
2. Unless prohibited by the law of the state where the Center is located, Franchisee shall have executed a general release, in a form satisfactory to Instant Imprints, of any and all claims against Instant Imprints including its officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and any other matters incident to the termination of the Term of this Agreement or to any Transfer. If a general release is prohibited, Franchisee shall give the maximum release allowed by law.
3. The transferee shall have satisfied Instant Imprints that it meets Instant Imprints' management, business and financial standards and otherwise possesses the character and capabilities, including business reputation and credit rating, as Instant Imprints may require transferee to demonstrate the ability to conduct the operation of the Center.
4. The transferee and, at Instant Imprints' option, all persons owning any equity interest in the transferee, shall execute the then-current Franchise Agreement for new franchisees, which may be substantially different from this Agreement, including, without limitation, differences in the amount or structure of the fees, and other material provisions. The Franchise Agreement then executed shall be for the term specified in such Agreement.
5. Franchisee shall have provided Instant Imprints with a complete copy of all contracts and agreements and related documentation between Franchisee and the transferee relating to the Transfer.
6. Instant Imprints is paid a transfer fee in the amount of \$15,000, the Opening Launch Program Deposit of \$5,000 and the Training Fee of \$5,000. In addition, if Instant Imprints generates the lead that results in the sale or assignment, Franchisee must pay Instant Imprints a "Transfer Marketing Fee" of 9% of the sale or assignment price. In the event that the Transfer is a transfer of ownership interest in Franchisee among family members or existing owners, the only fee which must be paid is an "Assignment Fee" of \$1,000.
7. Franchisee agrees to continue to be bound to the obligations of the new Franchise Agreement and to guarantee the full performance thereof by the

transferee, if required by the Instant Imprints, in a manner satisfactory to Instant Imprints.

C. Death or Incapacity of Franchisee. Franchisee, by will or other written instrument, may appoint a designated heir to continue operation of the Center, upon Franchisee's death. Said designated heir must meet the qualifications and comply with the requirements of Section 12.B. No fee will be charged on a Transfer pursuant to this paragraph. The Transfer to the Franchisee's heirs, personal representatives or conservators, as applicable, in the event of death or legal incapacity of the Franchisee, shall not give rise to Instant Imprints' right of first refusal as set forth in paragraph 12.D below, provided that the heirs, personal representatives or conservators, as applicable, meet Instant Imprints' standards for new franchisees; execute the then-current form of Franchise Agreement; and, that a manager has, or within sixty (60) days, shall have satisfactorily completed Instant Imprints' initial training program.

D. Right of First Refusal. If Franchisee or one or more of the Principals wish to affect a Transfer pursuant to any bona fide binding offer received from a third party to purchase that interest, then the proposed seller shall promptly notify Instant Imprints in writing of the offer, and shall provide any additional information and documentation relating to the offer that Instant Imprints requires. Instant Imprints shall have the option, exercisable within thirty (30) days after receipt of all written documentation requested by Instant Imprints describing the terms of the offer, to notify the proposed transferee that Instant Imprints intends to acquire the proposed transferee's interest on the same terms and conditions that were offered by the proposed transferee.

Any material change in the terms of any offer before closing shall constitute a new offer subject to Instant Imprints' option to purchase as in the initial offer. Instant Imprints' failure to exercise the option set forth in this Section shall not constitute a waiver of any other provision of this Agreement, including the requirements of this Section. If Instant Imprints exercises its option to purchase, Instant Imprints shall not be liable for paying a brokerage or sales commission. If an offer provides for payment of consideration other than cash or involves certain intangible benefits, Instant Imprints may elect to purchase the interest proposed for sale for the reasonable cash equivalent. If the parties cannot agree within seven (7) days on the cash equivalent of the non-cash part of the offer, Instant Imprints shall designate an independent appraiser to determine such amount and his determination shall be binding on the parties. Instant Imprints may set off the cost of such appraisal against the purchase price. If the offer includes items which are not assets of Center or items used in Center, at Instant Imprints' option, Instant Imprints may acquire only Center assets or such other items as Instant Imprints selects, without any duty to purchase the other items included in the purchase offer. The apportionment of the value of the items to be purchased by Instant Imprints shall be determined by Instant Imprints, subject to an evaluation by an independent appraiser under the same procedures as non-cash consideration to be evaluated.

Instant Imprints' decision not to exercise the right of first refusal granted by this Section shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 12, with respect to a proposed Transfer. If Instant Imprints does not exercise its right of first refusal on any particular offer, any material change in the terms of the offer before closing shall constitute a new offer subject to Instant Imprints' same right of first refusal as in the case of the initial offer.

13. DEFAULT AND TERMINATION

A. 30 Day Opportunity to Cure. Instant Imprints may at its option, and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate this Agreement for "good cause". (Provided that state law permits, Instant Imprints has the right to terminate earlier if the "good cause" constitutes a default which is not curable.) Without limitation as to other situations, good cause for termination also exists if Franchisee or any guarantor of this Agreement:

1. Does not substantially perform all of the lawful terms, conditions, and obligations of this Agreement, or the mandatory obligations under the Manual; or
2. Loses possession of the premises at which the Center and fails to secure a suitable site for relocation which Instant Imprints consents to within three (3) months thereafter; or defaults under the terms of its lease for the premises; or
3. Misrepresents SSTR that Franchisee is required to report to Instant Imprints; or
4. Repeatedly fails or refuses to comply with the lawful provisions of this Agreement, (i.e., 3 or more times in any twelve (12) month period) whether or not such failures or refusals are corrected after notice, when such enforcement is not arbitrary or capricious; or
5. Misuses the Marks or confidential information, or engages in conduct which reflects unfavorably upon the operation, maintenance, goodwill and/or reputation of the franchise system; or
6. Commits any other act which constitutes good cause under applicable state law or court decisions; or
7. Fails to open the Center for business nine (9) months after Instant Imprints' acceptance of this Agreement; failure for Principal and manager to satisfactorily complete the initial training program; or
8. Surrenders or transfers control of the operation of the Center, if applicable (including entering into a management arrangement with any person not a party to this Agreement), makes an unauthorized direct or indirect assignment or Transfer.

Subject to applicable law and except as otherwise provided in this Agreement, Instant Imprints will give Franchisee at least thirty (30) days' prior written notice of termination, unless a longer period of time is required or shorter period of time is permitted by applicable state law. The notice shall state the reason(s) for termination and shall provide that Franchisee has thirty (30) days from the date of said notice to correct any claimed deficiency. If the deficiency is corrected within thirty (30) days, the notice shall be void. If the deficiency is not corrected within said thirty (30) day period, Instant Imprints has the right to terminate this Agreement immediately upon giving written notice to Franchisee of such termination.

B. 10 Day Opportunity to Cure. Instant Imprints may also terminate this Agreement after giving Franchisee written notice of the default and 10 days to cure for the following defaults:

1. Loses any permit or license which is a prerequisite to the operation of the Center for a period of five (5) days; or
2. Non-payment of sums due to Instant Imprints or Instant Imprints' Affiliates or suppliers; or
3. Fails to provide Instant Imprints with the reports of sales and other financial information as required under the this Agreement; or
4. Fails to keep the Center open for a period of 5 consecutive days without justifiable cause; or
5. Fails to pay its lawful debts and taxes when same become due; or
6. Fails to immediately correct and cure a threat or danger to the public health or safety resulting from the construction, operation or maintenance of the Center.

If the default is not cured within the 10 day cure period, Instant Imprints has the right to terminate this Agreement immediately upon giving written notice to Franchisee of the termination.

C. Without Opportunity to Cure. Notwithstanding anything contained herein to the contrary, if state law permits, Instant Imprints shall be permitted to terminate the franchise immediately and with notice when the basis or grounds for cancellation is:

1. Conviction of a felony or any other criminal misconduct which materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; or
2. Fraudulent activity which materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; or
3. Abandonment of the franchise; or
4. Bankruptcy, making a general assignment for the benefit of creditors or insolvency of Franchisee; or
5. Giving of more than two (2) no account or insufficient funds checks or failure to have sufficient funds for an EFT transfer to Instant Imprints or its Affiliates within a twelve month period; or
6. Making or having made any material misrepresentation or omission in the application for this franchise; or
7. Committing any other act or omission which permits termination without notice and/or an opportunity to cure under applicable state law.

D. Instant Imprints' Default. If the Franchisee is in compliance with the Franchise Agreement, and Instant Imprints materially breaches the Franchise Agreement and fails to cure this breach within sixty (60) days after the Franchisee delivers written notice to Instant Imprints, then the Franchisee may terminate the Franchise Agreement, effective thirty (30) days after delivery to Instant Imprints of proper notice.

E. Operation of Center. In order to prevent any interruption of the franchise business which would cause harm to the business, if Franchisee is unable to operate the Center for any reason whatsoever, Franchisee abandon's or fails to actively operate the Center for any period or Franchisee fails to cure a breach within the applicable cure period (if any), Franchisee authorizes Instant Imprints and its agents and Affiliates to operate the business if Instant Imprints desires to do so, in its sole discretion, for so long as Instant Imprints deems necessary and practical. All income from the operation of the Center shall be kept in a separate account, and the expenses of the business, including reasonable compensation and expenses of Instant Imprints and its agents, shall be charged to said account. Instant Imprints may charge Franchisee a reasonable management fee that Instant Imprints specifies plus any out-of-pocket expenses incurred in connection with the management of the Center. Instant Imprints and its designees will have a duty only to use reasonable efforts upon assuming the Center's management and will not be liable for any debts, losses or obligations that the Center incurs, or to any creditors for any supplies or other products or services purchased for the Center in connection with such management. Nothing contained herein shall be construed to require Instant Imprints to operate the business in the case of Franchisee's inability to operate same, and the rights set forth herein may be exercised in the sole and absolute discretion of Instant Imprints.

14. CONSEQUENCES OF TERMINATION

Upon termination or expiration of the Term of this Agreement or a Transfer, all rights granted hereunder to Franchisee shall forthwith terminate and:

A. Franchisee shall immediately cease to operate the Center under this Agreement and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Instant Imprints.

B. Pursuant to the terms of this Agreement, upon Instant Imprints' request, Franchisee shall assign to Instant Imprints any interest that Franchisee may have in any lease or sublease for the Premises. Instant Imprints may exercise the option at or within thirty (30) days after either termination or expiration of the Term of this Agreement or within thirty (30) days of notice by Franchisee's landlord of its intent to terminate the lease or sublease. In such event Instant Imprints, in its sole discretion, shall have the right and is hereby empowered to take possession of the Premises demised by the lease or sublease, expel Franchisee therefrom, and, in such event, Franchisee shall have no further right, title or interest in the lease or sublease. In the event that Instant Imprints does not elect to exercise its option to acquire the lease or sublease for the Premises, Franchisee shall make such modifications or alterations to the Premises operated hereunder immediately upon termination or expiration as may be necessary to distinguish the appearance of such Premises from that of other Instant Imprints Centers under the System and shall make such specific additional changes thereto as Instant Imprints may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this paragraph, Instant Imprints shall have the right to enter upon the premises without being guilty of trespass or any other tort for the purposes of making

or causing to be made such changes as may be required as the expense of Franchisee which expense Franchisee agrees to pay upon demand.

C. Franchisee shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, any confidential methods, procedures, trade secrets, processes and techniques associated with the System, the Marks and any distinctive forms, slogans, signs, symbols, logos or devices associated with the Marks or System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms and any other article that displays the Marks.

D. Franchisee shall take such action as may be necessary to cancel or assign to Instant Imprints at Instant Imprints' option, any assumed name or equivalent registration filed with state, city or county authorities which contains the Marks, and Franchisee shall furnish Instant Imprints with evidence satisfactory to Instant Imprints of compliance with this obligation within thirty (30) days after termination or expiration of the Term of this Agreement.

E. Franchisee shall immediately pay all sums owing to Instant Imprints and its Affiliates. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorney's fees, incurred by Instant Imprints subsequent to the termination or expiration of the Franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Section 14.

F. Franchisee shall immediately return to Instant Imprints the Manual and such other records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Instant Imprints to Franchisee relating to the operation of the Center (all of which are acknowledged to be Instant Imprints' property). In addition, Franchisee will provide Instant Imprints with a complete list in hardcopy and digital format (excel, text, or comma separated values) (including names addresses and telephone numbers) of all customers, customer contracts, outstanding orders and all deposits or payments made for such orders, past invoices, address card-file entries, and Franchisee's business cards and a complete and updated backup file of the customer listing and database files in ShopVox/POS as of the date of termination.

G. Franchisee agrees, prior to utilizing any telephone number in conjunction with the Center, to execute an agreement assigning such telephone listing and numbers to Instant Imprints that shall become effective upon termination or expiration of the Term of this Agreement for any reason at Instant Imprints' option. In addition, Franchisee shall immediately notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers and facsimile numbers in any regular, classified or other telephone directory listing associated with the Marks and to authorize transfer of same to or at the direction of Instant Imprints.

Instant Imprints has the right to file an original counterpart or a copy of the Assignment of Telephone Number with the telephone company as written evidence of the appointment by Franchisee of Instant Imprints or Instant Imprints' nominee to be Franchisee's attorney-in-fact. Franchisee will execute a power of attorney in substantially the same form as Schedule B attached hereto at the time this Agreement is signed.

H. Franchisee shall comply with all post-term covenant obligations including but not limited to the trade secrets, confidential information, non-competition and indemnification.

Neither a Transfer or the expiration or termination of the Term of this Agreement shall relieve Franchisee of any of Franchisee's obligations to Instant Imprints existing at the time of such Transfer, expiration or termination, or terminate Franchisee's obligations that, by their nature, survive such Transfer, expiration or termination. Furthermore, a Transfer or the expiration or termination of the Term of this Agreement shall be without prejudice to Instant Imprints' rights against Franchisee; and in the event of a termination which is the result of Franchisee's material breach or default under this Agreement, Instant Imprints shall, in addition to its rights set forth above, also be entitled to all rights and remedies available at law or in equity.

I. Personal Property. Instant Imprints shall have the option (but not the obligation) to be exercised by providing written notice of intent to do so, within thirty (30) days after the expiration or earlier termination of this Agreement, to purchase any items bearing the Marks and other assets owned by Franchisee, including, without limitation, any or all signs, advertising materials, supplies, inventory, equipment, furnishings, fixtures, or other items at a price equal to their cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by Instant Imprints, whose costs shall be borne equally by the parties, and his or her determination shall be final and binding. The fair market value of tangible assets shall be determined without reference to Goodwill, going concern value, or other intangible assets. All items shall be delivered to Instant Imprints or its designee free and clear of all encumbrances. If Instant Imprints elects to exercise its option to purchase, it shall have the right to set off all amounts due from Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment to Franchisee. Should Franchisee fail or refuse to execute and deliver the necessary documents to transfer good title to Franchisee's assets to Instant Imprints, or its nominee, Instant Imprints shall be entitled to obtain from any court of competent jurisdiction for a mandatory injunction to compel Franchisee to comply with the rights granted in this Agreement. All costs and expenses relating to such litigation, including Instant Imprints' attorneys' fees and costs, shall be payable by Franchisee to Instant Imprints, upon demand, and may be credited by Instant Imprints to the agreed purchase price.

15. RESTRICTIVE COVENANTS

A. Competing Business During the Term of This Agreement. Franchisee acknowledges the uniqueness of the System and that Instant Imprints is making its knowledge, know-how, and expertise available to it for the purpose of operating the Center strictly and solely within the Designated Territory. Franchisee agrees that it would be an unfair method of competition to use or duplicate or to allow others to use or duplicate any of the knowledge, know-how and expertise received by Franchisee for any reason other than for the operation of the Center under this Agreement. Franchisee further recognizes the importance of devoting substantial time and energy to Center. Franchisee, therefore, warrants that during the Term of this Agreement, unless Franchisee has the prior written consent of Instant Imprints, Franchisee shall not directly or indirectly, through itself or through corporations, partnerships, limited liability companies, trusts, associations, joint ventures, unincorporated businesses, or otherwise perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on profits or revenues of any Competitive Business except as a duly licensed franchisee of Instant Imprints (except for a five percent (5%) or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). A "Competitive Business" means business which provides any decorated apparel, signage and promotional advertising or any business offering embroidery, screen printing, digital direct garment printing and heat transfer products, advertising specialty products, signs

and banners, graphic design, digital document printing, uniforms, and team wear, or a division or subsidiary of a business which provides such services (except as the holder of not more than five percent (5%) of the shares in any company whose shares are listed or dealt in any stock exchange or other recognized public market)

B. Non-Competition After Term. For two (2) years after a Transfer, the termination or expiration of the Term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, Franchisee shall not directly or indirectly, through itself or through corporations, partnerships, limited liability companies, trusts, associations, joint ventures, or other entities or otherwise, perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to, or have any interest based on profits or revenues of any Competitive Business (except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction shall cover the Premises of the Center, a 10 mile radius around the Center and a 10 mile radius around all of the other Instant Imprint Centers. For purposes of this paragraph, an Instant Imprints Center includes any Center (or one under construction or subject to an executed Franchise Agreement) which is owned in whole or in part by Instant Imprints, Instant Imprints' Affiliates, or a franchisee of Instant Imprints or any such Center which operates under the Marks. Further, Franchisee will comply with the provisions of this Agreement relating to confidential information during the Term of and after a Transfer or the termination or expiration of the Term of this Agreement for any reason whatsoever.

C. Non-Solicitation. For a period of two (2) years after a Transfer or the expiration or termination of the Term of this Agreement for any reason, whether voluntary or involuntary and whether for cause or without cause, Franchisee will not, directly or indirectly, solicit or accept any business from, and will not directly or indirectly contact any customer with whom Franchisee or its employees or agents have had direct or indirect contact or about whom Franchisee or its employees or agents have learned Confidential Information and Trade Secrets by virtue of the operation of the Center other than customers that Franchisee has not had contact within the two (2) years preceding the Transfer, expiration or termination of the Term of this Agreement.

D. Reasonableness of Restrictions. Instant Imprints intends to restrict the activities of Franchisee under Sections 15 of this Agreement only to the extent necessary for the protection of Instant Imprints' legitimate business interests. Each of the foregoing covenants shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. Franchisee acknowledges and agrees that if it were to violate the covenants in Section 15, the unauthorized disclosure of Confidential Information would be inevitable. In the event a court of competent jurisdiction shall determine the business, time, or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then, the court so holding shall reduce the limitation necessary to render such restriction enforceable by such court. Instant Imprints shall have the right to reduce the scope of any covenant contained in Section 15, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee shall comply with any covenant as so modified. In addition to any other remedies available at law or equity, Instant Imprints shall have the right to injunctive relief without posting a bond for a violation or threatened violation of the foregoing. The terms of this Section 15 are assignable by Instant Imprints and shall inure to the benefit of Instant Imprints, as well as its successors and assigns.

In the event of any assignment, sale, merger or change in ownership or structure of Instant Imprints, the resulting entity shall step into the place of Instant Imprints, without any additional consent of or notice to the Franchisee, as if the term Instant Imprints were defined in this Agreement to include such entity.

E. Requirement of Confidentiality. Franchisee acknowledges that the trade secrets, information, ideas, research, methods, manuals, sales and marketing procedures, systems, improvements and copyrighted materials, etc., including the Manual, owned or developed by or licensed to Instant Imprints, whether or not published, confidential or suitable for registration or copyright, and the goodwill associated with them, are and will remain Instant Imprints sole and exclusive property. Instant Imprints is providing or revealing these items to Franchisee in trust and confidence. Any and all information, knowledge and know-how not generally known in the business about the System including but not limited to customer information, customer lists specifications, standards, methods, procedures, sales and marketing materials, knowledge of the System and experience in operating an Instant Imprints Center and other information or material which Instant Imprints may designate as confidential ("Confidential Information") are deemed confidential for purposes of this Agreement. Franchisee acknowledges that if the System and the Manual would be used by other persons, firms or corporations, it would give them a substantial competitive advantage which is presently enjoyed by Instant Imprints and its franchisees. Franchisee will not, during the term of this Agreement, or after the Transfer or the expiration or termination of the Term of this Agreement for any reason, communicate or divulge to anyone or use any Confidential Information and Trade Secrets, nor will Franchisee disclose, use or divulge in whole or in part any Confidential Information, unless such information is generally known and in the public domain, and except to the extent necessary to operate the Center. All of Franchisee's employees will exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all Confidential Information and Trade Secrets and proprietary rights during and after the Term of this Agreement.

