| Provision | Section in Franchise or other Agreement | Summary |
|---|---|---|
| v. Choice of forum | Section 17.G of Franchise Agreement | Subject to the requirement to arbitrate, litigation generally must be in the state or federal court of competent jurisdiction located closest to our then current principal business address (currently, New York, New York) (subject to state law) |
| | Development Agreement Rider | Not applicable under Development Agreement Rider. |
| w. Choice of law | Section 17.F of Franchise Agreement | Except for Federal Arbitration Act and other federal law, New York law governs (subject to state law) |
| | Development Agreement Rider | Not applicable under Development Agreement Rider. |

## Item 18

## PUBLIC FIGURES

We currently do not use any public figures to promote franchises for Five Iron Golf Centers.

## 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.

In this Item 19, we provide certain historical operating results of company-owned Five Iron Golf Centers during the 12 month period beginning March 1, 2024 and ending February 28, 2025 (the "Measurement Period"). In total, 15 of our 25 company-owned Five Iron Golf Centers are represented in this Item 19 (the "Selected Company Centers"), each of which operated continuously throughout the Measurement Period. We excluded (i) 3 company-owned Five Iron Golf Centers because they use third-party service providers for their food operations, which is atypical of a Five Iron Golf Center and is not permitted as part of our franchise offering; (ii) 3 company-owned Five Iron Golf Centers that were closed for multiple months for renovations during the Measurement Period; (iii) 1 company-owned Five Iron Golf Center because it features less than 8 simulators, which is atypical of a Five Iron Golf Center and is outside of the prototypical Five Iron Golf franchise offering, and (iv) 3 company-owned Five Iron Golf Centers that opened during the Measurement Period. No franchised Five Iron Golf Center operated for the entire Measurement Period.

**AVERAGE GROSS SALES, OPERATING EXPENSES,**

**AND EBITDA FOR COMPANY-OWNED FIVE IRON GOLF CENTERS**

**TABLE 1 – ALL 15 SELECTED COMPANY CENTERS**

| | Gross Sales | COGS | COGS % | Labor | Labor % | EBITDA | EBITDA % | Imputed Royalties | Adjusted EBITDA |
|---|---|---|---|---|---|---|---|---|---|
| Average | $2,723,906 | $492,222 | 18% | $661,575 | 24% | $764,996 | 28% | $190,673 | $574,323 |
| Median | $2,210,894 | $398,697 | 18% | $571,933 | 26% | $500,815 | 23% | $154,763 | $346,052 |
| High | $6,170,413 | $1,081,548 | 18% | $1,312,648 | 21% | $2,618,611 | 42% | $431,929 | $2,187,682 |
| Low | $1,478,814 | $305,849 | 21% | $533,280 | 36% | $57,480 | 4% | $103,517 | $(46,307) |

Table 1 contains information for the 15 Selected Company Centers described above in this Item 19. Of the 15 Selected Company Centers listed in the above Table 1, 5 (or 33%) met or exceeded the total average Gross Sales of $2,723,906; 5 (or 33 %) met or exceeded the total average COGS of $492,222; 4 (or 27%) of the Selected Company Centers met or exceeded the total average Labor expense of $661,575; and 5 (or 33%) of the Selected Company Centers met or exceeded the total average EBITDA of $764,996.

**<u>TABLE 2 – MIDDLE 60 % OF SELECTED COMPANY CENTERS</u>**

| | Gross Sales | COGS | COGS % | Labor | Labor % | EBITDA | EBITDA % | Imputed Royalties | Adjusted EBITDA |
|---|---|---|---|---|---|---|---|---|---|
| Average | $2,225,397 | $420,279 | 19% | $583,992 | 21% | $542,493 | 24% | $155,778 | $386,715 |
| Median | $2,210,894 | $398,697 | 18% | $571,933 | 26% | $500,815 | 23% | $154,763 | $346,052 |
| High | $3,016,150 | $586,576 | 19% | $640,278 | 21% | $847,332 | 28% | $211,131 | $636,202 |
| Low | $1,696,296 | $200,225 | 18% | $525,446 | 31% | $223,595 | 13% | $118,741 | $104,855 |