16. INDEPENDENT CONTRACTOR/INDEMNIFICATION

A. Independent Contractor. This Agreement does not constitute Franchisee as an agent, legal representative, joint venturer, partner, employee or servant of Instant Imprints for any purpose whatsoever. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them. Franchisee may not represent to third parties that Franchisee is an agent of Instant Imprints and it is understood between the parties hereto that Franchisee shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Instant Imprints, or to create any obligation, express or implied, on Instant Imprints' behalf. Under no circumstances shall Instant Imprints be liable for any act, omission, contract, debt or any other obligation of Franchisee. Franchisee specifically acknowledges that Instant Imprints shall in no way be responsible for any injuries to persons or property resulting from the operation of the Center. In addition, any third party contractors and vendors retained by Instant Imprints to perform conversion or construction of the Center, if applicable, are independent contractors. During the Term of this Agreement and any extension hereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Instant Imprints. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Center, if applicable and on all forms, stationery or other written materials, the content of which Instant Imprints reserves the right to specify.

B. Indemnification. Franchisee agrees to hold harmless, indemnify and defend Instant Imprints and its Affiliates and Instant Imprints' respective members, shareholders, officers, directors, employees and agents and successors or assigns (collectively "Instant Imprints Indemnitees") from and against all losses, damages, fines, costs, expense, lost profits, loss, damages, or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation, proceeding or inquiry, or any settlement thereof which arises or is based upon acts, errors or omissions incurred in connection with or arising out of Franchisee or its employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns ("Indemnitors") pursuant to or in connection with the operation of the Center, regardless of whether the Indemnities were negligent or that said negligence was a contributing factor in the liability.

17. DISPUTE RESOLUTION

A. Meeting. Realizing that in business relationships there is always a possibility of differences of opinion or other disagreements and that what is most important is to resolve any disputes amicably, quickly, inexpensively and professionally and to return to business as soon as possible, it is with that same spirit of cooperation that Franchisee and the parties and their representatives pledge to resolve differences and to use the procedures specified in this Agreement, believing that these procedures will reduce instances of possible disputes and make the resolution of any disputes which do arise less expensive, quicker, less subject to public notoriety and achievable in a less formal and antagonistic means than litigation, as well as to increase the opportunities for Franchisee and Instant Imprints to maintain a mutually beneficial business relationship.

Except as stated in Section 17, any controversy or claim arising out of or relating to this Agreement, the business franchised hereunder or the relationship between the parties, including any claim that this Agreement, or any part thereof, is invalid, illegal, or otherwise void, shall be first discussed in a face-to-face meeting between Franchisee and Instant Imprints. This meeting will be held at Instant Imprints' then-current headquarters, or at such other location as Instant Imprints, in its sole discretion, determines and within thirty (30) days after either Franchisee or Instant Imprints gives written notice to the other proposing such a meeting. If the party who did not request the meeting fails to attend the meeting, or if the parties fail to schedule such a meeting within thirty (30) days of receipt of the Notice, or if a meeting does not resolve all outstanding grievances of the parties, either party may pursue mediation and/or litigation, subject to the terms set out below.

B. Formal Mediation. Before any party may bring an action in court for any controversy, dispute or claim between Instant Imprints and Franchisee arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the "Mediation") in Wilmington, Delaware unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the "AAA Mediation Rules") except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted under the AAA. Instant Imprints and Franchisee will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be

split equally between the Franchisee and Instant Imprints. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, Instant Imprints and Franchisee agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by Instant Imprints and relating to Instant Imprints' trademarks, service marks, patents, or copyrights, including the Proprietary Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by Instant Imprints for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

C. Dispute Resolution Fee. If Franchisee or its guarantors have not complied with the provisions in this Section on Dispute Resolution and Section 18.R below, Franchisee shall reimburse Instant Imprints for all of its expenses incurred in curing the Franchisee's breach of these sections only (including, without limitation, Instant Imprints' attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay the Instant Imprints a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). If Franchisee follows the provisions in Section 17 and 18.R, Franchisee will not pay the Dispute Resolution Fee. Franchisee acknowledges and agrees that Instant Imprints will be damaged by such breach. Franchisee agrees that a precise calculation of the full extent of the damages that Instant Imprints will incur from the breach of Section 17 and Section 18.R of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. Instant Imprints has the right to collect these amounts in addition to exercising any and all other rights Instant Imprints may have for non-compliance under this Agreement.

18. MISCELLANEOUS PROVISIONS

A. Non-Waiver. No failure of Instant Imprints to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Instant Imprints' right to demand exact compliance with the terms hereof. Waiver by Instant Imprints of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Instant Imprints' right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance or omission of Instant Imprints to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair Instant Imprints' rights nor shall such constitute a waiver by Instant Imprints of any right hereunder or of the right to declare any subsequent breach or

default. Subsequent acceptance by Instant Imprints of any payment(s) due to it hereunder shall not be deemed to be a waiver by Instant Imprints of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

B. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day of the transmission by facsimile, telegraph or other reasonably reliable electronic communication system; (c) one business days after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) three days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing. All notices, payments and reports required by this Agreement shall be sent to Instant Imprints at the address set forth on the Summary Pages attached hereto or the Premises.

C. Cost of Enforcement or Defense. If Instant Imprints is required to enforce or defend this Agreement or any portion thereof in a judicial proceeding, it shall be entitled to reimbursement of its costs, including reasonable accounting, legal fees, expert witness fees and other expenses in connection with such proceeding.

D. Approvals. Whenever this Agreement requires the prior approval or consent of Instant Imprints, Franchisee shall make a timely written request to Instant Imprints therefore and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing and signed by Instant Imprints. Instant Imprints makes no warranties or guarantees upon which Franchisee may rely and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore.

E. Entire Agreement. This Agreement, any exhibit attached hereto and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between Instant Imprints and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements. No other representation has induced Franchisee to execute this Agreement and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise; provided that nothing in this or any related agreement is intended to disclaim the representations made by Instant Imprints in the franchise disclosure document furnished to Franchisee in connection with Instant Imprints' offer to grant a franchise to operate the Center. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties unless approved by the FAC subject to Section 8.C above.

F. Severability. Should any provision of this Agreement be construed or declared invalid, such decision shall not affect the validity of any remaining portion which shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. If any restriction contained in this Agreement is deemed too broad to be capable of enforcement, a court of competent jurisdiction is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement. All covenants contained in this Agreement relating to non-competition, shall be interpreted and applied consistent with the requirements of reasonableness and equity.

G. Construction. The language of this Agreement will be construed according to its fair meaning and not strictly against either party. All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

H. Force Majeure. Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply nor result in an extension of the Term of this Agreement.

I. Timing. Time is of the essence of this Agreement. It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

J. Representative Capacity. In all of their dealings with Franchisee, the officers, directors, employees and agents of act only in their representative capacity for Instant Imprints, and not in any individual capacity or on behalf of Instant Imprints or any of Instant Imprints' affiliates or agents.

K. Gender. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context or sense of the Agreement or any section, paragraph, or clause herein may require, as if such words had been fully and properly written in the appropriate number and gender.

L. Effect. This Agreement shall be binding upon and inure to the benefit of the parties, their legal representatives, heirs, administrators, executors, their permitted successors and assigns.

M. Joint and Several Liability. If two or more persons are the Franchisee under this Agreement, their obligations and liabilities to Instant Imprints shall be joint and several.

N. Payment of Fees. Instant Imprints has the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for any and all fees, expenses, purchases from Instant Imprints or its Affiliates, interest or any other indebtedness. Neither Instant Imprints or any of its Affiliates are required to accept payments after same are due or extend credit or otherwise finance Franchisee's operation of the franchise. Instant Imprints and its Affiliates may require Franchisee to pay for all purchases on a C.O.D. basis by cashier's check, or may refuse to make further sales to Franchisee, if Franchisee is in default under this Agreement or if Franchisee has failed to pay all amounts due Instant Imprints and its affiliates when due.

O. Day-to-Day Control. Franchisee has the sole right and responsibility for the manner and means by which the day-to-day operation of the Center is determined and conducted and for achieving its business objectives. Subject to any approval, inspection and enforcement rights reserved to Instant Imprints, Franchisee's rights and responsibilities

includes the employment, supervision, setting the conditions of employment and discharge for its employees at the Center, daily maintenance, safety concerns, and the achievement of conformity with the System, notwithstanding anything contained herein or in the Manual to the contrary. Instant Imprints expressly disclaims any responsibility or undertaking to ensure Franchisee's compliance with the satisfactory and legal operation of the Center and Instant Imprints shall not in any way be liable to Franchisee or any third parties for Franchisee's failure to comply with any of the terms of this Agreement or Franchisee's failure to comply with any standards or suggestions of Instant Imprints, it being the understanding of the parties that the Franchisee and the Franchisee alone is responsible for the day-to-day operations of the Center.

P. Receipt of Disclosure Document. Franchisee acknowledges receipt of Instant Imprints' franchise disclosure document along with this Agreement, at least fourteen (14) days before execution hereof or any payment to Instant Imprints. If any unilateral modifications have been made to this Agreement by Instant Imprints, Franchisee acknowledges that it had at least seven (7) days to review them.

Q. Choice of Law. This Agreement and the rights of the parties will not take effect unless and until this Agreement is accepted and signed by Instant Imprints. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement is governed by Delaware law (without reference to its conflict of laws principles). Notwithstanding anything contained in this Agreement or the foregoing to the contrary, if any valid applicable law or regulation of a governmental authority having jurisdiction over this Agreement limits Instant Imprints' rights of rescission or termination, requires longer notice periods than set forth herein, or limit the effectiveness of the non-competition covenants set forth herein, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon rescission, termination, and non-competition required by such laws or regulations. If a state regulator requires an amendment to this Agreement, the amendment is attached hereto in a State Law Addendum. Instant Imprints shall not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to this Agreement or to its rescission or termination.

R. Jurisdiction and Venue. Regardless of the physical location of Franchisee, it is understood and agreed by Franchisee that any action sought to be brought by either party in the United States District Court in Wilmington, Delaware unless there is not proper jurisdiction in which case a State Court in Wilmington, Delaware. The parties do hereby waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The exclusive choice of jurisdiction and venue does not preclude the bringing of any action by the parties or the enforcement by the parties of any judgment obtained in any such jurisdiction, in any other appropriate jurisdiction, or restrict the ability of the parties to confirm or enforce awards in any appropriate jurisdiction.

S. Cumulative Rights and Remedies. In addition to any other remedies in law or in equity to which it may be entitled, Instant Imprints shall be entitled without bond to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement, in the event Franchisee actually or anticipatorily breaches this Agreement. If Instant Imprints incurs any attorney's fees or other expenses in seeking enforcement or in defense of this Agreement, Franchisee shall be required to reimburse Instant Imprints for its reasonable costs and expenses (including, but not limited to attorney's fees) thereby incurred. No right or remedy conferred upon Instant Imprints is intended to be exclusive, and every such right or remedy shall be cumulative and in addition to any other rights or remedies available under this Agreement, or

otherwise. For purposes of this Agreement, a termination shall include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer.

T. Non-liability of Affiliates. Instant Imprints is the only party obligated to Franchisee under this Agreement. Franchisee may not look to II Transatlantic, Inc., IICA, Inc. or any other Affiliate of Instant Imprints, or related companies, other business entities or individuals for performance of this Agreement.

19. WARRANTIES AND REPRESENTATIONS OF FRANCHISEE

A. Franchisee and its guarantors have been advised to make an independent investigation of Instant Imprints' operations. Instant Imprints has not and does not represent that Franchisee can expect to attain a specific level of sales, profits, or earnings. Franchisee and its guarantors have been advised to obtain independent professional and legal advice regarding this franchise. Franchisee and its guarantors understand that it may sustain losses as a result of the operation or the closing of the business. Franchisee and its guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on Franchisee's skills, abilities, initiative, and hard work.

B. Franchisee and its guarantors represent and warrant that the execution, delivery and performance of this Agreement by Franchisee and the Personal Guaranty by the guarantors do not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity.

C. Under applicable U.S. Law, including without limitation executive order 1224, signed on September 23, 2001 (the "Order"), Franchisee is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in acts of terrorism as defined in the Order. Accordingly, Franchisee does not and hereafter will not engage in any terrorist activity. In addition, Franchisee is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity. Franchisee is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

20. CAVEAT

A. THE SUCCESS OF THE BUSINESS IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. INSTANT IMPRINTS DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE BUSINESS AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATIONS OR WARRANTIES. FRANCHISEE FURTHER ACKNOWLEDGES THAT IT HAS READ AND COMPLETED THE QUESTIONNAIRE, A COPY OF WHICH IS SET FORTH AS EXHIBIT VII OF THIS AGREEMENT.

B. FRANCHISEE UNDERSTANDS AND AGREES THAT INSTANT IMPRINTS HAS NO OBLIGATION TO ACCEPT FRANCHISEE'S APPLICATION AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. FRANCHISEE ACKNOWLEDGES THAT UNLESS AND UNTIL

INSTANT IMPRINTS SIGNS THIS FRANCHISE AGREEMENT, THE FRANCHISE HAS NOT BEEN GRANTED, FRANCHISEE IS NOT A FRANCHISEE OF INSTANT IMPRINTS AND MAY NOT RELY UPON BECOMING A FRANCHISEE OF INSTANT IMPRINTS.

21. LIMITATION OF LEGAL ACTIONS

A. IN NO EVENT WILL INSTANT IMPRINTS BE LIABLE TO FRANCHISEE FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR INSTANT IMPRINTS' RELATIONSHIP WITH FRANCHISEE.

B. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

C. ANY DISAGREEMENT BETWEEN FRANCHISEE AND INSTANT IMPRINTS (AND ITS AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND FRANCHISEE WAIVES ANY RIGHT TO PROCEED AGAINST INSTANT IMPRINTS (AND ITS AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

D. FRANCHISEE WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR INSTANT IMPRINTS' RELATIONSHIP WITH FRANCHISEE, UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH FRANCHISEE KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

E. INSTANT IMPRINTS' MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF INSTANT IMPRINTS' OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT FRANCHISEE PAID TO INSTANT IMPRINTS WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE OF ANY PROPER CLAIM IS RECEIVED BY INSTANT IMPRINTS.

[SIGNATURE PAGE TO FOLLOW]

THE PARTIES HERETO acknowledge that they have read and fully understand all of the above and foregoing. By signing below, each party agrees to abide by all of the terms and conditions contained in this Agreement.

NO FRILL FRANCHISING, INC.

FRANCHISEE:

BY: _____
Signature

Signature

Print Name

Print Name

Print Title

Print Title

Date

Date

If applicable corporate name:

BY: _____
Signature

Print Name/CEO

Date

BY: _____
Signature

Print Name/Secretary

Date

PERSONAL GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement"), by No Frill Franchising, Inc. (the "Franchisor") in favor of _____ ("Franchisee"), each of the undersigned ("Guarantors") hereby personally and unconditionally guarantees to the Franchisor, its Affiliates (as defined herein), and their successors and assigns for the Term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement. The Guarantors agree to be personally and unconditionally bound by each and every undertaking, agreement and covenant set forth in the Agreement, including but not limited to the restrictive covenants and non-disclosure provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Marks and Transfers to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions. The Guarantors further hereby personally and unconditionally guarantee all debts and obligations Franchisee incurs to the Franchisor, its successors, assigns, affiliated entities, parent corporation, and subsidiaries ("Affiliates") and its franchisees, as the case may be, as a result of any obligations under the Agreement and as a result of purchases of products or services from Franchisor, its Affiliates and its franchisees. Each of the undersigned waives:

- (1) acceptance and notice of acceptance by the Franchisor, its Affiliates or its franchisees of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability;
- (5) all rights to payments and claims for reimbursement or subrogation which any of the Guarantors may have against the Franchisee arising as a result of the Guarantors' execution of and performance under this guaranty; and
- (6) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that:

- (1) his or her direct and immediate liability under this guaranty shall be joint and several;
- (2) he or she shall render any payment or performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so;

(3) such liability shall not be contingent upon or conditioned upon pursuit by Franchisor, its Affiliates or its franchisees of any remedies against the Franchisee or any other person; and

(4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or the indulgence which the Franchisor, its Affiliates or its franchisees may from time to time grant to the 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, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the Term of the Agreement.

If the Franchisor, any of its Affiliates or any of its franchisees are required to enforce this Guarantee in any judicial proceeding or appeal thereof, the Guarantors shall reimburse the Franchisor, such Affiliates and such franchisees for their costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', 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 written demand, claim, action, hearing or proceeding to enforce this Guaranty. Further, undersigned Guarantors also hereby consents to the applicability of the governing law, venue and jurisdiction provision in the Franchise Agreement to this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name: _____
Signature: _____
Date: _____
Address: _____

Print Name: _____
Signature: _____
Date: _____
Address: _____

Print Name: _____
Signature: _____
Date: _____
Address: _____

SCHEDULE A

DESIGNATED TERRITORY MAP

SCHEDULE B
ASSIGNMENT OF TELEPHONE NUMBER(S)

This Assignment relates to:

Name of the Franchisee: _____

Address of Franchisee's Business: _____

Telephone Number(s): (____) _____; (____) _____; (____) _____

Telephone Company: _____

For valuable consideration, the Franchisee identified above (the "Franchisee") assigns and Transfers to No Frill Franchising, Inc. (the "Instant Imprints") all of the Franchisee's rights and interests in each and all of the telephone numbers listed above (the "Numbers").

The Franchisee authorizes Instant Imprints to file this Assignment with the telephone company that issued the Numbers for the purposes of establishing Instant Imprints' claim to and right to designate the user of the Numbers.

The Franchisee irrevocably constitutes and appoints Instant Imprints as the Franchisee's agent and lawyer-in-fact for the purposes of (i) signing and delivering any transfer of Service Agreement or comparable document the telephone company requires to transfer the rights in the Numbers from the Franchisee to Instant Imprints or its designee, and (ii) canceling and revoking any call-forwarding or similar instructions the Franchisee has issued to the telephone company with respect to any of the Numbers, with full power to sign the Franchisee's name and otherwise to act in the Franchisee's name, place and stead.

The Franchisee agrees to reimburse Instant Imprints the full amount of any local service and long distance charges the telephone company requires that Instant Imprints pays to obtain the Numbers, together with interest as provided in the parties' Franchise Agreement.

The Franchisee represents and warrants to Instant Imprints that the Franchisee obtained the Numbers in his, her or its own name, and that the Franchisee is the person of record the telephone company shall recognize as registered user or "owner" of the Numbers.

THE FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

SCHEDULE C
SBA ADDENDUM



ADDENDUM TO FRANCHISE

¹ AGREEMENT

THIS ADDENDUM (“Addendum”) is made and entered into on _____, 20____, by and between No Frill Franchising, Inc. (“Franchisor ”), located at 6615 Flanders Drive, Suite B, San Diego, CA 92121, and _____ (“Franchisee ”), located at _____.

Franchisor _____ and Franchisee _____ entered into a Franchise _____ Agreement on _____, 20____, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee _____ is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise _____ Agreement or any other document Franchisor _____ requires Franchisee _____ to sign:

CHANGE OF OWNERSHIP

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

FORCED SALE OF ASSETS

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

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

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

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR :

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE :

By: _____

Print Name: _____

Title: _____

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

SCHEDULE D
PROMISSORY NOTE

Promissory Note

\$ _____

Date: _____, 20__

The undersigned ("Franchisee"), for value received, jointly and severally promise to pay to the order of No Frill Franchising, Inc., a Delaware corporation ("Franchisor"), at 6615 Flanders Drive Suite B, San Diego, CA 92121 or at such other place as the holder of this Promissory Note ("Note") may designate in writing, the principal sum of:

[\$10,000.00 and 0% interest, said principal and interest to be paid in equal monthly payments of \$300. The first monthly payment is due by the 5 day of the month following the month the Center is opened for business and shall continue on the 5th day of each month for a period of 36 months.

The entire unpaid principal balance and all accrued but unpaid interest under this Note will be immediately due and payable as a balloon payment upon the earlier of: (1) the termination of the Franchise Agreement; or (2) a "Transfer" occurs (as defined in the Franchise Agreement).]*

Franchisee acknowledges that the principal amount of this Note arose under and remains due under the Instant Imprints Franchise Agreement between Franchisor and Franchisee, dated _____, 20__ (the "Franchise Agreement").

Franchisor may assign this Note without notice to Franchisee.

Franchisee may prepay this Note in whole at any time or in part from time to time, in multiples of \$100.00 without penalty. Each such prepayment will be applied first against accrued interest and the balance, if any, to the reduction of principal. Franchisor's failure or delay to exercise any right or remedies hereunder or afforded by applicable law will not operate as a waiver thereof. Such failure or delay will not be construed as a bar to or waiver of such right or remedy on a future occasion.

Franchisee agrees to pay all costs of collecting or enforcing payment or performance under this Note, together with reasonable attorneys' fees and legal expenses at any time paid or incurred by the holder hereof, whether suit be brought or not.

Franchisee waives presentment, protest and demand, delinquency, notice of protest, demand and dishonor, and any other notice otherwise required to be given by law in connection with the delivery, acceptance, performance, default, enforcement or collection of this Note, and expressly agrees that this Note, or any payment hereunder, may periodically be extended or subordinated, without affecting the liability of Franchisee.

Any default by Franchisee under the Franchise Agreement after the date of this Note will constitute a default under this Note. Any default under this Note will constitute a default under the Franchise Agreement. If any default by Franchisee occurs under this Note, or any default by Franchisee occurs under the Franchise Agreement and such default is not cured under the terms thereof, if any, the entire principal balance under this Note will immediately become due and payable at Franchisor's option. Upon any acceleration of the principal balance under this Note due to a default under the Note or the Franchise Agreement, interest will accrue on all unpaid amounts from the date of acceleration at a rate of 18% per annum or the maximum rate permitted

by law, whichever is less, until the entire principal balance and all accrued but unpaid interest is paid.

To secure Franchisee's payment of the Note and Franchisee's performance of its obligations hereunder, Franchisee grants to Franchisor a security interest in and to Franchisee's business assets, whether owned now or acquired later, and all additions, located at or arising from transactions related to the Franchised Business, all policies of insurance covering such assets and all proceeds thereof.

This Note is guaranteed pursuant to a Guaranty and Assumption of Obligations (the "Guaranty") provided by Franchisee and _____ upon the execution of the Franchise Agreement. This Note may not be amended or modified, and no waiver of any provision hereof will be effective, except by an instrument in writing signed by the party against whom enforcement of any amendment, modification, or waiver is sought. If Franchisee consists of two or more individuals, the liability of each individual will be joint and several. The Franchisor's rights shall be subordinated to any rights of the Small Business Administration.

This Note is governed by the laws of the State of California.

Franchisee has caused this Note to be made and executed as of the date first above written.

FRANCHISEE:

By: _____
Its: _____

PERSONAL GUARANTY

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby individually and unconditionally, jointly and severally guarantees to Franchisor and its successors and assigns, the timely payment by Franchisee of all amounts which become due and payable pursuant to the above Promissory Note. This Personal Guaranty may not be modified or terminated except in a writing executed by the undersigned and Holder.

*To be used for existing Instant Imprint franchisees for the purchase of additional franchises.

**To be used for Area Representative purchasing a spec unit.

SCHEDULE E
SECURITY AGREEMENT

This security agreement (hereinafter "Security Agreement") is made as of _____, between _____ ("Debtor"), and No Frill Franchising Inc. ("Secured Party").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby grants to Secured Party a security interest in present and after acquired personal property of Debtor including without limitation in all accounts; accounts receivable; contract rights; leases; furniture; furnishings; equipment (including motor vehicles); fixtures; machinery; accessories; movable trade fixtures; goods held for sale or being processed for sale in Debtor's business, including all supplies, finished goods and all other items customarily classified as inventory; building improvement and construction materials; chattel paper; instruments; documents; letters of credit; all funds on deposit with any financial institution; commissions; and including the proceeds and products therefrom and any and all substitutions, replacements, additions and accessions thereto and any rebate/award program (or similar incentive programs) to which Debtor may be entitled pursuant to any franchise agreement entered into with Secured Party, together with all such rights and property hereafter acquired by Debtor; and all general intangibles (collectively, the "Collateral") as well as all parts, replacements, substitutions, profits, products and cash and non-cash proceeds of the foregoing Collateral (including insurance and condemnation proceeds payable by reason of condemnation of or loss or damage thereto) as security for (i) the prompt payment of any promissory notes executed by Debtor in favor of Secured Party, and any renewals, compromises, extensions, modifications, accelerations or other changes in the time for performance or other terms thereof (the "Notes"), and (ii) performance under any franchise agreements between Debtor and Secured Party, as the same may be amended (the "Franchise Agreements"), and (iii) all other agreements between Debtor and Secured Party. The Collateral shall not include consumer goods. The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the security interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

SECTION 1 -- DEBTOR'S OBLIGATIONS. Debtor agrees to the following:

- (a) Debtor will properly maintain and care for the Collateral and will not remove the Collateral from the Franchisee Instant Imprints Center (as defined in the Franchise Agreement).
- (b) Debtor will notify Secured Party in writing prior to any change in Debtor's place of business;
- (c) Debtor has not executed and will not execute as debtor thereunder any security agreement or financing statement covering any of the Collateral except with Secured Party, nor will Debtor charge, pledge or encumber the Collateral, or allow any lien to be placed against the Collateral, whether voluntary or involuntary;
- (d) Debtor represents and warrants to Secured Party that the Collateral shall not become collateral for any other obligations previously incurred, nor collateral under any other security agreement(s) previously executed by Debtor; and

(e) Debtor will not sell, contract for sale or otherwise dispose of any of the Collateral except in the ordinary course of business.

SECTION 2 -- DEFAULTS. Debtor shall be in default under this Security Agreement upon the occurrence of any of the following events or conditions (an "Event of Default"):

(a) The failure by Debtor to pay any amount when due under the terms and provisions of the Notes (after applicable grace periods, if any); or

(b) Debtor's breach of any term, provision, warranty or representation set forth herein or in the Franchise Agreements, or in any other agreement between Debtor and Secured Party; or

(c) The making of any levy on, or seizure or attachment of, any of the Collateral, if such levy, seizure or attachment is not set aside within fifteen (15) days thereafter; or

(d) The dissolution, termination of existence or insolvency of Debtor; the appointment of a receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors by Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any guarantor, surety or endorser for Debtor; or

(e) Any guarantor, surety or endorser for Debtor defaulting in any obligation or material liability to Secured Party, if such default is not cured within five (5) days thereafter.

SECTION 3 -- REMEDIES AFTER DEFAULT.

(a) In the event of the occurrence of an Event of Default, Secured Party, in addition to all other rights and remedies given Secured Party under any and all agreements by and among Secured Party, Debtor and/or Debtor's guarantors, or otherwise by law, may do one or more of the following, without notice to or demand upon Debtor:

1) Declare all obligations secured hereby immediately due and payable;

2) Enforce the security interest given hereunder and otherwise exercise the rights of a secured creditor provided under the laws of the province in which the Office is located

3) Require Debtor to assemble the Collateral and make it available to Secured Party; and/or

4) Subject to applicable law, enter any office or offices of Debtor and take possession of the Collateral and of the records pertaining to the Collateral.

(b) Secured Party may apply the proceeds of any disposition of Collateral available for satisfaction of Debtor's indebtedness, which shall include the reasonable expenses of such sale, in any order of preference which Secured Party, in its sole discretion, chooses. Debtor shall remain liable for any deficiency.

SECTION 4 -- INSURANCE PROCEEDS. So long as no default exists hereunder, the proceeds of fire and casualty insurance covering the Collateral may be utilized by Debtor for the repair and restoration of Debtor's facilities, subject to such procedures as Secured Party may

reasonably require to assure the application of any such insurance proceeds for such purpose and completion of such repair and restoration.

SECTION 5 -- DUTIES OF SECURED PARTY. Secured Party's duties or responsibilities with reference to the Collateral shall be limited solely to the duties and responsibilities set forth in this Security Agreement and Secured Party shall not be responsible in any way for the condition, depreciation or maintenance of the Collateral other than as set forth herein. Debtor shall pay when due all taxes, charges, liens and assessments against the Collateral.

SECTION 6 -- MISCELLANEOUS.

(a) **Performance of Debtor's Obligations.** Simultaneously with the payment in full of all of Debtor's obligations under the Notes and performance of all outstanding obligations under the Franchise Agreements, all liens, encumbrances and security interests created by this Security Agreement shall be null and void.

(b) **Waiver.** Any waiver, express or implied, of any provision of this Security Agreement and any delay or failure by Secured Party to enforce any provision of this Security Agreement shall not preclude Secured Party from enforcing any such provision thereafter.

(c) **Governing Law.** This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the state in which the Debtor's Office is located.

(d) **Remedies.** All rights and remedies provided herein are cumulative and not exclusive of any rights or remedies otherwise provided by law. Any single or partial exercise of any right or remedy shall not preclude the further exercise thereof or the exercise of any other right or remedy.

(e) **Financing Statement.** Concurrently herewith, Secured Parties shall file a financing statement and financing change statements as necessary in the personal property security registrar of the province in which the Franchisee's Instant Imprints Center is located as may be necessary to preserve, protect and perfect the security interest created hereby. Debtor waives any statutory requirement for notice of registration of any financing statement or financing change statement. Debtor will execute such other documents as Secured Party may reasonably require to perfect its security interest in the Collateral.

(f) **Notices.** In the event either party desires to give notice to the other with regards to this Security Agreement, such notice shall be in writing and may be hand delivered, express mailed, or sent by certified or registered mail. Notices mailed as provided herein shall be deemed to be given two (2) days after they are sent. Such notices shall be sent to the address provided for such party in the Franchise Agreement, unless a party gives notice of a change of its respective address.

(g) **Attorneys' Fees.** In the event either party commences litigation against the other with respect to this Security Agreement, or its interpretation or enforcement, the prevailing party shall be entitled to reasonable attorneys' fees and court costs.

(h) **Successors in Interest.** This Security Agreement shall inure to the benefit of, and be binding upon, the successors in interest of the parties hereto and their permitted assignees.

(i) Amendments. This Security Agreement may only be amended by a writing executed by both of the parties hereto.

(j) Entire Agreement. The foregoing constitutes the entire agreement between the parties, all representations or understandings, whether oral or written, having been incorporated herein or otherwise superseded hereby.

(k) Facsimiles. Facsimile or electronic copies of this Security Agreement shall be deemed to have the same force and effect as the original and, as such, shall be fully binding on all parties.

THE PERSON SIGNING THIS AGREEMENT ON BEHALF OF THE DEBTOR REPRESENTS AND WARRANTS THAT HE OR SHE IS A DULY APPOINTED OFFICER OR OTHERWISE HAS BEEN AUTHORIZED TO BIND THE FRANCHISEE TO THE TERMS OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement effective as of the date first written above.

DEBTOR

By: _____

Print Name: _____

Title: _____

**SECURED PARTY
NO FRILL FRANCHISING INC.**

By: _____

Print Name: _____

Title: _____

SCHEDULE F

LEASE RIDER

Any lease executed by you for the operation of your Instant Imprints Center will either contain the following provisions in the Lease Rider or have the Lease Rider as an addendum to the your lease.

LEASE RIDER

This Lease Rider is executed as of this ____ day of _____, 20__, by and between _____ (the "Franchisee"), _____ ("Landlord"), and NO FRILL FRANCHISING, INC. (the "Franchisor") as a Rider to the lease dated as of _____ (as amended, renewed, and/or extended from time to time, "the Lease") for the Premises located at _____ (the "Premises").

WHEREAS, the Franchisee has executed or intends to execute a franchise agreement (the "Franchise Agreement") with Franchisor for the operation of an Instant Imprints business (the "Instant Imprints Business") at the Premises, and as a requirement thereof, the Lease for the Premises must include the provisions contained in this Rider; and

WHEREAS, Landlord and the Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease;

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and the Franchisee hereby agree as follows:

1. The Premises only may be used for the operation of an Instant Imprints Business.

2. Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to the Franchisee, but no later than thirty (30) days before a termination of the Lease would become effective.

3. Franchisor shall have the right, but not the obligation, upon giving written notice of its election to the Franchisee and Landlord, to enter the Premises to cure any breach of the Lease, and if so stated in the notice, to also succeed to the Franchisee's rights, title, and interests thereunder.

4. Notwithstanding anything to the contrary contained in the Lease, the Franchisee shall have the absolute right to sublet, assign or otherwise transfer its interest in the Lease to the Franchisor, without Landlord's approval, written or otherwise, without any increase in rent, without a material change in any other terms of the Lease, and without execution of a guarantee of the Franchisor's obligations (if any) under the assigned Lease.

5. The Franchisee shall, if requested by the Franchisor, assign to the Franchisor, and Landlord hereby irrevocably and unconditionally consents to such assignment, all of the

Franchisee's rights, title, and interest to and under the Lease. However, no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without execution of a Subsequent Franchise Agreement; and (b) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes the Franchisee's obligations under the Lease.

6. The Lease may not be modified, amended, renewed or extended in any manner or assigned by the Franchisee without the Franchisor's prior written consent. The Premises may not be sublet, subdivided, altered, or modified in any way without the Franchisor's prior written consent. Moreover, the Premises may not be used for any purpose other than for the operation of an Instant Imprints Business.

7. The Franchisee and Landlord acknowledge and agree that the Franchisor shall have no liability or obligation whatsoever under the Lease unless the Franchisor assumes the Lease in writing pursuant to Paragraphs 3, 4 or 5 above. Franchisor shall assume all of the Franchisee's obligations under the Lease from and after the date of assignment but shall not have the obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

8. If the Franchisor assumes the Lease, as above provided, Franchisor may further assign the Lease to another person or entity to operate as a Franchisee's business at the Premises ("Assignee"), subject to Landlord's consent which consent shall not be unreasonably withheld or delayed. It shall not be unreasonable for Landlord to withhold consent to a proposed assignment or other transfer based upon a distinction in, by way of example only, the proposed Assignee's creditworthiness, national or regional reputation, operating history from that of Franchisee, or for any such similar business reason. Landlord agrees to execute such further documentation to confirm its consent to the assignments permitted under this Rider as Franchisor may request.

9. If the Franchise Agreement expires or is terminated, Landlord shall exercise its right to terminate the Lease and/or to exercise its other remedies under the Lease, unless the Lease is assumed by the Franchisor or its designee within thirty (30) days of the termination or expiration of the Franchise Agreement.

10. If the Lease expires or is terminated for any reason, within fifteen (15) days of such expiration or termination, Franchisor may enter the Premises and remove any signs or other articles bearing any trade names, logos, trade-marks that are part of the System and de-identify the leased Premises as an Instant Imprints Business (including, without limitation, removing any Instant Imprints trade dress features and/or fixtures), without legal process and without being guilty of trespass.

11. Landlord and Franchisor may rely upon any notice from either of them regarding the status of the Lease or of the Franchise Agreement; they shall have no duty to perform any independent investigation to verify the Franchisee's rights under the Lease or the Franchise Agreement; and, the Franchisee agrees to indemnify and hold Franchisor harmless from any and all claims arising out of the Lease and the reliance upon Franchisors' or Landlord's representations regarding the Franchisee's status, or the status of the Franchise Agreement.

12. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to the Franchisor at 6615 Flanders Dr. San Diego, CA, 92121 Attn: President or such other address as Franchisor shall specify by written notice to Landlord.

14. Landlord subordinates any and all liens against equipment used in the Premises by Franchisee which has been purchased or leased by Franchisee from Franchisor or a third party.

LANDLORD:

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

FRANCHISOR:

No Frill Franchising, Inc.

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

THE FRANCHISEE:

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

SCHEDULE G
EQUIPMENT PACKAGE

EQUIPMENT PACKAGE FOR EXPANDED CENTERS

1-2 Single Head Embroidery Machines
Roland 54" TruVis printer/cutter with take up reel
3 PC's, Monitors, ShopVox, Network Equip. & Software
Furniture Package
Heat Press, Graphics Supplies
Brother GT-341 Printer
Wire Grids, Display Hardware, Open Sign, Steamer, etc.
Cad Cut and Transfer materials
Embroidery Startup Kit
Embroidery Lettering
Sign Tools and Supplies
Hoopmaster w/Fixture
Sublimation Setup
Sign tools
Chairs, Clip Boards, Rulers, Printer, Scanner
Showroom Samples and Inventory
Workstation
Banner Stands and Flags
Software for Office, etc. (subscription)
Outdoor Sign
TV/Monitor Setup
TV Wall Mount
Work Tables / Kraft Paper
Instant Imprints Indoor sign
Art Templates and Software

Optional: Xerox C70 production copier, with booklet maker/finisher
Triumph cutter
Binder/coiler and finishing

EQUIPMENT PACKAGE FOR GROWTH CENTER

Single Head Embroidery Machine
Roland TruVis 54" printer/cutter& Supplies
100" Trimmer
3 PC's, Monitors, shopVox, Network, & Software
Furniture Package
Heat Press, Graphics Supplies
Wire Grids, Display Hardware, Open Sign, Steamer, etc.
Cad Cut and Transfer materials
Embroidery Startup Kit
Embroidery Lettering Software
Sign Tools and Supplies
Hoopmaster w/Fixture
Sublimation Setup
Cutting Mat, Sign tools
Chairs, Clip Boards, Rulers
Showroom Samples and Inventory
Desk
Banner Stands and Flags
Software for Graphics, Office, etc. (subscription)
Outdoor Sign
Work Tables
Digital Art Solutions - Instant Imprints Bundle
TV / Monitor Setup

SCHEDULE H
CONVERSION ADDENDUM

This Conversion Addendum (this "Addendum") is made and entered into this ___ day of _____, 20___, by and between No Frill Franchising Inc. ("Instant Imprints") and _____ ("Franchisee").

BACKGROUND

Instant Imprints and Franchisee are, on this day, entering into an Instant Imprints Franchise Agreement (the "Franchise Agreement"), whereby Franchisee will be granted the right to operate an Instant Imprints Center at the Premises stated in the Franchise Agreement (the "Center"). Franchisee has owned and operated an existing related service business for at least twelve (12) months and desires to convert such business to an Instant Imprints Center under the provisions of the Franchise Agreement. The parties now, therefore, wish to memorialize certain modifications of the Franchise Agreement as stated below.

AGREEMENTS

Notwithstanding any contrary provision of the Franchise Agreement, Instant Imprints and Franchisee agree as follows:

1. **Terminology.** Unless stated otherwise herein, all capitalized terms in this Addendum have the definition given to them in the Franchise Agreement, if any. For purposes of this Addendum, the term "Franchisee" also includes all Owners of Franchisee and any Personal Guarantors of the Franchise Agreement.

2. **Franchise Establishment Fee.** The Franchise Establishment Fee for purposes of Section 10(A) and the Summary Pages of the Franchise Agreement shall be: ***[CHOOSE ONE: [TIER 1: \$19,950 if the prior 12 month revenues were between \$200,000 and \$3999,99] [TIER 2: \$10,000 if the prior 12 month revenues were \$400,000 or more.***

3. **Royalty Fee.** The Royalty Fee for purposes of Section 10(B* and the Summary Pages of the Franchise Agreement shall be as follows:

- a. 3% of Franchisee's first \$500,000 in SSTR from the date that Franchisee begins operations at the Center using any of the Marks (the "Commence Date") and ending on the first anniversary of the Commence Date;
- b. 4.5% of SSTR beginning one day after the first anniversary of the Commence Date and ending on the second anniversary of the Commence Date; and
- c. 6% of SSTR beginning one day after the second anniversary of the Commence Date and continuing thereafter until the expiration of Initial Term and for any Additional Term.

4. **Equipment Package.** The Equipment Package, as referenced in Section 4(B) of the Franchise Agreement, shall be as stated on Attachment 1 to this Addendum.

5. Construction. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

IN WITNESS WHEREOF, Instant Imprints and Franchisee have signed this Addendum as of the day and year first above written.

“INSTANT IMPRINTS”

“FRANCHISEE”

NO FRILL FRANCHISING, INC.

By _____

By _____

Its _____

Its _____

ATTACHMENT 1 TO CONVERSION ADDENDUM
EQUIPMENT PACKAGE

[TBD based on review of existing Assets/Equipment]

SCHEDULE I
DISCLOSURE ACKNOWLEDGMENT ADDENDUM

As you know, you and we are entering into a Franchise Agreement for the operation of an Instant Imprints franchise. The purpose of this Disclosure Acknowledgment Agreement is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? **Check one:** () Yes () No. **If no, please comment:** _____

2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? **Check one:** () Yes () No. **If no, please comment:** _____

3. Did you receive a copy of the Franchise Agreement at least 7 calendar days prior to the date on which the Franchise Agreement was executed (except for negotiated changes that you initiated with us)? **Check one:** () Yes () No. **If no, please comment:** _____

4. Did you understand all the information contained in both the Disclosure Document and the Franchise Agreement? **Check one:** () Yes () No. **If no, please comment:** _____

5. Was any claim or representation made to you which contradicted the information in the Disclosure Document? **Check one:** () Yes () No. **If yes, please comment:** _____

6. Did any employee or other person involved in the franchise sales process make any statement or promise to you that stated, suggested, predicted or projected sales, revenues, financial performance, earnings, income or profit levels at an Instant Imprints Center, other than the information contained in Item 19 of the Franchise Disclosure Document? **Check one:** () Yes () No. **If yes, please explain in detail:** _____

7. Did any employee or other person involved in the franchise sales process predict or promise that your Instant Imprints Center(s) will be successful or profitable? **Check one:** () Yes () No. **If yes, please explain in detail:** _____

8. Do you understand that there are risks involved in starting a new business venture and do you accept those risks? **Check one:** () Yes () No.

YOUR ANSWERS ARE IMPORTANT TO US AND WE WILL RELY ON THEM. BY SIGNING THIS AGREEMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

FRANCHISEE REPRESENTATIVE:

FRANCHISEE REPRESENTATIVE:

By:

By:

(signature)

(signature)

(Print Name)

(Print Name)

(Date)

(Date)

Exhibit C
Development Agreement

**NO FRILL FRANCHISING, INC.
DEVELOPMENT AGREEMENT**

TABLE OF CONTENTS

Summary Pages

I.	TERRITORIAL EXCLUSIVITY	1
II.	DEVELOPMENT OBLIGATIONS.....	2
III.	TERM	2
IV.	DEVELOPMENT FEE	3
V.	FRANCHISE AGREEMENT.....	3
VI.	ASSIGNABILITY	3
VII.	DEFAULT AND TERMINATION.....	4
VIII.	MISCELLANEOUS	5
IX.	INDEPENDENT CONTRACTOR/INDEMNIFICATION	8
X.	REPRESENTATIONS AND ACKNOWLEDGMENTS/CAVEAT	9

**INSTANT IMPRINTS
DEVELOPMENT AGREEMENT
SUMMARY PAGES**

These pages (the "Summary Pages") summarize certain terms of the attached Development Agreement. The Summary Pages are an integral part of the attached Development Agreement and are hereby incorporated therein.

1. DEVELOPER:

Name: _____

Address: _____

Telephone Number: _____

Cell Phone Number: _____

Facsimile Number: _____

E-Mail Address: _____

2. DEVELOPER'S CEO:

Name: _____

Address: _____

Telephone Number: _____

Cell Phone Number: _____

Facsimile Number: _____

E-Mail Address: _____

3. EFFECTIVE DATE: _____

4. DEVELOPMENT FEE: \$74,850.00

Development Area

The Development Area is:

excluding any military bases, university/college campuses, resorts, convention centers, mall kiosks, airports, convenience stores or within the premises of other retailers.

Development Schedule

Center Description	Date Franchise Agreement must be executed and Initial Franchise Fee paid	Date Center Must be Operational
Expanded Center	Date of this Agreement	
First Growth Center	Date of this Agreement	
Second Growth Center		

Expiration Date

The expiration date is _____.

**NO FRILL FRANCHISING, INC.
DEVELOPMENT AGREEMENT**

THIS DEVELOPMENT AGREEMENT (“Development Agreement” or “Agreement”) is made and entered into as of the _____ day of _____, 20____, by and between NO FRILL FRANCHISING, INC., a Delaware corporation (“we”, “us” or “our”), and _____, a _____ (“you” and “your”).

PREAMBLE

We are engaged in the business of franchising “Instant Imprint Center” businesses (“Centers”) under the Marks and Systems as more fully described in the No Frill Franchising, Inc. Franchise Agreement, which may be amended from time to time (“Franchise Agreement”); and

We offer development rights to franchisees to develop, own and operate 3 Instant Imprint Centers within a specified geographic area; and

You desire to obtain such development rights to establish an Expanded Center and 2 Growth Centers within a specific geographical area and according to a specific time schedule under the terms and conditions set forth herein; and

You have simultaneously executed a Franchise Agreement pertaining to an Expanded Center (“Expanded Center”) and a Franchise Agreement pertaining to your first Growth Center (“Growth Center”) to be located within the Development Area (as defined herein), which Centers you agree to open or have opened within the time specified in the respective Franchise Agreements; and

The capitalized terms under this Agreement will have the same meaning as those same capitalized terms under the Franchise Agreement.

NOW, the parties agree as follows:

I. TERRITORIAL EXCLUSIVITY

A. **Development Area.** According to the terms and conditions in this Agreement, we grant to you and you accept from us, the exclusive right, during the term of this Agreement, to establish and operate 1 Expanded Center and 2 Growth Centers in the area, which we refer to as the “Development Area” described in the Summary Pages attached hereto. So long as you are not in default under this Agreement or any other agreement with us or our Affiliates, neither we nor our Affiliates will operate or grant a franchise to any other person or entity to operate a Center within the Development Area, excluding any military bases, university/college campuses, resorts, convention centers, mall kiosks, airports, convenience stores or within the premises of other retailers (“Non-Traditional Location”). Notwithstanding any other term or condition of this Agreement to the contrary, you may not develop a Center that is within the Designated Territory of another Center that is either open or has been approved for development. The boundaries of your Development Area shall not change regardless of political reorganization or changes.

Until the termination or expiration of this Agreement, you retain your right of exclusivity as long

as you comply with the Development Schedule (as defined below). If you fail to meet any of your obligations under this Agreement, including compliance with the Development Schedule, or if you breach any Franchise Agreement executed by you, we may terminate this Agreement along with your right to develop, open and operate new Centers within the Development Area, but the termination of this Agreement and the right to develop your Development Area will not terminate any rights granted under the Franchise Agreements then in effect between you and us in which you are in compliance. After the expiration or termination of this Agreement, we may own, operate, franchise or license others to operate Instant Imprint Centers anywhere, without restriction, including in your Development Area, except for within any Designated Territories under your Franchise Agreement(s) which remain in effect.

B. The Rights We Retain in the Development Area. Except as limited by Section I.A. above, we and our Affiliates retain all rights with respect to Instant Imprint Centers, the System and Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate Centers immediately adjacent to your Development Area or anywhere outside of your Development Area; (2) the right to operate or license others the right to operate Centers in any Non-Traditional Location within your Development Area; (3) the right to operate or license others to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Development Area; and (4) the right to offer any products or services (including the products and services you offer at your Center(s)) through other channels of distribution such as the Internet, print catalogues, direct marketing media and any other non-retail outlets both inside and outside of your Development Area, and to establish a wholesale production facility which would be prohibited from competing for commercial or retail/consumer accounts. We are not required to pay you if we exercise any of the rights specified above inside your Development Area.

II. DEVELOPMENT OBLIGATIONS

A. Development Schedule. You will construct, equip, open and operate within the Development Area 1 Expanded Center and 2 Growth Centers as described in the Summary Pages attached to this Agreement (“Development Schedule”). Further, you must open each Center within the time period described in the Franchise Agreement applicable to that Center and in the Development Schedule. You must execute our then current Franchise Agreement together with all standard ancillary documents (including exhibits, guarantees and other related documents) for the second Growth Center within the time periods described in the Development Schedule. You will at all times faithfully and diligently comply with the obligations imposed by this Agreement and under the Franchise Agreement for each Center.

B. Force Majeure/Time of Essence. It is of material importance to us that you timely perform all obligations under this Agreement and the Franchise Agreement for each Center. Should you be unable to meet the Development Schedule solely as the result of force majeure, which includes strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law (including our inability to deliver a franchise disclosure document), and which you could not have avoided by the exercise of due diligence, the Development Schedule will be extended by the amount of time during which such force majeure existed.

III. TERM. The term of this Agreement will start on the date this Agreement is signed by both parties and you have paid us the Development Fee. Unless terminated earlier according to

the terms of this Agreement, the term of this Agreement and all development rights granted in this Agreement will expire at the earlier of the opening of the last Center listed in the Development Schedule or the expiration date listed on the Summary Pages attached hereto. There is no right to renew this Agreement.

IV. DEVELOPMENT FEE. In exchange for the rights granted under this Agreement, you will pay us a Development Fee (the "Development Fee"). The Development Fee will equal \$74,850 for the 3 Centers (1 Expanded Center and 2 Growth Centers) you agree to develop. When you sign a Franchise Agreement for each of these Centers, we will credit you with payment in full of the Franchise Establishment Fee due for that Center. You will pay us the Development Fee when you sign this Agreement. No part of the Development Fee is refundable, even if you fail to proceed with the development of Centers under this Agreement.

V. FRANCHISE AGREEMENT

A. **Signing the Franchise Agreement.** Within the times specified in the Development Schedule, you or entities you control or that are under common control with you must execute the then current Franchise Agreement for each Center. In no event will you be required to sign a Franchise Agreement until such time as we have complied with any applicable waiting periods required by law.

B. **Complying with the Franchise Agreement.** After you sign a Franchise Agreement, you must fully comply with all of the terms contained in the Franchise Agreement including paying all of the fees required by that Franchise Agreement in a timely manner. YOU DO NOT OBTAIN ANY RIGHTS AS A FRANCHISEE FOR A PARTICULAR LOCATION UNTIL A FRANCHISE AGREEMENT IS SIGNED BY YOU AND US. You must submit all proposals for sites to us for our consent. We have the right, in our absolute discretion, to withhold our consent to any site you propose. Our consent to the site is no assurance of success.

C. **Our Discretion.** You acknowledge that all Centers must be developed and operated according to our standards. You agree and recognize that we may refuse to grant a Franchise Agreement for a Center if we believe, in our reasonable judgment, that you do not have sufficient financial resources and other ability (including, but not limited to, experience, character, skill, aptitude, attitude, and business acumen sufficient to operate multiple locations) to properly develop and operate the proposed Center. We may take into account, among other things, your past performance and financial success of your existing Centers. In order to assist us in making such a determination, you must provide us, upon our request, the financial and other information regarding your existing Center(s) and the proposed Center. Our approval, however, is not deemed to be a warranty of your financial or other ability to develop and operate the proposed Center(s).

D. **Marks.** You acknowledge that we are not granting you any right to use the Marks under this Agreement. Any rights you receive regarding the use of the Marks arise from the Franchise Agreement(s) you signed or will sign and you may only use the Marks pursuant to the terms of that Franchise Agreement.

VI. ASSIGNABILITY

A. **By You.** You are not permitted to transfer, directly or indirectly, any or all of your

interest in this Agreement or any ownership interest in you without our prior written consent, in our sole and absolute discretion.

B. **By Us.** This Agreement is fully assignable, in whole or in part, by us, without your consent. Upon our assignment, we are relieved of all liability under this Agreement and all rights and obligations will accrue to our successor or assignee.

C. **No Subfranchising.** You must not offer, sell, or negotiate the sale of Instant Imprint Center franchises to any third party, either in your name or on our behalf or otherwise subfranchise, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting you the right to do so.

VII. **DEFAULT AND TERMINATION**

A. **Default by You.** Upon written notice to you, we may terminate this Agreement for cause, but without providing you an opportunity to cure, in the event of any material breach of this Agreement by you. Material breach, as used in this Section VII, will include, among other things, the following:

(a) Any attempt by you to sell, assign, transfer or encumber, in whole or in part, any or all rights and obligations under this Agreement without the written consent required by this Agreement;

(b) Your failure to develop each of the Centers within the Development Schedule set forth in this Agreement if not cured within 30 days after written notice;

(c) Your bankruptcy, insolvency or general assignment for the benefit of creditors;

(d) Any material breach by you or your affiliate of any Franchise Agreement between you or your affiliates and us which is not cured within the applicable cure period in that Franchise Agreement; or

(e) You or your owners commit or are convicted of a felony or crime of moral turpitude or fraud which we believe may adversely affect the System or goodwill associated with the Marks.

B. **Rights on Termination, Expiration or Assignment.** Upon expiration or termination, for any reason, of this Agreement, all of your rights regarding the Development Area will cease and any remaining rights you may have to open any further Centers will cease. We will be entitled to establish, or to license others to establish, businesses using the Marks and System in the Development Area, subject to the provisions in any existing Franchise Agreements you or your affiliates have with us relating to the Designated Territory defined in those Franchise Agreements. You or your affiliates will continue to operate Instant Imprint Centers according to the signed Franchise Agreements between you or your affiliates and us, if such Franchise Agreements have not been terminated. A default and termination under this Agreement does not constitute a default and termination under any Franchise Agreement between you or your affiliates and us.

VIII. MISCELLANEOUS

A. **Notices.** All notices required under this Agreement will be in writing and will be given: (i) if hand delivered on the day of delivery; (ii) 3 business days after placement in the United States Mail by registered or certified mail, postage prepaid return receipt requested, return receipt requested; or (iii) the day after placement with a courier guaranteeing overnight delivery, addressed to the address listed on the signature page of this Agreement or at such other address as either party will specify in a notice to the other party.

B. **Severability.** If any provision of this Agreement is considered to be invalid or inoperative for any reason, that part will be deemed modified to the extent necessary to make it valid and operative, or if it cannot be modified, then severed, and the remainder of the Agreement will continue in effect as if the Agreement had been signed with the invalid portion modified or eliminated.

C. **Non-Waiver.** Neither party's waiver of a breach or default by the other, nor delay or failure to exercise any right upon breach or default, nor acceptance of any payment, will be deemed a waiver, nor will it impair rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not prevent the assertion of other defaults or breaches. We may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular Center, but the waiver in favor of any other franchisee or Center will not prevent us from enforcing the requirements against you, all other franchisees and all other Centers.

D. **Remedies.** The remedies available to us are non-exclusive and nothing stated in this Agreement will act to prevent our pursuit of any other rights or remedies arising due to termination of this Agreement which may otherwise become available to us in law or equity. In no event will we be liable to you for prospective profits or special, indirect, punitive or consequential damages for any conduct arising out of this Agreement or our relationship with you.

E. **Attorney's Fees.** If Instant Imprints is required to enforce or defend this Agreement or any portion thereof in a judicial or arbitration proceeding, it shall be entitled to reimbursement of its costs, including reasonable accounting, legal fees, expert witness fees and other expenses in connection with such proceeding.

F. **Approval Of Shareholders, Partners Or Members.** The execution and performance of this Agreement by you does not violate or constitute a breach of the terms of any other agreement or commitment to which you are a party.

G. **Choice Of Law.** Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051) or the U.S. Copyright Act of 1976 (17 U.S.C. 101), this Agreement will be governed, to the extent permissible, by the laws of the State of Delaware without regard to the principals of conflict of laws. If, however, any provision of this Agreement would not be enforceable under the laws of Delaware, and if the Development Area is located outside of Delaware and the provision would be enforceable under the laws of the State in which the Development Area is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the State where the Development Area is located. We may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of Delaware, and you and your guarantors irrevocably submit to this jurisdiction and waive any

objection to the application of Delaware law or to the jurisdiction or venue in those Delaware courts. If you institute any action arising out of or relating to this Agreement, such suit must be brought in the U. S. District Court in Wilmington Delaware and if the U.S. District Court lacks jurisdiction over the claim then the state court in Wilmington Delaware.

The provisions of this Agreement which conflict with any applicable law will be ineffective, but only to the extent not in accordance with applicable law, and instead, we will comply with the applicable law respecting each of these matters. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement in a State Law Addendum. We are not, however, precluded from contesting the validity, enforceability, or applicability of any state laws or regulations in any action relating to this Agreement or to its rescission or termination.

H. **Non-Liability Of Our Affiliates.** We are the only entity obligated to you under this Agreement. You may not look to any of our affiliates or related companies, other business entities or individuals for performance of this Agreement.

I. **WAIVER OF JURY TRIAL. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.**

J. **Third Party Beneficiary.** II Transatlantic, Inc. is a third-party beneficiary to this Agreement and has the right to assume any of the responsibilities, duties or functions of us in the event that our right to certain marks owned by II Transatlantic, Inc. expires or is terminated for any reason. Furthermore, II Transatlantic, Inc. will have the right, but not the obligation, to enforce your compliance with any provision of this Agreement.

K. **Receipt of the FDD.** You acknowledge receipt of our franchise disclosure document along with this Agreement, at least 14 days before your execution of this Agreement or any payment by you to us. If any unilateral modifications have been made to this Agreement you acknowledge that you have had at least 7 days to review them.

L. **Construction Of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires; if more than one party or person is referred to as you, their obligations and liabilities will be joint and several. Headings are for reference purposes and do not control interpretation.

M. **Entire Agreement.** This Agreement, including all attachments attached, constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that was furnished to you in connection with our offer to grant you a franchise to develop the Units. No amendment or modification to this Agreement will be binding on either party unless written and fully executed.

N. **Limitation of Legal Actions.**

1. IN NO EVENT WILL WE BE LIABLE TO YOU FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU.

2. YOU WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR FRANCHISEE'S RELATIONSHIP WITH US, UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

3. ANY DISAGREEMENT BETWEEN YOU (AND YOUR GUARANTORS AND OWNERS) AND US (AND OUR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND YOU (AND YOUR GUARANTORS AND OWNERS) WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, OWNERS, MANAGERS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

4. YOU WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU, UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN 1 YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

5. OUR MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF OUR OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT YOU PAID TO US WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE OF ANY PROPER CLAIM IS RECEIVED BY US.

O. **Dispute Resolution**

1. Meeting. Realizing that in business relationships there is always a possibility of differences of opinion or other disagreements and that what is most important is to resolve any disputes amicably, quickly, inexpensively and professionally and to return to business as soon as possible, it is with that same spirit of cooperation that Franchisee and the parties and their representatives pledge to resolve differences and to use the procedures specified in this Agreement, believing that these procedures will reduce instances of possible disputes and make the resolution of any disputes which do arise less expensive, quicker, less subject to public notoriety and achievable in a less formal and antagonistic means than litigation, as well as to increase the opportunities for Franchisee and Instant Imprints to maintain a mutually beneficial business relationship. Except as stated in Section VIII, any controversy or claim arising out of or relating to this Agreement, the business franchised hereunder or the relationship between the parties, including any claim that this Agreement, or any part thereof, is invalid, illegal, or otherwise void, shall be first discussed in a face-to-face meeting between you and us. This meeting will be held at Instant Imprints' then-current headquarters, or at such other location as Instant Imprints, in its sole discretion, determines and within thirty (30) days after either you or we give written notice to the other proposing such a meeting. If the party who did not request the meeting fails to attend the meeting, or if the parties fail to schedule such a meeting within thirty (30) days of receipt of the Notice, or if a meeting does not resolve all outstanding grievances of the parties, either party may pursue mediation and/or litigation,

subject to the terms set out below.

2. Formal Mediation. Before any party may bring an action in court for any controversy, dispute or claim between you and us arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the "Mediation") in Wilmington, Delaware unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the "AAA Mediation Rules") except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted under the AAA. You and we will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be split equally between you and us. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, Instant Imprints and Franchisee agree that the dispute will be resolved according to the terms of this Agreement. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by us and relating to our trademarks, service marks, patents, or copyrights, including the Proprietary Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

3. Dispute Resolution Fee. If you or guarantors have not complied with the provisions in this Section on Dispute Resolution and Section VIII.G above, you shall reimburse us for all of our expenses incurred in curing your breach of these sections only (including, without limitation, our attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay us a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). If you follow the provisions in Sections VIII.O and VIII.G, you will not pay the Dispute Resolution Fee. you acknowledge and agree that we will be damaged by such breach. You agree that a precise calculation of the full extent of the damages that we will incur from the breach of Sections VIII.O and VIII.G of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. We have the right to collect these amounts in addition to exercising any and all other rights we may have for non-compliance under this Agreement.

IX. INDEPENDENT CONTRACTOR/INDEMNIFICATION

A. **Independent Contractor.** We and you are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between you and us. You will conspicuously identify yourself in all dealings with the public as an independently owned business. Neither we nor you will make any agreements or representations in the name of or on behalf of the other that our relationship is other than franchisor and franchisee.

B. **Indemnification.** Under no circumstances will we be liable for any act, omission, debt, or other obligation of yours. To the fullest extent permitted by law, you (for yourself and your employees, agents, subcontractors, successors and assigns) agree, at your sole cost and expense, to indemnify, defend and hold harmless, and to reimburse on demand us, and all entities related to us and our and their respective directors, officers, members, employees agents, managers, partners, attorneys, licensees, affiliates successors and assigns (“Indemnified Parties”) from and against any and all damages, losses, liabilities, bodily injury, property damage, obligations, penalties, fines, claims, litigation, demands, defenses, judgments, suit proceedings, administrative orders, consent agreements, costs, disbursements or expenses of any kind or any nature whatsoever, including without limitation, reasonable attorneys’ and expert fees and disbursements arising out of or related to or in any way arising out of the acts or omissions of you or your employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns (“Indemnitors”) arising out of or related to (i) any act or omission, negligent or otherwise, of the Indemnitors or anyone directly or indirectly employed by them or anyone whose acts they may be liable for relative to the business contemplated by this Agreement; (ii) any breach by the Indemnitors or any term or provision of this Agreement; and (iii) the cost, including, but not limited to reasonable attorney’s fees, of enforcing this indemnification provision. The obligations of Indemnitors are joint and several.

X. REPRESENTATIONS AND ACKNOWLEDGMENTS/CAVEAT

YOU HAVE BEEN ADVISED TO MAKE AN INDEPENDENT INVESTIGATION OF OUR OPERATIONS. WE HAVE NOT AND DO NOT REPRESENT THAT YOU CAN EXPECT TO ATTAIN A SPECIFIC LEVEL OF SALES, PROFITS, OR EARNINGS. YOU HAVE BEEN ADVISED TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE REGARDING THE FRANCHISE AND THE DEVELOPMENT RIGHTS GRANTED HEREIN. YOU UNDERSTAND THAT YOU MAY SUSTAIN LOSSES AS A RESULT OF THE OPERATION OR THE CLOSING OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT. YOU UNDERSTAND THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES A HIGH DEGREE OF FINANCIAL RISK AND DEPENDS TO A LARGE DEGREE ON YOUR SKILLS, ABILITIES, INITIATIVE, AND HARD WORK. WE DO NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THIS BUSINESS VENTURE. YOU REPRESENT AND ACKNOWLEDGE THAT YOU HAVE MADE AN INDEPENDENT INVESTIGATION OF US AND OUR OPERATIONS AND YOU ACKNOWLEDGE THAT YOU HAVE ENTERED INTO THIS AGREEMENT SOLELY IN RELIANCE UPON SUCH INDEPENDENT INVESTIGATION. THIS AGREEMENT IS EFFECTIVE ONLY ONCE YOU AND WE BOTH SIGN THE AGREEMENT.

YOU REPRESENT TO US THAT YOUR SIGNATURE ON AND PERFORMANCE OF THIS AGREEMENT DOES NOT VIOLATE OR CONSTITUTE A BREACH OF THE TERMS OF ANY OTHER AGREEMENT OR COMMITMENT TO WHICH YOU, YOUR GUARANTORS OR ANY OF YOUR OR THEIR AFFILIATES ARE A PARTY.

UNDER APPLICABLE U.S. LAW, INCLUDING WITHOUT LIMITATION EXECUTIVE

ORDER 1224, SIGNED ON SEPTEMBER 23, 2001 (THE "ORDER"), WE ARE PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY PERSON ENGAGED IN, OR WITH A PERSON AIDING ANY PERSON ENGAGED IN, ACTS OF TERRORISM AS DEFINED IN THE ORDER. ACCORDINGLY, YOU DO NOT, AND HEREAFTER WILL NOT, ENGAGE IN ANY TERRORIST ACTIVITY. IN ADDITION, YOU ARE NOT AFFILIATED WITH AND DO NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY. FINALLY, YOU ARE NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER ANY TERRORIST ACTIVITY.

NO PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT AN AUTHORIZED OFFICER OF OURS BY A WRITTEN DOCUMENT. NO REPRESENTATIONS AS TO PROJECTIONS, FINANCIAL PERFORMANCE, POTENTIAL SUCCESS, FUTURE PROFITS, PROMISES, GUARANTEES OR WARRANTIES OF ANY KIND ARE AUTHORIZED TO BE MADE BY US OR OUR AFFILIATES OR REPRESENTATIVES OTHER THAN THOSE CONTAINED WITHIN ITEM 19 OF OUR FRANCHISE DISCLOSURE DOCUMENT.

YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED, READ AND UNDERSTAND THIS AGREEMENT AND ITS ATTACHMENTS; THAT YOU HAVE HAD AN OPPORTUNITY TO ASK US ALL QUESTIONS RELATING TO THIS AGREEMENT AND THE SYSTEM; AND THAT WE HAVE ANSWERED ALL YOUR QUESTIONS TO YOUR SATISFACTION.

THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY YOU IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON YOUR ABILITY AND EFFORTS. WE DO NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THIS BUSINESS VENTURE. YOU REPRESENT AND ACKNOWLEDGE THAT YOU HAVE MADE AN INDEPENDENT INVESTIGATION OF US AND OUR OPERATIONS AND YOU ACKNOWLEDGE THAT YOU HAVE ENTERED INTO THIS AGREEMENT SOLELY IN RELIANCE UPON SUCH INDEPENDENT INVESTIGATION. THIS AGREEMENT IS EFFECTIVE ONLY ONCE YOU AND WE BOTH SIGN THE AGREEMENT.

[Intentionally blank; signatures to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

NO FRILL FRANCHISING, INC.

By: _____
Name: _____
Title: _____

Address:

6615 Flanders Drive, Suite B
San Diego, California 92121

DEVELOPER

By: _____
Name: _____
Title: _____

Address:

EXHIBIT D
Financial Statements

NO FRILL FRANCHISING, INC.

**(A WHOLLY OWNED SUBSIDIARY OF
II TRANSATLANTIC, INC.)**

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

DECEMBER 31, 2020 and 2019

NO FRILL FRANCHISING, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statement	
Consolidated Balance Sheet.....	3
Consolidated Statement of Operations	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6

HINZMAN & ASSOCIATES

A PROFESSIONAL CORPORATION • CERTIFIED PUBLIC ACCOUNTANTS

9820 Willow Creek Road • Suite 270

San Diego, California 92131

INDEPENDENT AUDITOR'S REPORT

Phone: (858) 535-1600

Fax: (858) 535-1649

April 12, 2021

To the Board of Directors and Stockholders
No Frill Franchising, Inc.
San Diego, California

We have audited the accompanying consolidated financial statements of No Frill Franchising, Inc. and its subsidiary, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

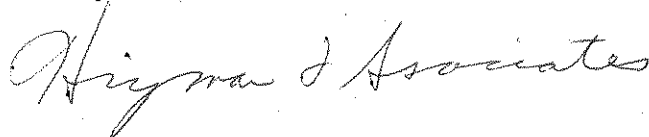
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of No Frill Franchising, Inc. and its subsidiary as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 12 to the financial statements, the Company has significant recurring operating losses, minimal cash balances and negative retained earnings. The Covid-19 pandemic has also adversely impacted the Company's business, results of operations, financial position and cash flows. Both of these matters raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. Our opinion is not modified with respect to this matter.



HINZMAN & ASSOCIATES
Certified Public Accountants
A Professional Corporation

No Frill Franchising, Inc.
Consolidated Balance Sheet
December 31, 2020 and 2019

Assets

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 11,161	\$ 3,078
Accounts receivable, net	95,270	97,490
Prepaid expenses	3,500	9,500
Current portion of notes receivable	23,568	16,628
Total current assets	133,499	126,696
Notes receivable	182,436	44,504
Due from related parties	28,007	165
Deposits	13,978	13,978
Property and equipment, net	27,859	28,842
Intangible assets - area franchise rights	223,000	223,000
	\$ 608,779	\$ 437,185

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable	\$ 173,792	\$ 151,886
Accrued expenses	219,415	225,206
Due to national media fund	114,544	175,107
Paycheck Protection Program note payable	74,225	-
Current portion of notes payable	76,098	97,286
Total current liabilities	658,074	649,485
Deferred rent	25,486	12,257
Notes payable, net of current portion	235,825	91,675
	261,311	103,932
Total liabilities	919,385	753,417
Stockholders' equity:		
Common stock	11	11
Additional paid in capital	2,534,969	2,534,969
Retained earnings (deficit)	(2,845,586)	(2,851,212)
Total stockholders' equity	(310,606)	(316,232)
	\$ 608,779	\$ 437,185

No Frill Franchising, Inc.
Consolidated Statement of Operations
For years ended December 31, 2020 and 2019

	2020	2019
Franchise income:		
Area franchise sales	\$ -	\$ 292,500
Regional franchise sales	5,000	82,900
Royalty and marketing fees	316,490	526,008
Technology fees	131,707	114,694
Buildout administration fees	-	16,000
Training	1,500	16,000
Transfer and processing fees	1,000	-
Other income	96,986	4,369
	552,683	1,052,471
Cost of sales:		
Franchise sales commissions	-	113,650
Royalty commissions	80,347	162,448
Training	351	322
Other	409	1,070
	81,107	277,490
Gross profit	471,576	774,981
Expenses:		
Franchise development	24,337	125,994
Franchise operations	149,068	227,395
Marketing	15,538	56,672
General and administrative	256,604	429,247
	445,547	839,308
Income (loss) from operations	26,029	(64,327)
Other income (expense):		
Sublease income	101,347	22,663
Sublease expense	(101,696)	(16,041)
Interest income	9,211	4,721
Interest expense	(28,186)	(99,366)
Gain (loss) on assignment of note receivable	-	(18,060)
Foreign currency transaction gain (loss)	(279)	(6,314)
	6,426	(176,724)
Income (loss) before income taxes	6,426	(176,724)
Income tax expense	800	1,600
Net income (loss)	5,626	(178,324)
Retained earnings at beginning of year	(2,851,212)	(2,672,888)
Retained earnings at end of year	\$ (2,845,586)	\$ (2,851,212)

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

Page 4

No Frill Franchising, Inc.
Consolidated Statement of Cash Flows
For years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Net income (loss)	\$ 5,626	\$ (178,324)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,622	16,098
(Gain) loss on disposal of loans	-	18,060
(Increase) decrease in:		
Accounts receivable	2,219	(23,132)
Prepaid expenses	6,000	22,000
Increase (decrease) in:		
Accounts payable	21,906	(37,472)
Accrued expenses	(5,791)	20,583
Deferred revenue	-	(43,950)
Deferred rent	13,229	4,051
Due to national media fund	(60,563)	63,151
Net cash (used) provided by operating activities	<u>(3,752)</u>	<u>(138,935)</u>
Cash flows from investing activities		
Increase (decrease) in deposits	-	(5,235)
Proceeds from assignment of notes receivable	-	132,440
Collection of notes receivable	16,628	18,868
Issuance of revised note receivable	(4,000)	-
Purchase of property and equipment	(12,639)	(19,142)
Net cash provided (used) by investing activities	<u>(11)</u>	<u>126,931</u>
Cash flows from financing activities		
Due from (to) related parties	(27,842)	120,762
Proceeds from PPP note payable	74,225	-
Repayments on long-term debt	(34,537)	(111,626)
Net cash provided by financing activities	<u>11,846</u>	<u>9,136</u>
Net increase (decrease) in cash	8,083	(2,868)
Cash, beginning of year	<u>3,078</u>	<u>5,946</u>
Cash, end of year	<u>\$ 11,161</u>	<u>\$ 3,078</u>
Supplemental schedule of cash flow information		
Cash paid during the period for interest	<u>\$ 28,186</u>	<u>\$ 99,366</u>
Cash paid during the period for income taxes	<u>\$ 800</u>	<u>\$ 1,600</u>
Satisfaction of guaranteed notes receivable	<u>\$ 157,500</u>	<u>\$ -</u>

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

No Frill Franchising, Inc. (No Frill) was incorporated in Delaware in February, 2011, and was a wholly owned subsidiary of II CA, Inc. (Canada). On March 15, 2015 II Transatlantic, Inc. (“IITI”) acquired No Frill and Canada as wholly-owned subsidiaries. No Frill was formed for the purpose of developing the Instant Imprints franchise brand and managing the Instant Imprints franchise operations in the United States of America.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of No Frill and its wholly-owned subsidiary, Imprints Georgia, LLC (Georgia), collectively referred to as “the Company”. All significant intercompany balances and transactions have been eliminated in consolidation. In prior years Georgia operated a franchisor-owned outlet which was sold in 2014.

Basis of accounting

The financial statements of the Company have been prepared in conformity with generally accepted accounting principles on the accrual basis and accordingly reflect all significant assets, payables and other liabilities.

Concentration of credit risk

The Company maintains bank accounts at financial institutions in San Diego, California. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. Management believes the Company is not exposed to any significant credit risk with respect to its cash and cash equivalents.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts receivable

Accounts receivable consists of outstanding amounts due from royalties. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends, and other information. Accounts receivable are written off when they are determined to be uncollectible. The allowance for doubtful accounts was \$88,000 and \$60,000 at December 31, 2020 and 2019, respectively.

Notes receivable

The Company sold an area franchise during 2017 in exchange for cash and a note receivable of \$112,500. During 2018, the Company assigned this note to an independent outsider at a discount of \$22,500 and guaranteed its collection. The note calls for monthly interest payments at 7% on the outstanding balance with a balloon payment of the entire note balance due January 1, 2023. During 2020, as a result of Covid-19 business impacts, interest payments to the independent outsider were suspended, and the Company recorded the original note receivable from the area franchisee and an offsetting note payable to the assignee for \$112,500. See Note 10 for details regarding the assigned note payable.

During 2019 the Company converted past due royalties and additional working capital to a franchisee totaling \$45,000 into a note receivable which called for 24 monthly interest payments at 10% on the outstanding balance with a balloon payment due April 2, 2021. At the same time the Company issued a \$45,000 note payable to an independent outsider, see Note 10 for details. During 2020 the note receivable was amended into a new \$49,000 note receivable, which included unpaid interest on the assigned note. The amended note receivable called for interest at 5% and 59 monthly payments amortized over a ten year period with a balloon payment due December 1, 2025.

Notes receivable includes one loan totaling \$44,504 and \$61,132 to an area developer to facilitate the sale of an area at December 31, 2020 and 2019, respectively. The note carries interest at 7% per annum and is due October 1, 2022. The note is collateralized by the area as well as personal guarantees.

During 2019, the Company assigned a note receivable of \$87,500 to a shareholder of IITI and a note receivable of \$63,000 to an independent outsider at a discount of \$18,060. The Company guaranteed their collection (see Note 9).

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes receivable (continued)

The maximum amount of loss due to credit risk will be the outstanding balances at the time of default. Interest is recorded as revenue when earned.

Property and Equipment

Property and equipment is carried at cost and depreciated using the straight line method over the estimated useful lives of the individual assets, generally three to seven years for all assets.

Franchise agreement

The Company's franchise agreement as of December 31, 2020 requires the following non-refundable fees:

Initial store	\$39,950
Second and subsequent stores for existing franchisees	\$30,000
Conversion from existing imprinted products business	\$10,000 - \$19,950
Opening launch marketing program	\$10,000
Area development franchise	\$9,500/store in the territory
Buildout coordination fee	\$7,500
Transfer fee	\$15,000

These fees are subject to change with registration of subsequent Franchise Disclosure Documents (FDDs).

Initial franchise fees are primarily intended to compensate the Company for the granting of the franchise, the right to use the Company's trademark and to offset the costs of developing training programs and operating manuals. The term of the initial franchise agreement is 10 years. An option to renew the agreement for another 10-year term is available at 25% of the then current initial franchise fee.

Franchise fees and associated costs are recognized as revenue and expense when the franchisee has signed its franchise agreement, store location has been selected and training has been completed. Franchise fees received from franchises for which location has not been selected and training has not been completed are recorded as a liability; costs associated with such advance franchise fees are recorded as an asset. The opening launch marketing program fees are recorded as a liability until marketing expenditures are incurred.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Franchise agreement (continued)

The franchise agreement also provides for continuing royalty and marketing fees. The royalty fee is 3 - 6% of the gross sales volume and is payable monthly. This fee compensates the Company for ongoing trademark and license usage.

The marketing fee, 0 - 1 ½ % of gross store sales payable monthly, is used for development and preparation of regional and local advertising as well as internet advertising and development. Royalty and marketing fees are recognized as revenue when earned.

The franchise agreement also calls for contributions to a national media fund, 0 - 3% of gross store sales payable monthly, to be used for national, regional, and/or local marketing programs and promotional campaigns. Contributions to the national media fund are recorded as a liability until national media expenditures are incurred. During early 2020 the Company waived royalty and marketing fees from existing franchisees for three months due to the Covid-19 pandemic. The Company also transferred \$89,603 from the national media fund to the Company to compensate for the waiver of fees from the franchisees, this transfer was recorded as other income in the accompanying Consolidated Statements of Operations for the year ended December 31, 2020.

The franchise agreement also provides for technology development fees of \$0 - \$200 per month per franchisee. These fees are recognized as revenue when earned.

The Company is obligated to share fees generated by new franchises with area developers if there is an area developer in the franchise territory. Area developers are entitled to receive 33.33% - 65% of all initial franchise fees and 40 - 50% of all royalty fees generated by franchises within their territory.

For a limited time, the Company grants shares in IITI to franchisees that qualify under the Instant Imprints Franchisee Stock Ownership Program (the "Stock Program"). IITI has authorized the Company to grant shares of IITI common stock to new and existing franchisees. Although the Stock Program is voluntary and the Company has the right to modify or discontinue the program at any time, the Stock Program currently provides that new and existing franchisees may receive up to 10,000 shares of IITI common stock over four years, provided that the franchisee meets certain qualifications and conditions.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

It is the Company's policy to expense advertising costs as they are incurred. Advertising and related expenses including public relations and tradeshow costs totaled \$0 and \$41,964 for the years ended December 31, 2020 and 2019, respectively.

Estimates

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

Sales taxes

The Company excludes from its sales all sales taxes assessed to its customers. Sales taxes assessed on sales are recorded as accrued liabilities on the balance sheet until remitted to state agencies. Accrued sales taxes were \$19,561 at December 31, 2020 and 2019.

Income Taxes

Deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the combination of the tax payable for the year and the change during the year in deferred tax assets and liabilities. The Company's policy is to record interest and penalties on uncertain tax positions as a component of income tax expense.

Deferred Rent

Rent expense for the office lease (see Note 8), which has a fixed escalation clause, is recorded on a straight-line basis over the term of the lease. Accordingly, rent expense incurred in excess of rent paid is reflected as deferred rent in the accompanying consolidated balance sheet.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

2. DUE (TO) FROM RELATED PARTIES

Amounts due (to) from related parties at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Due from president and CEO of the Company	\$ 373,772	\$ 349,428
Due (to) from BizCard Xpress, owned by IITI	(102,436)	(56,953)
Due from shareholder of IITI for purchase of franchise	34,950	34,950
Due to Canada	(93,890)	(139,488)
Due (to) from IITI	(58,824)	(52,373)
Due from IIGC, owned by a shareholder of IITI	1,039	1,039
Due to BizUp, owned by a shareholder of IITI	(126,604)	(136,438)
Due (to) from related parties	<u>\$ 28,007</u>	<u>\$ 165</u>

See Note 6 for details of all amounts due (to) from related parties.

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 7,281	\$ 7,281
Computer equipment	11,286	11,286
Furniture and fixtures	26,662	26,662
Software	19,295	19,295
Leasehold improvements	89,680	77,040
	<u>154,204</u>	<u>141,564</u>
Less accumulated depreciation	(126,345)	(112,722)
Total property and equipment	<u>\$ 27,859</u>	<u>\$ 28,842</u>

Depreciation expense was \$13,622 and \$16,098 for 2020 and 2019, respectively.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

4. INTANGIBLE ASSETS

During 2016 and 2017 the Company repurchased the area license rights in two states, the amounts paid for these two areas are classified as an intangible asset on the accompanying Consolidated Balance Sheet at December 31, 2020 and 2019. Both area repurchases included notes payable, see Note 10 for details of these notes.

The Company has reviewed the carrying value of these license rights and determined that there is no impairment of the intangible assets at December 31, 2020 and 2019. The Company is actively attempting to resell both areas.

5. PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

During 2020 the Company received a loan in the amount of \$74,225 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated May 8, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. Although the Company has applied for loan forgiveness, no determination has yet been made as to whether the loan and accrued interest will be forgiven, in whole or in part. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 60 months beginning 7 months from the date of the note. The loan may be repaid at any time with no prepayment penalty.

6. RELATED PARTY TRANSACTIONS

During 2019 the Company recorded the sale of an area license to a shareholder of IITI as part of a debt forgiveness/equity transaction with IITI. The IITI shareholder forgave a note receivable from IITI totaling \$234,000, and extended the terms of another note receivable in exchange for additional shares in IITI and the No Frill area license in Nevada. The Nevada area sale was valued at \$117,000, and is included in Area Franchise Sales in the accompanying statement of operations, the offsetting entry was recorded as an increase in the Due (to) from Related Parties account in the accompanying balance sheet.

Since 2011 the Company has advanced funds to its president and CEO to fund operations related to a San Diego store. The balance of the receivable from this area developer was \$373,772 and \$349,428 at December 31, 2020 and 2019, respectively, which is classified as Due from Related Parties in the accompanying balance sheet. These advances are not subject to fixed repayment terms.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

6. RELATED PARTY TRANSACTIONS (continued)

In 2015 an area developer/shareholder purchased a franchise from the Company for \$39,950. The Company has a note receivable related to this purchase totaling \$34,950 with no repayment terms, which is classified as Due (to) from Related Parties in the accompanying balance sheet.

In the normal course of business, the Company purchases marketing products from a local store owned by the Company's president and CEO, these products totaled \$840 and \$3,142 during 2020 and 2019, respectively.

The Company performed certain administrative services totaling \$34,984 and \$70,193 for Canada during 2020 and 2019, respectively. Charges for these services are offset against payroll expenses in the accompanying statement of operations. The Company, Canada and IITI also reimbursed each other for certain allocated office expenses. Amounts charged by the Company to Canada totaled \$56,992 and \$97,245 for the years ended December 31, 2020 and 2019, respectively. Amounts charged by the Company to IITI totaled \$348 and \$7,005 for the years ended December 31, 2020 and 2019, respectively. Amounts charged by Canada to the Company totaled \$34,611 and \$124,831 for the years ended December 31, 2020 and 2019, respectively. During 2020 and 2019 IITI also acted as a dealer for portions of new store equipment packages. As such IITI billed the Company \$0 and \$27,273 for equipment purchases for the years ended December 31, 2020 and 2019, respectively. The Company has a payable to IITI totaling \$58,824 and \$52,373 at December 31, 2020 and 2019, respectively. Company also has a payable to Canada totaling \$93,890 and \$139,488 at December 31, 2020 and 2019, respectively. All receivables and payables related to IITI and Canada are classified as Due (to) from Related Parties in the accompanying balance sheet.

Two area developers are also shareholders of IITI, combined they own 4 and 3 franchise locations at December 31, 2020 and 2019, respectively. Royalty, marketing and other income from these franchises totaled \$64,624 and \$85,546, for the years ended December 31, 2020 and 2019, respectively. Also in 2020 one of the area developers renewed an existing franchise agreement for \$5,000. Royalty commission and area commission expense for these franchises and 2 areas totaled \$26,947 and \$62,133 for the years ended December 31, 2020 and 2019, respectively. Accounts receivable related to these two area developers are \$27,548 and \$50,026 at December 31, 2020 and 2019, respectively. Accounts payable related to these two area developers are \$47,071 and \$47,111 at December 31, 2020 and 2019, respectively. All receivables and payables related to these two area developers are classified as Due (to) from Related Parties in the accompanying balance sheet at December 31, 2020 and 2019.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

6. RELATED PARTY TRANSACTIONS (continued)

The Company received advances from BizUp, an entity owned by a shareholder of IITI, totaling \$126,604 and \$136,438 at December 31, 2020 and 2019, respectively. These advances are unsecured, have no set repayment terms, and include interest at 7%. These advances are classified as Due (to) from Related Parties in the accompanying balance sheet.

The Company advances and/or receives funds from BizCard Xpress, which is owned by IITI. The Company owed \$102,436 and \$56,953 to BizCard Express at December 31, 2020 and 2019, respectively. These balances are classified as Due (to) from Related Parties in the accompanying balance sheet.

7. FRANCHISE INFORMATION

Franchise statistics at December 31, 2020 include:

	<u>Regional</u>	<u>Area</u>
Franchises in operation at beginning of year	35	15
New franchises granted	-	-
Franchises granted but not operational at end of year	-	-
Franchises terminated	(3)	(1)
Franchises in operation at end of year	<u>32</u>	<u>14</u>
Franchises transferred	<u>-</u>	<u>-</u>
Franchisor-owned outlets	<u>-</u>	<u>-</u>

8. COMMITMENTS AND CONTINGENCIES

The Company leases offices and equipment under operating leases over the next two years.

The aggregate future minimum rental commitments under these leases are as follows for the years ending December 31:

2021	\$ 160,300
2022	<u>167,700</u>
	<u>\$ 328,000</u>

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

8. COMMITMENTS AND CONTINGENCIES (continued)

During 2020 the Company was not able to make all required payments on their office lease. After negotiation the Company agreed to repay the past due rent which totaled \$19,312 over a six month period beginning November 2020 in addition to the rent prescribed by the original lease. In the event that the Company abides by the repayment terms, the landlord will abate future lease payments by \$20,000.

Rent expense related to these leases totaled \$54,276 and \$139,287 for the years ended December 31, 2020 and 2019, respectively.

The Company subleases a portion of its office under three operating leases expiring in 2022. The Company's lease expense will be offset by payments due under the subleases as follows for the years ending December 31:

2021	\$ 138,948
2022	138,275
	<u>\$ 277,223</u>

Sublease income and related sublease expenses are separately identified on the accompanying Consolidated Statement of Operations for the years ended December 31, 2020 and 2019, respectively.

The Company is involved in various legal matters in the ordinary course of business. In the opinion of management, these matters are not anticipated to have a material adverse effect on the results of operations, financial position or liquidity of the Company.

9. GUARANTEE

In connection with the sale of franchises, the Company guaranteed five notes receivable for two related parties and two unrelated parties totaling \$233,000 at December 31, 2020. There is currently no recorded liability for potential losses under this guarantee as collection is presumed. The guarantees expire over various periods from February 2021 to January 2023.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

10. LONG-TERM DEBT

Long-term debt is comprised of the following at December 31:

	2020	2019
Note payable to an individual, related to an assigned note receivable from an area franchisee, as more fully described in Note 1, with payment terms calling for monthly principal payments of \$2,000 starting April 2020, including zero percent interest through March, 2022, at which time the repayment terms will be renegotiated.	\$ 112,500	\$ -
Note payable to an individual, related to a note receivable for past due royalties from an area franchisee, as more fully described in Note 1. Repayment terms are included with the terms identified above.	45,000	-
Note payable to an individual. Repayment terms are included with the terms identified above.	87,843	87,843
Note payable to Celtic Bank, weekly payments of \$1,602, including interest of 69% per annum, secured by all Company assets, due June 15, 2020	-	32,715
Note payable to a former area franchisee, quarterly principal payment of \$3,000 plus interest of 6% per annum with remaining balance due December 15, 2022	39,000	39,000
Note payable to a former area franchisee, quarterly payment of \$2,125, including interest of 12% per annum, due March 15, 2021	27,580	29,403
	311,923	188,961
Less current portion	76,098	97,286
Long-term portion	\$ 235,825	\$ 91,675

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

10. LONG-TERM DEBT (Continued)

Estimated future principal maturities on note follows:

Year ended: DDecember 31, 2021	\$	76,098
2022		188,584
2023		47,241
	\$	<u>311,923</u>

11. INCOME TAXES

The income tax provision consisted of the following for the years ended December 31, 2020 and 2019:

		<u>2020</u>		
		<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal		\$ -	\$ -	\$ -
State		800	-	800
		<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 800</u>
		<u>2019</u>		
		<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal		\$ -	\$ -	\$ -
State		1,600	-	1,600
		<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 1,600</u>

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

11. INCOME TAXES (continued)

A reconciliation of amounts computed by applying the federal statutory income tax rate to income before income taxes to the amounts recorded in the statement of operations is as follows:

	<u>2020</u>	<u>2019</u>
Amount computed as statutory federal rate	\$ 1,349	\$ (62,018)
Meals and entertainment expenses	133	1,975
Accounts receivable reserve	5,880	7,560
State income tax expense	800	1,600
Increase in valuation allowance	<u>(7,362)</u>	<u>52,483</u>
	<u>\$ 800</u>	<u>\$ 1,600</u>

The components of the Company's deferred tax assets (liabilities) are summarized as follows:

	<u>2020</u>	<u>2019</u>
Accumulated depreciation	\$ 448	\$ 643
Net operating losses	852,103	1,226,081
Accounts receivable reserve	<u>(26,259)</u>	<u>(25,704)</u>
	826,292	1,201,020
Deferred tax asset valuation allowance	<u>(826,292)</u>	<u>(1,201,020)</u>
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

The Company established a full valuation allowance against its net deferred tax assets due to the uncertainty surrounding the realizability of such assets.

At December 31, 2020, the Company had federal and state net operating loss carry forwards of \$2.9 million. These federal and state net operating loss carry forwards will begin to expire in 2034.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

12. CONTINUING OPERATIONS

As reflected in the accompanying financial statements, the Company has significant recurring operating losses, minimal cash balances and negative retained earnings. These factors raise concerns about the Company's ability to continue as a going concern. To address this issue management established IITI in 2015, see Note 1.

IITI owns the intellectual property (worldwide rights) for the Instant Imprints brands and is currently raising capital through a private placement memorandum (PPM) to support the annual operating deficit. Management forecasts that it will require approximately \$500,000 of PPM investment during 2020-2022 to drive the growth opportunities available and support the existing network.

To this end, in the third quarter of 2020 it launched a PPM funding opportunity internally to its franchisee owners. Of the PPM funds required, a total of \$300,000 has been committed by an existing shareholder and area franchisee. In addition, during 2020 management has severely pared support operating costs and has been working with its lenders and creditors to restructure terms of their loans to improve the company's balance sheet and reduce monthly loan costs.

This investment level will ensure financial stability for the Company. The ability of the Company to meet its future operating needs is dependent upon increasing its franchise network and raising additional capital from the PPM.

13. STOCKHOLDERS' EQUITY

On June 11, 2015, the Company amended the number of authorized shares of common stock from 1,500 of no par value to 150,000 shares of \$0.0001 par value. The 1,111 shares of outstanding common stock were converted into 111,111 shares of common stock.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 12, 2021, the date the financial statements were available to be issued.

The Covid-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Company has implemented a number of procedures to monitor and mitigate the effects of Covid-19, such as regular calls with its franchisees to understand Covid impact, enable franchisee discussions about service options that help individual franchisees to mitigate loss of revenue, and provide information on how to apply for Covid governmental and other relief/assistance. At this time, the trajectory of the virus and future governmental requirements remains unknown.

NO FRILL FRANCHISING, INC.

**(A WHOLLY OWNED SUBSIDIARY OF
II TRANSATLANTIC, INC.)**

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

DECEMBER 31, 2019 and 2018

NO FRILL FRANCHISING, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statement	
Consolidated Balance Sheet.....	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Stockholders' Equity	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7

HINZMAN & ASSOCIATES

A PROFESSIONAL CORPORATION • CERTIFIED PUBLIC ACCOUNTANTS

9820 Willow Creek Road • Suite 270

San Diego, California 92131

Phone: (858) 535-1600

Fax: (858) 875-1111

INDEPENDENT AUDITOR'S REPORT

October 15, 2020

To the Board of Directors and Stockholders
No Frill Franchising, Inc.
San Diego, California

We have audited the accompanying consolidated financial statements of No Frill Franchising, Inc. and its subsidiary, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are

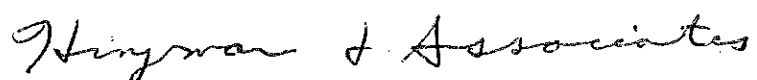
appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of No Frill Franchising, Inc. and its subsidiary as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 11 to the financial statements, the Company has significant recurring operating losses, minimal cash balances, long term debt with extremely high interest rates, and negative retained earnings. As discussed in Note 13, in March 2020 the World Health Organization declared the outbreak of COVID-19 a worldwide pandemic, which will adversely impact the Company's business, results of operations, financial position and cash flows. Both of these matters raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 11. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. Our opinion is not modified with respect to this matter.



HINZMAN & ASSOCIATES
Certified Public Accountants
A Professional Corporation

No Frill Franchising, Inc.
Consolidated Balance Sheet
December 31, 2019 and 2018

Assets		2019	2018
		<u> </u>	<u> </u>
Current assets:			
Cash and cash equivalents	\$	3,078	\$ 5,946
Accounts receivable, net		97,490	74,359
Prepaid expenses		9,500	31,500
Current portion of note receivable		16,628	21,000
Total current assets		<u>126,696</u>	<u>132,805</u>
Notes receivable		44,504	209,500
Due from related parties		165	120,927
Deposits		13,978	8,743
Property and equipment, net		28,842	25,797
Intangible assets - area franchise rights		223,000	223,000
	\$	<u>437,185</u>	<u>\$ 720,772</u>
 Liabilities and Stockholders' Equity 			
Current liabilities:			
Accounts payable	\$	151,886	\$ 189,358
Accrued expenses		208,513	187,930
Due to national media fund		191,800	128,649
Deferred revenue		-	43,950
Current portion of notes payable		97,286	131,040
Total current liabilities		<u>649,485</u>	<u>680,927</u>
Deferred rent		12,257	8,206
Notes payable, net of current portion		91,675	169,547
		<u>103,932</u>	<u>177,753</u>
Total liabilities		<u>753,417</u>	<u>858,680</u>
Stockholders' equity:			
Common stock		11	11
Additional paid in capital		2,534,969	2,534,969
Retained earnings (deficit)		(2,851,212)	(2,672,888)
Total stockholders' equity		<u>(316,232)</u>	<u>(137,908)</u>
	\$	<u>437,185</u>	<u>\$ 720,772</u>

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

Page 3

No Frill Franchising, Inc.
Consolidated Statement of Operations
For years ended December 31, 2019 and 2018

	2019	2018
Franchise income:		
Area franchise sales	\$ 292,500	\$ 157,500
Regional franchise sales	82,900	189,750
Royalty and marketing fees	526,008	493,446
Technology fees	114,694	83,488
Buildout administration fees	16,000	48,904
Training	16,000	35,680
Transfer and processing fees	-	50,000
Other income	4,369	5,517
	1,052,471	1,064,285
 Cost of sales:		
Franchise sales commissions	113,650	241,175
Royalty commissions	162,448	151,282
Training	322	6,920
Transfer fee commission	-	24,199
Other	1,070	921
	277,490	424,497
 Gross profit	774,981	639,788
 Expenses:		
Franchise development	125,994	174,696
Franchise operations	227,395	199,528
Marketing	56,672	48,032
General and administrative	429,247	437,403
	839,308	859,660
 Income (loss) from operations	(64,327)	(219,872)
 Other income (expense):		
Net gain from sublease	6,622	-
Interest income	4,721	14,058
Interest expense	(99,366)	(67,238)
Gain (loss) on assignment of note receivable	(18,060)	(22,500)
Foreign currency transaction gain (loss)	(6,314)	3,785
	(176,724)	(291,767)
 Income (loss) before income taxes	(176,724)	(291,767)
 Income tax expense	1,600	800
 Net income (loss)	\$ (178,324)	\$ (292,567)

No Frill Franchising, Inc.
Consolidated Statement of Changes in Stockholders' Equity
For years ended December 31, 2019 and 2018

	Common Stock Shares	Common Stock Amount	Additional paid- in capital	Retained Earnings (deficit)	Total
Balances, December 31, 2017	111,111	\$ 11	\$ 2,295,459	\$ (2,380,321)	\$ (84,851)
Additional paid-in capital	-	-	239,510	-	239,510
Net loss, year ended December 31, 2018	-	-	-	(292,567)	(292,567)
Balances, December 31, 2018	111,111	11	2,534,969	(2,672,888)	(137,908)
Net loss, year ended December 31, 2019	-	-	-	(178,324)	(178,324)
Balances, December 31, 2019	<u>111,111</u>	<u>\$ 11</u>	<u>\$ 2,534,969</u>	<u>\$ (2,851,212)</u>	<u>\$ (316,232)</u>

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

No Frill Franchising, Inc.
Consolidated Statement of Cash Flows
For years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Net income (loss)	\$ (178,324)	\$ (292,567)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,098	17,140
(Gain) loss on disposal of loans	18,060	22,500
(Increase) decrease in:		
Accounts receivable	(23,132)	33,830
Prepaid expenses	22,000	(16,844)
Increase (decrease) in:		
Accounts payable	(37,472)	27,269
Accrued expenses	20,583	11,861
Deferred revenue	(43,950)	43,950
Deferred rent	4,051	8,206
Due to national media fund	63,151	38,695
Net cash (used) provided by operating activities	(138,935)	(105,960)
Cash flows from investing activities		
Proceeds from area sale offset against capitalized area rights	-	50,000
Increase (decrease) in deposits	(5,235)	-
Proceeds from assignment of notes receivable	132,440	90,000
Collection of notes receivable	18,868	11,874
Issuance of new notes receivable	-	(63,000)
Purchase of property and equipment	(19,142)	(1,416)
Net cash provided (used) by investing activities	126,931	87,458
Cash flows from financing activities		
Proceeds from paid-in capital	-	239,510
Due from (to) related parties	120,762	(264,439)
Proceeds from long-term debt	-	150,000
Repayments on long-term debt	(111,626)	(102,818)
Net cash provided by financing activities	9,136	22,253
Net increase (decrease) in cash	(2,868)	3,751
Cash, beginning of year	5,946	2,195
Cash, end of year	\$ 3,078	\$ 5,946
Supplemental schedule of cash flow information		
Cash paid during the period for interest	\$ 99,366	\$ 67,238
Cash paid during the period for income taxes	\$ 1,600	\$ 800

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

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

No Frill Franchising, Inc. (No Frill) was incorporated in Delaware in February, 2011, and was a wholly owned subsidiary of II CA, Inc. (Canada). On March 15, 2015 II Transatlantic, Inc. (“IITI”) acquired the Company and Canada as wholly-owned subsidiaries. The Company was formed for the purpose of developing the Instant Imprints franchise brand and managing the Instant Imprints franchise operations in the United States of America.

Basis of accounting

The financial statements of the Company have been prepared in conformity with generally accepted accounting principles on the accrual basis and accordingly reflect all significant assets, payables and other liabilities.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of No Frill and its wholly-owned subsidiary, Imprints Georgia, LLC (Georgia), collectively referred to as “the Company”. All significant intercompany balances and transactions have been eliminated in consolidation. In prior years Georgia operated a franchisor-owned outlet which was sold in 2014.

Concentration of credit risk

The Company maintains bank accounts at financial institutions in San Diego, California. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. Management believes the Company is not exposed to any significant credit risk with respect to its cash and cash equivalents.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts receivable

Accounts receivable consists of outstanding amounts due from the royalties and sale of products. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends, and other information. Accounts receivable are written off when they are determined to be uncollectible. The allowance for doubtful accounts was \$60,000 and \$23,997 at December 31, 2019 and 2018, respectively.

Notes receivable

Notes receivable includes one and two loans totaling \$61,132 and \$230,500 to one and two area developers to facilitate the sale of areas at December 31, 2019 and 2018, respectively. The loan carries interest at 7% per annum and is due October 1, 2022. The notes are collateralized by the areas as well as personal guarantees.

During 2019, the Company assigned a note receivable of \$87,500 to a shareholder of IITI and a note receivable of \$63,000 to an independent outsider at a discount of \$18,060. The Company guaranteed their collection (see Note 8).

The Company sold an area franchise during 2017 in exchange for cash and a note receivable of \$112,500. During 2018, the Company assigned this note to an independent outsider at a discount of \$22,500 and guaranteed its collection (see Note 8).

The maximum amount of loss due to credit risk will be the outstanding balances at the time of default. Interest is recorded as revenue when earned.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment is carried at cost and depreciated using straight line method over the estimated useful lives of the individual assets, generally three to seven years for all assets.

Franchise agreement

The Company's franchise agreement as of December 31, 2019 requires the following non-refundable fees:

Initial store	\$39,950
Second and subsequent stores for existing franchisees	\$30,000
Conversion from existing imprinted products business	\$10,000 - \$19,950
Opening launch marketing program	\$10,000
Area development franchise	\$9,500/store in the territory
Buildout coordination fee	\$7,500
Transfer fee	\$15,000

These fees are subject to change with registration of subsequent Franchise Disclosure Documents (FDDs).

Initial franchise fees are primarily intended to compensate the Company for the granting of the franchise, the right to use the Company's trademark and to offset the costs of developing training programs and operating manuals. The term of the initial franchise agreement is 10 years. An option to renew the agreement for another 10-year term is available at 25% of the then current initial franchise fee.

Franchise fees and associated costs are recognized as revenue and expense when the franchisee has signed its franchise agreement, store location has been selected and training has been completed. Franchise fees received from franchises for which location has not been selected and training has not been completed are recorded as a liability; costs associated with such advance franchise fees are recorded as an asset. The opening launch marketing program fees are recorded as a liability until marketing expenditures are incurred.

The franchise agreement also provides for continuing royalty and marketing fees. The royalty fee is 3 - 6% of the gross sales volume and is payable monthly. This fee compensates the Company for ongoing trademark and license usage.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Franchise agreement (continued)

The marketing fee, 0 - 1 ½ % of gross store sales payable monthly, is used for development and preparation of regional and local advertising as well as internet advertising and development. Royalty and marketing fees are recognized as revenue when earned.

The franchise agreement also calls for contributions to a national media fund, 0 - 3% of gross store sales payable monthly, to be used for national, regional, and/or local marketing programs and promotional campaigns. Contributions to the national media fund are recorded as a liability until national media expenditures are incurred.

The franchise agreement also provides for technology development fees of \$0 - \$200 per month per franchisee. These fees are recognized as revenue when earned.

The Company is obligated to share fees generated by new franchises with area developers if there is an area developer in the franchise territory. Area developers are entitled to receive 33.33% - 65% of all initial franchise fees and 40 - 50% of all royalty fees generated by franchises within their territory.

For a limited time, the Company grants shares in IITI to franchisees that qualify under Instant Imprints Franchisee Stock Ownership Program (the "Stock Program"). IITI has authorized the Company to grant shares of IITI common stock to new and existing franchisees. Although the Stock Program is voluntary and the Company has the right to modify or discontinue the program at any time, the Stock Program currently provides that new and existing franchisees may receive up to 10,000 shares of IITI common stock over four years, provided that the franchisee meets certain qualifications and conditions.

Advertising

It is the Company's policy to expense advertising costs as they are incurred. Advertising and related expenses including public relations and tradeshow costs totaled \$41,964 and \$57,070 for the years ended December 31, 2019 and 2018, respectively.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

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

Sales taxes

The Company excludes from its sales all sales taxes assessed to its customers. Sales taxes assessed on sales are recorded as accrued liabilities on the balance sheet until remitted to state agencies. Accrued sales taxes were \$19,561 at December 31, 2019 and 2018.

Income Taxes

Deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the combination of the tax payable for the year and the change during the year in deferred tax assets and liabilities. The Company's policy is to record interest and penalties on uncertain tax positions as a component of income tax expense.

Deferred Rent

Rent expense for the office lease (see Note 7), which has a fixed escalation clause, is recorded on a straight-line basis over the term of the lease. Accordingly, rent expense incurred in excess of rent paid is reflected as deferred rent in the accompanying consolidated balance sheet.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

2. DUE (TO) FROM RELATED PARTIES

Amounts due (to) from related parties at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Due from shareholder of IITI - San Diego store	\$ 364,087	\$ 249,311
Due (to) from BizCard Xpress, owned by IITI	(56,953)	(22,000)
Due (to) shareholders of IITI	(14,659)	(18,899)
Due from shareholder of IITI for purchase of franchise	34,950	34,950
Due to shareholder of IITI for commissions related to sales of franchise	-	(25,352)
Due to Canada	(139,488)	(52,972)
Due (to) from IITI	(52,373)	94,474
Due from IIGC, owned by a shareholder of IITI	1,039	964
Due to BizUp, owned by a shareholder of IITI	(136,438)	(139,549)
Due (to) from related parties	<u>\$ 165</u>	<u>\$ 120,927</u>

See Note 5 for details of all amounts due (to) from related parties.

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Office equipment	\$ 7,281	\$ 7,281
Computer equipment	11,286	11,286
Furniture and fixtures	26,662	26,662
Software	19,295	19,295
Leasehold improvements	77,040	57,898
	<u>141,564</u>	<u>122,422</u>
Less accumulated depreciation	(112,722)	(96,625)
Total property and equipment	<u>\$ 28,842</u>	<u>\$ 25,797</u>

Depreciation expense was \$16,098 and \$17,140 for 2019 and 2018, respectively.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

4. INTANGIBLE ASSETS

During 2016 the Company repurchased the Arizona area license rights for \$120,000 in return for a note payable, see Note 9 for details regarding the note. This amount is classified as an intangible asset on the accompanying balance sheet at December 31, 2019 and 2018.

During 2017 the Company repurchased the Washington area license rights for \$153,000 in return for a note payable, see Note 9 for details regarding the note. During 2018 a portion of this area was sold and the remaining balance of \$103,000 is classified as an intangible asset on the accompanying balance sheet at December 31, 2019 and 2018.

The Company has reviewed the carrying value of these license rights and determined that there is no impairment of the intangible assets at December 31, 2019 and 2018. The Company is actively attempting to resell both areas.

5. RELATED PARTY TRANSACTIONS

During 2019 the Company recorded the sale of an area license to a shareholder of IITI as part of a debt forgiveness/equity transaction with IITI. The IITI shareholder forgave a note receivable from IITI totaling \$234,000, and extended the terms of another note receivable in exchange for additional shares in IITI and the No Frill area license in Nevada. The Nevada area sale was valued at \$117,000, and is included in Area Franchise Sales in the accompanying statement of operations, the offsetting entry was recorded as an increase in the Due (to) from Related Parties account in the accompanying balance sheet.

Since 2011 the Company has advanced funds to an area developer/shareholder of Canada to fund operations related to a San Diego store. The balance of the receivable from this area developer was \$364,087 and \$249,311 at December 31, 2019 and 2018, respectively, which is classified as Due from Related Parties in the accompanying balance sheet. These advances are not subject to fixed repayment terms.

In 2015 an area developer/shareholder purchased a franchise from the Company for \$39,950. The Company has a note receivable related to this purchase totaling \$34,950 due December 2019 and 2018 (currently being renegotiated), which is classified as Due (to) from Related Parties in the accompanying balance sheet.

In the normal course of business, the Company purchases marketing products from a local store owned by the area developer/shareholder, these products totaled \$3,142 and \$12,036 during 2019 and 2018, respectively.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

5. RELATED PARTY TRANSACTIONS (continued)

The Company performed certain administrative services totaling \$70,193 and \$67,697 for Canada during 2019 and 2018, respectively. Charges for these services are offset against payroll expenses in the accompanying statement of operations. The Company, Canada and IITI also reimbursed each other for certain allocated office expenses. Amounts charged by the Company to Canada totaled \$97,245 and \$76,622 for the years ended December 31, 2019 and 2018, respectively. Amounts charged by the Company to IITI totaled \$7,005 and \$38,422 for the years ended December 31, 2019 and 2018, respectively. Amounts charged by Canada to the Company totaled \$124,831 and \$145,117 for the years ended December 31, 2019 and 2018, respectively. During 2019 and 2018 IITI also acted as a dealer for portions of new store equipment packages. As such IITI billed the Company \$27,273 and \$171,780 for equipment purchases for the years ended December 31, 2019 and 2018, respectively. The Company has a payable to IITI totaling \$169,373 and receivable from IITI totaling \$94,474 at December 31, 2019 and 2018, respectively. Company also has a payable to Canada totaling \$139,488 and \$52,972 at December 31, 2019 and 2018, respectively. All receivables and payables related to IITI and Canada are classified as Due (to) from Related Parties in the accompanying balance sheet.

Two area developers are also shareholders of IITI, combined they own 3 and 4 franchise locations at December 31, 2019 and 2018, respectively. Royalty, marketing and other income from these franchises totaled \$85,546 and \$83,245, for the years ended December 31, 2019 and 2018, respectively. Royalty commission and area commission expense for these franchises and 2 areas totaled \$62,133 and \$68,208 for the years ended December 31, 2019 and 2018, respectively. Accounts receivable related to these two area developers are \$50,026 and \$36,714 at December 31, 2019 and 2018, respectively. Accounts payable related to these two area developers are \$47,111 and \$18,430 at December 31, 2019 and 2018, respectively. All receivables and payables related to these two area developers are classified as Due (to) from Related Parties in the accompanying balance sheet at December 31, 2019 and 2018.

The Company received advances from BizUp, an entity owned by a shareholder of IITI, totaling \$136,438 and \$139,549 at December 31, 2019 and 2018, respectively. These advances are unsecured, have no set repayment terms, and include interest at 7%. These advances are classified as Due (to) from Related Parties in the accompanying balance sheet.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

5. RELATED PARTY TRANSACTIONS (continued)

The Company advances and/or receives funds from BizCard Xpress, which is owned by IITI. The Company owed \$56,953 and \$22,000 to BizCard Express at December 31, 2019 and 2018, respectively. These balances are classified as Due (to) from Related Parties in the accompanying balance sheet.

6. FRANCHISE INFORMATION

Franchise statistics at December 31, 2019 include:

	<u>Regional</u>	<u>Area</u>
Franchises in operation at beginning of year	36	13
New franchises granted	-	2
Franchises granted but not operational at end of year	2	-
Franchises terminated	(4)	-
Franchises in operation at end of year	<u>34</u>	<u>15</u>
Franchises transferred	<u>-</u>	<u>-</u>
Franchisor-owned outlets	<u>-</u>	<u>-</u>

7. COMMITMENTS AND CONTINGENCIES

The Company leases offices and equipment under operating leases over the next two to five years.

The aggregate future minimum rental commitments under these leases are as follows for the years ending December 31:

2020	\$ 154,500
2021	160,300
2022	<u>167,700</u>
	<u>\$ 482,500</u>

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

7. COMMITMENTS AND CONTINGENCIES (continued)

The Company subleases certain space under an operating lease expiring in 2022. The Company's lease expense will be offset by payments due under the sublease as follows for the years ending December 31:

2020	\$	60,648
2021		60,648
2022		58,121
	\$	<u>179,417</u>

Rental income under the sublease was \$6,622 and \$0 for the years ended December 31, 2019 and 2018, respectively. Rent expense related to these leases totaled \$139,287 and \$126,466 for the years ended December 31, 2019 and 2018, respectively.

The Company is involved in various legal matters in the ordinary course of business. In the opinion of management, these matters are not anticipated to have a material adverse effect on the results of operations, financial position or liquidity of the Company.

8. GUARANTEE

In connection with the sale of franchises, the Company guaranteed five notes receivable for two related parties and two unrelated parties totaling \$390,500 at December 31, 2019. There is currently no recorded liability for potential losses under this guarantee as collection is presumed. The guarantees expire over various periods from February 2021 to January 2023.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

9. LONG-TERM DEBT

Long-term debt is comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Note payable to Celtic Bank, weekly payments of \$1,602, including interest of 69% per annum, secured by all Company assets, due June 15, 2020	\$ 32,715	\$ 92,830
Note payable to an individual, including fully amortized monthly payments of \$2,834, including interest of 10% per annum, due December 24, 2022	87,843	111,757
Note payable to a former area franchisee, quarterly principal payment of \$3,000 plus interest of 6% per annum with remaining balance due December 15, 2022	39,000	48,000
Note payable to a former area franchisee, quarterly payment of \$2,125, including interest of 12% per annum, due March 15, 2021	<u>29,403</u>	<u>48,000</u>
	188,961	300,587
Less current portion	<u>97,286</u>	<u>131,040</u>
Long-term portion	<u>\$ 91,675</u>	<u>\$ 169,547</u>

Estimated future principal maturities on note payable follows:

Year ended: December 31, 2020	\$ 97,286
2021	47,437
2022	44,238
	<u>\$ 188,961</u>

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

10. INCOME TAXES

The income tax provision consisted of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>		
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ -	\$ -	\$ -
State	1,600	-	1,600
	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 1,600</u>
	 <u>2018</u>		
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ -	\$ -	\$ -
State	800	-	800
	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 800</u>

A reconciliation of amounts computed by applying the federal statutory income tax rate to income before income taxes to the amounts recorded in the statement of operations is as follows:

	<u>2019</u>	<u>2018</u>
Amount computed as statutory federal rate	\$ (62,018)	\$ (99,473)
Amounts receivable reserve	1,975	138
Meals and entertainment expenses	-	3,265
Penalties	7,560	7,853
State income tax expense	1,600	800
Increase in valuation allowance	52,483	88,217
	<u>\$ 1,600</u>	<u>\$ 800</u>

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

10. INCOME TAXES (continued)

The components of the Company's deferred tax assets (liabilities) are summarized as follows:

	2019	2018
Accumulated depreciation	\$ 643	\$ 857
Net operating losses	1,226,081	1,099,703
Accounts receivable reserve	(25,704)	(10,280)
	1,201,020	1,090,280
Deferred tax asset valuation allowance	(1,201,020)	(1,090,280)
Net deferred tax assets	\$ -	\$ -

The Company established a full valuation allowance against its net deferred tax assets due to the uncertainty surrounding the realizability of such assets.

At December 31, 2019, the Company had federal and state net operating loss carry forwards of \$2.9 million. These federal and state net operating loss carry forwards will begin to expire in 2034.

11. CONTINUING OPERATIONS

As reflected in the accompanying financial statements, the Company has significant recurring operating losses, minimal cash balances, long term debt with extremely high interest rates, and negative retained earnings. These factors raise concerns about the Company's ability to continue as a going concern.

To address this issue management established IITI in 2015, see Note 1. IITI owns the intellectual property (worldwide rights) for the Instant Imprints brands and is currently raising capital through a private placement memorandum (PPM) to support the annual operating deficit. Management forecasts that it will require approximately \$500,000 of PPM investment during 2020-2021 to drive the growth opportunities available and support the existing network. To this end, in the third quarter of 2020 it has launched a PPM funding opportunity internally to its franchisee owners. Of the PPM funds required a total of \$300,000 has been committed by an existing shareholder and area franchisee. In addition, during 2020 management has severely pared support operating costs and has been working with its lenders and creditors to restructure terms of their loans to improve the company's balance sheet and reduce monthly loan costs. This investment level will ensure financial stability for the Company.

The ability of the Company to meet its future operating needs is dependent upon increasing its franchise network and raising additional capital from the PPM.

NO FRILL FRANCHISING, INC.
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

12. STOCKHOLDERS' EQUITY

On June 11, 2015, the Company amended the number of authorized shares of common stock from 1,500 of no par value to 150,000 shares of \$0.0001 par value. The 1,111 shares of outstanding common stock were converted into 111,111 shares of common stock.

The Company received additional capital contributions from IITI for \$0 and \$239,510 for the years ended December 31, 2019 and 2018, respectively.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 15, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic, and the Company expects operations in all locations to be affected as the virus continues to proliferate. In March 2020 the Company announced that all franchisees would receive a holiday from paying royalty and marketing fees for the period from March 2020 through May 2020. In addition the Company has been unable to sell any new areas or stores during 2020 due to the virus impacts on retail sales and lack of a Franchise Disclosure Document. The Company has negotiated extended payment terms with some of its vendors and its office facility landlord. The Company has also adjusted certain other aspects of its operations to protect its employees and franchisees. The Company will continue to monitor the situation closely and it is possible they will implement further measures. In light of the uncertainty as to the severity and duration of the pandemic it is difficult to estimate the extent of the negative impact on revenues, profitability and financial position at this time.

Unaudited financials

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

No Frill Franchising, Inc.

Balance Sheet

As of June 30, 2021

ASSETS

Current Assets

Cash and Cash Equivalents	\$	21,562.59
Accounts Receivable, Net		153,566.84
Related Party Receivables		297,151.38
Repurchased Area Rights		223,000.00
Prepaid Expenses		3,500.00
Total Current Assets	\$	698,780.81
Property and Equipment		
Fixed Assets	\$	167,140.48
Accumulated Depreciation/Amortization	(142,948.14)
Total Property and Equipment	\$	24,192.34
Other Assets		
Notes Receivable	\$	114,962.79
Other Assets		13,978.40
Total Other Assets	\$	128,941.19
Total Assets	\$	851,914.34

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable - Net	\$	150,719.35
Buildout Accounts		1,302.03
Credit Cards		21,403.58
Pooled Leads		14,942.54
National Media Fund		157,550.62
Payroll Liabilities		34,210.07
Related Party Payables		225,375.16
Notes Payable		136,779.69
Accrued Liabilities		65,489.15
Customer Deposits		55,543.62
Deferred Rent		25,486.03
Total Current Liabilities	\$	888,801.84
Long-Term Liabilities		
Notes Payable - Long Term	\$	239,343.21
Total Long-Term Liabilities	\$	239,343.21

No Frill Franchising, Inc.

Balance Sheet

As of June 30, 2021

Total Liabilities	\$	1,128,145.05
Capital		
Paid in Capital	\$	2,534,979.30
Retained Earnings	(2,845,582.77)
Net Income		34,372.76
Total Capital	(\$	276,230.71)
Total Liabilities & Capital	\$	851,914.34

No Frill Franchising, Inc.
Income Statement
For the Six Months Ending June 30, 2021

Revenues	
License Fees	\$ 0.00
Royalty and marketing Fees	326,670.08
Training Fees	0.00
Technology Fee	64,626.00
Interest Income	4,043.53
Other Income	77,309.10
Sublet Income	<u>75,910.62</u>
 Total Revenues	 <u>\$548,559.33</u>
 Cost of Sales	
COGS-Area Fees	\$ 119,633.24
COGS - Other	0.00
COGS-Sublet Costs	<u>32,463.36</u>
 Total Cost of Sales	 <u>\$152,096.60</u>
 Gross Profit	 <u>\$396,462.73</u>
 Expenses	
Payroll Expenses	\$ 155,881.38
HR Expenses	788.30
Allocated Expenses	(91,464.34)
Consultants/Contractors	27,917.03
Legal and Professional	42,322.30
Other Expenses	67,849.57
Bank Service Charges	1,727.60
Insurance Expense	1,440.04
Depreciation and Amortization	3,665.97
Interest Expense	5,898.95
Foreign Currency Exchange	2,262.47
Franchise Services	59,259.34
Fees and Licenses	450.00
Marketing and Advertising	1,505.40
Office Expenses	12,357.06
Administrative Expenses	10,560.83
Rent	57,026.75
Travel Expenses	<u>2,641.32</u>
 Total Expenses	 <u>\$ 362,089.97</u>
 Net Income	 <u>\$ 34,372.76</u>

Exhibit E

Manual Table of Content



General Information		Page #
1.1	Operations Manual Introduction	1
1.2	A Three-Way Partnership	2
1.3	Franchisees are the Doers	3
1.4	Operating Standards	4
1.5	Website & Social Media Sites	5
1.6	Trademarks, Logos, Slogans, Etc.	7
1.7	Records and Reports	8
1.8	Audits	9
1.9	Software License Agreements and Copyright Laws	10
1.1	Electronic Communications (E-Mail)	11
1.11	Business Management System (BMS)	14
1.12	Insurance	15
1.13	Daily Operations	16
1.14	Customer Relations	18
1.15	Prohibited Practices	19
1.16	Area Franchisees are the Coaches	20
1.17	Partner Support Team are the System Builders	21
1.18	The Business Relationship and Roles of Each Member of the Instant Imprints Network	22
2		
Sales Development		
2.1	Sales Introduction	26
2.2	Growing Sales Comes First	27

2.3	4, 4 and 92	28
2.4	Best Customer	30
2.5	Right Message	32
2.6	Marketing Action Plan (MAP)	34
2.7	Dialogues not Monologues.	36
2.8	Business Growth	37
2.9	II Selling System	42
2.1	Qualifying Prospective Customers	47
2.11	Outside Sales	48
2.12	Inside Sales	49
2.13	Scripting	50
2.14	E, Q, S, D and sometimes C	51
2.15	Other Marketing Knowledge and Tools	53
2.16	Staffing	54
2.17	Sales Supporting Documents	55

3

Profit Management

3.1	Profit Management Introduction	85
3.2	Sales > Profits	86
3.3	Plan, Implement, Measure, Adjust (Pricing)	87
3.4	Creating Change via the Numbers	88
3.5	KSI (Key Success Indicators)	89
3.6	Bookkeeping	91
3.7	Reporting	92
3.8	Profits	93
3.1	Reference/ Troubleshooting	94
3.11	Accounts Payable	96
3.12	Managing Order Flow in shopVOX	97
3.13	Correcting Transaction Problems	100

3.14	Use of a Business Credit Card	105
------	-------------------------------	-----

4

Operations

4.1	Operations Introduction	107
-----	-------------------------	-----

4.2	ShopVOX POS System	108
-----	--------------------	-----

4.3	ShopVOX Info and FAQ	109
-----	----------------------	-----

4.4	Document Services	158
-----	-------------------	-----

4.5	Direct to Garment	186
-----	-------------------	-----

4.6	Embroidery (EMB)	187
-----	------------------	-----

4.7	Promotional Products	199
-----	----------------------	-----

4.8	Signs & Banners	207
-----	-----------------	-----

4.9	Transfers	226
-----	-----------	-----

4.1	Screen Printing	231
-----	-----------------	-----

5

People

5	People Introduction	236
---	---------------------	-----

5.1	Recommended Organizational Chart	237
-----	----------------------------------	-----

5.2	Job Descriptions	238
-----	------------------	-----

5.3	Keys to Interviewing	241
-----	----------------------	-----

5.4	In-Depth Interview Questions	242
-----	------------------------------	-----

5.5	Sample Classified Advertisements	243
-----	----------------------------------	-----

5.6	Application	246
-----	-------------	-----

5.7	Sample Decline Letter	247
-----	-----------------------	-----

5.8	Reference Check Guide (2 options)	248
-----	-----------------------------------	-----

5.9	Sample Offer Sheet	252
-----	--------------------	-----

5.10	New Hire Checklist	253
------	--------------------	-----

5.11	New Employee Training Form	254
------	----------------------------	-----

5.12	Performance Evaluations	255
------	-------------------------	-----

5.13	Corrective Action Report	263
------	--------------------------	-----

5.14	Employee Handbook with Acknowledge	266
5.15	Payroll	267

Exhibit F

List of State Agents/Administrators for Service of Process

NOTE: SOME STATES REQUIRE THAT THE FRANCHISE BE REGISTERED WITH A STATE AGENCY. WE DO NOT OFFER OR SELL FRANCHISES IN ANY OF THOSE STATES UNLESS WE ARE REGISTERED, AND THE LISTING OF A STATE BELOW DOES NOT MEAN THAT WE ARE SO REGISTERED.

California

Dept. of Financial Protection & Innovation
One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 557-3787
(866) 275-2677

Florida

Department of Agriculture and Consumer Services
227 N. Bronough Street
City Centre Building, 7th Fl
Tallahassee, FL 32301
(904) 922-2770

Hawaii

Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis, IN 46204
(317) 232-6681

Maryland

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

Michigan

Attorney General
Consumer Protection Division
525 W. Ottawa Street
G. Mennen Williams Bldg. 1st Fl
Lansing, MI 48913
(517) 373-7117

Minnesota

Department of Commerce
Registration and Licensing
85 7th Place East, Suite 280
St. Paul, MN 55101
(612) 296-6328

Nebraska

Department of Banking and Finance
1526 K Street, Suite 300
P.O. Box 95006
Lincoln, NE 68508
(402) 471-3445

New York

New York State Attorney General
Division of Economic Justice
Investor Protection Bureau
28 Liberty Street
New York, NY 10005
(212) 416-8211

North Dakota

North Dakota Securities Department
600 East Boulevard, State Capitol, 5th Floor, Dept. 414
Bismarck, ND 58505-0510

(701) 328-4712

Oregon

Depart. Of Ins. And Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island

Depart. Of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex -
Cranston, RI 02920
(401) 462-9500

South Dakota

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

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington

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

Wisconsin
Department of Financial
Institutions Div. of Securities
345 W. Washington Ave., 4th Fl
Madison, WI 53703
(608) 261-9555

Agents for Service of Process

California

Commissioner of Financial Protection & Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7505
(866) 275-2677

Hawaii

Commissioner of Securities
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan

Department of Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

Minnesota

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(612) 296-4026

New York

Secretary of State
99 Washington Avenue
Albany, New York 12231
(518) 473-2492

North Dakota

North Dakota Securities Department
600 East Boulevard, State Capitol
5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Director of Oregon
Department of Insurance and Finance
700 Summer Street, N.E., Suite 120
Salem, Oregon 97310
(503) 378-4387

Rhode Island

Director of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

South Dakota

Director of South Dakota Division of Insurance
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9733

Washington

Securities Administrator
Department of Financial Institutions
150 Israel Road, SW
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Wisconsin Commissioner of Securities
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 261-9555

Exhibit G

List of Franchisees (As of December 31, 2020)

Entity Name	Telephone	Street	City	State	Zipcode
Ellison Development Co Inc Glen & Susie Ellison	(501) 217-8222	200 N. Bowman Rd., Suite 10	Little Rock	AR	72211
Candice and Michael Williams	(303) 664-1633	1148 W Dillon Road, Ste. 3	Louisville	CO	80027
II 0239 LLC Rick Ballard	(303) 743-8000	10784 East Iliff Avenue	Aurora	CO	80014
II 0243 LLC Joel Meadows	(303) 777-2120	2120 South Broadway	Denver	CO	80210
BGD Edge Inc Brian Drysdale	(302) 477-1734	3652 Silverside Rd.	Wilmington	DE	19810
D&M Florida Enterprises Inc. Mike Ciaramitaro	(239) 949-4499	24380 S. Tamiami Trail Unit 1300	Bonita Springs	FL	34134
D C & CO. LLC Bryan and Julie Crawford	(770) 643-0200	1540 Old Alabama Road, Suite 500	Roswell	GA	30076
Scodabo Limited Co. Scott Bock	(678) 424-1420	3150 Highland Parkway, Suite 106	Smyrna	GA	30082
Thomas R Hesketh	(770) 535-0722	4316 Mundy Mill Road	Oakwood	GA	30566
More Cow Bell Inc. Joey Herd	(678) 518-5408	2100 Riverside Parkway, Suite 118	Lawrenceville	GA	30043
JCREWOPS, LLC Jada and J Clower	(770) 214-2777	775 S Park Street, Suite 103	Carrollton	GA	30117
Wilkins Visual Communications Inc. Christine Wilkins	(678) 695-7988	2340 Towne Lake Pkwy Ste 110	Woodstock	GA	30189
JamGang Promotions Inc. Lloyd James	(404) 913-4344	840 Ernest W. Barrett parkway, Ste. 780	Kennesaw	GA	30144
P-Pack Concepts Inc. Robert & Lisa Parrish	(678) 807-9029	547 Lakeland Plaza	Cumming	GA	30040
II Northwest, LLC Eric Merritt	(208) 467-7468	6916 State St.	Boise	ID	83714
M1E2 Inc Agnes and Raymond Suerth	(224) 764-2198	2308 E. Rand Road	Arlington Heights	IL	60004
BWA Stores LLC Candice smith	(636) 441-9202	299 Salt Lick Road, Unit E	St. Peters	MO	63376
BWA Enterprises, LLC Bill Allen	(636) 561-9210	3086 Winghaven Blvd.	O'Fallon	MO	63368
KB2 LLC Kyle Blumenberg	(636) 728-0066	132 Hilltown Village Center	Chesterfield	MO	63017
JCC Stores Corp Jay Copeland	636-916-3395	3734 Elm Street	St. Charles	MO	63301
Nine Thirteen, LLC Chuck Sawyer	(919) 876-8070	5300 Atlantic Avenue, Suite 105	Raleigh	NC	27609
CWS Investments, LLC Chuck Sawyer	(252) 364-3254	1011 E Charles Blvd	Greenville	NC	27858
Markus & Lindsay Takkumen	(919) 468-9808	10970 Chapel Hill Rd, Suite 118	Morrisville	NC	27560
Flatwater Corporation Jason Otte	(704) 584-7764	800 Clanton Rd, Ste R	Charlotte	NC	28217
Bernest Enterprises Inc. Matt Tilden	(727)776-0360	900 Commonwealth Drive	Cranberry	PA	29615

Entity Name	Telephone	Street	City	State	Zipcode
4K Enterprises David Boyle/Hal Blanks	(864) 520-1196	8590 Pelham Road, #11	Greenville	SC	29615
VTR Promo LLC Laura Flores	(210) 256-0000	8425 Bandera Rd., Suite 154	San Antonio	TX	78250
OKCE Services Inc Okwuchi Kekeh	(832) 240- 4256	2403 Bay Area Boulevard	Houston	TX	77058
New Territory Services Inc. Virgilio and Fernanda Frietas	(281) 240-5925	909 Eldridge Road	Sugar Land	TX	77498
Admiral Corporation Dwayne White	(972) 905-5545	2411 Coit Road, Suite 140	Plano	TX	75075
Ardan Mac Group, LLC Arlen and Daniel Garrison	(360) 694-9711	13521 SE 3 rd Way, Ste. 400	Vancouver	WA	98684

*We do not have any area developers.

List of Affiliate Owned locations;

6635 Flanders Drive, Suite A/B
(858) 824-0527

List of Franchisees who have signed a Franchise Agreement but did not open in 2020:

None

LIST OF FRANCHISEES OF IICA, INC.

Entity Name	Telephone Number	Street	City	Province	Postal Code
Pisces Signage Ltd. Masoud Zirak	(604)-628-8784	3484 East Hastings St	Vancouver	BC	V5K 2A6
Array Printing Ltd Shazmin Zahir	(778) 565-7480	8077 King George Highway	Surrey	BC	V3W 5B4
1153663 B.C. Ltd Nidhi Juneja	(604) 558-1877	1065 Main Street	Vancouver	BC	V6A 4L4
0928049 BC Ltd. Noel Perera/Gagan/Nick D	(604) 620-4988	6925 Antrim Ave.	Burnaby	BC	V5J 4M5
1133851 B.C. Ltd Shiran Viratane & Himoda Jayalath	(604) 620-5626	4835 Victoria Drive	Vancouver	BC	V5N 4P3
0938742 B.C. Ltd Bryan Panchuk	(604) 558-0767	1231 Broadway W	Vancouver	BC	V6H 1G7
Jacob Tri-Cities Printing Co. Ernest Ibrahim	(604) 469-5791	1163 Pinetree Way, #1019 Henderson Place	Coquitlam	BC	V3B 8A9
Dualan Print & Design, Inc. Jhunn & Linda Dualan	(604) 553-3464	349 Columbia Street	New Westminster	BC	V3L 5T6
2009887 Alberta Ltd. Don & Chandra Keith	(403) 770-0065	6020 1A Street	Calgary	AB	T2h 0G3
11498371 Canada Inc. Oluwarotimi Ige	(204) 219-8999	305E Madison Street	Winnipeg	MB	R3J 1H9
10000880 Manitoba Ltd. Kalvin Fey & Andre Trudeau	(204) 219-8999	292 Archibald Street	Winnipeg	MB	R3C 3N9
2171836 Ontario Inc. Vinod Lad	(905) 267-2945	Unit 102-10 Kingsbridge Garden	Mississauga	ON	L5R 3k6
1384795 Alberta Ltd. Jeff Parker	(905) 815-8296	467 Speers Rd	Oakville	ON	L6K 3S4

Entity Name	Telephone Number	Street	City	Province	Postal Code
2156882 Ontario Inc. Naren Lad	(289) 997-2108	3015 Winston Churchill Blvd., Unit 102	Mississauga	ON	L5L 2V8
2361735 Ontario Inc. Ananth Koovappady Anagha Vaidya	905-282-0208	2550 Matheson Blvd. East, UNIT 128	Mississauga	ON	L4W4Z1
2501707 Ontario Inc. Ananth Koovappady Anagha Vaidya	(519)-265-7119	221 Woodlawn West Rd, #B6	Guelph	ON	N1H 8P4
8754357 Ontario Inc. Omeid Deen	(905) 637-2828	676 Appleby Line, Unit E101	Burlington	ON	L7L 5Y1
2468492 Ontario, Inc. King Lu	(613) 695-8689	529 Bank Street	Ottawa	ON	K2P 1Z5
Rashid Ehsan	(905) 735-0000	150 Thorold Road	Welland	ON	L3C 3V4
2657359 Ontario, Inc. Bruce and Rebecca MacGillvray	(705) 503-7652	222 Mapleview Dr. West #19	Barrie	ON	L4N 9E7
PVR Enterprises Inc. Ranjit and Priya Chatterjee	(902) 892-8100	393 University Ave #2	Charlottetown	PEI	CIA 4N4
659773 NB Ltd. Noel Eustace	(506) 449-0750	530 Brookside Drive, Unit D	Fredericton	NB	E3A 8V2

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee, Developer and area representative who had a business terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business 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 is listed below. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Transfer

C&J Creations, Cindy and Danny Hutcheson, Carrollton, GA 770-941-1453.

Not renewed:

Mark A and Kimberly S Morettini, Corona, CA 951-738-0664

Team Destination Inc., Vandan Divatia, Meridan, CT 203-235-6000

Terminated or Ceased Operations:

Ruby Rules LLC, Masood Jafari, San Diego, CA 312-233-1000

Lori Francin, Centennial, CO 303-771-2244

Kevin and Virginia Kearney, Gainesville, FL 770-842-7718

BWA Stores LLC, Bill Allen, St. Louis, MO 636-578-1554

Repurchased:

Christine Rosine, San Marcos, CA, 706-975-3130

EXHIBIT H

RELEASE

THIS GENERAL RELEASE (the "General Release") is made by the undersigned (hereinafter "Releasor(s)") for the benefit of No Frill Franchising, Inc. (hereinafter, "Franchisor"), on this ____ day of _____, 20____.

RECITALS:

WHEREAS, Releasor is a No Frill Franchising, Inc. franchisee and operates an Instant Imprints Center (the "Franchised Business") pursuant to that certain franchise agreement dated _____(the "Franchise Agreement");

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor's consent to _____ in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys' fees, accounting fees or experts' fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this General Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under applicable state law.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term "Releasor" shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

RELEASOR:

By: _____

Name: _____

Title: _____

State Effective Dates

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
California	pending
Washington	pending

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I

RECEIPTS

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 No Frill Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, No Frill Franchising, Inc. or its affiliate along with the proposed franchise sale. Iowa and New York require that No Frill Franchising, Inc. gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that No Frill Franchising, Inc. gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If No Frill 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, DC 20580 and the appropriate state agency listed on Exhibit F.

The name of the franchise seller for this offering is _____, with a principal business address and telephone number of 6615 Flanders Drive Suite B, San Diego, CA 92121, (858) 642-4848.

Issuance date: April 15, 2021 as amended July 20, 2021

I have received a disclosure document dated April 15, 2021 as amended July 20, 2021, that included the following Exhibits:

- Exhibit A: State Specific Addenda
- Exhibit B: Franchise Agreement (and Exhibits)
- Exhibit D: Development Agreement
- Exhibit D: Financial Statements
- Exhibit E: Manual Table of Contents
- Exhibit F: List of State Agents/Administrators For Service of Process
- Exhibit G: List of Franchisees
- Exhibit H: Release
- Exhibit I: Receipts

Date: _____

(For You to Keep)

Prospective Franchisee Signature

Print Name

RECEIPTS

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 No Frill Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, No Frill Franchising, Inc. or its affiliate along with the proposed franchise sale. Iowa and New York require that No Frill Franchising, Inc. gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that No Frill Franchising, Inc. gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If No Frill 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, DC 20580 and the appropriate state agency listed on Exhibit F.

The name of the franchise seller for this offering is _____, with a principal business address and telephone number of 6615 Flanders Drive Suite B, San Diego, CA 92121, (858) 642-4848.

Issuance date: April 15, 2021 as amended on July 20, 2021

I have received a disclosure document dated April 15, 2021 as amended on July 20, 2021, that included the following Exhibits:

- Exhibit A: State Specific Addenda
- Exhibit B: Franchise Agreement (and Exhibits)
- Exhibit D: Development Agreement
- Exhibit D: Financial Statements
- Exhibit E: Manual Table of Contents
- Exhibit F: List of State Agents/Administrators For Service of Process
- Exhibit G: Instant Imprints List of Franchisees
- Exhibit H: Release
- Exhibit I: Receipts

Date: _____

Prospective Franchisee Signature

Print Name

Please sign this copy of the Receipt, date your signature and return it to No Frill Franchising, Inc. at 6615 Flanders Drive Suite B, San Diego, CA 92121.