Table 2 removes from the dataset the (i) 3 Selected Company Centers with the lowest annual Gross Sales and the (ii) 9 Selected Company Centers with the highest annual Gross Sales, and only contains information related to 10 of the Selected Company Centers, which account for the middle 60% of the dataset listed in Table 1. Of the 9 Selected Company Centers listed in the above Table 2, 4 or 44% met or exceeded the total average Gross Sales of $2,225,397; 3 or 33% met or exceeded the total average COGS of $420,279; 4 or 44% of the Company Centers met or exceeded the total average Labor expense of $583,992; and 4 or 44 % of the Company Centers met or exceeded the total average EBITDA of $542,493.

<u>Notes to Both Tables</u>:

1. The Selected Company Centers in Table 1 have been open for an average of 3.1 years. On average, there are 12 simulator bays in the Selected Company Centers. The Selected Company

Center with the lowest number of simulator bays is 10 while the Selected Company Center with the highest number of simulator bays is 15. There may be additional sources of revenue and expenses at the Selected Company Centers as compared to franchised Five Iron Golf Centers including partnership and licensing fees, corporate overhead such as travel expenses, benefit packages for senior-level employees, additional software fees and additional marketing costs. The Selected Company Centers do not pay Royalties. The Selected Company Centers spent an average of 3.89% of Gross Sales on marketing related expenditures, which includes the 2% of Gross Sales that each Selected Company Center contributed to the Brand Fund once the Brand Fund was established in April 2024. These marketing expenses are accounted for in the above tables. Other than as noted herein, we do not anticipate any material financial or operational differences between the Selected Company Centers and franchised Five Iron Golf Centers.

2. “Gross Sales” means all revenue derived from operating a Selected Company Center, including, but not limited to, all amounts that we receive at or away from the Premises, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions and all other income of every kind and nature related to a Selected Company Center, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from customers and members and paid to the appropriate taxing authority and (2) reduced by the amount of any documented refunds, credits, allowances, and charge-backs a Selected Company Center in good faith gives to customers or members.

3. “COGS” means Cost of Goods Sold and includes costs related to our food and beverage program, event costs and commissions, golf pro salaries and commissions, in addition to other miscellaneous costs of goods such as merchandise. “COGS %” means the COGS expense as a percentage of the reported total average Gross Sales of the Selected Company Centers. The COGS % in the row labeled “High” is the COGS % of the highest-grossing Selected Company Centers in the respective tables, while the COGS % in the row labeled “Low” is the COGS % of the lowest-grossing Selected Company Centers in the respective tables.

4. “Labor” includes salaries, wages for hourly staff, and payroll taxes incurred by the Selected Company Centers. Salaries, wages and related payroll expenses vary substantially depending on the geographic location of the Selected Company Center, demands on the local labor pool, state and federally mandated minimum wage laws, changes in state and federal laws affecting benefits and the level of benefits (i.e., medical insurance, vacation and bonuses) provided. “Labor %” means the Labor expense as a percentage of the reported total average Gross Sales. The Labor % in the row labeled “High” is the Labor % of the highest grossing Selected Company Centers in the respective tables, while the Labor % in the row labeled “Low” is the Labor % of the lowest grossing Selected Company Centers in the respective tables. Wages and costs related to golf instructors at the Selected Company Centers are not included in “Labor” because contract structures vary across the Selected Company Centers, but as noted above, wages and costs related to golf instructors are included as part of COGS.

5. “EBITDA” means Earnings Before Interest, Taxes, Depreciation and Amortization. “EBITDA %” means EBITDA as a percentage of the reported total average Gross Sales. The EBITDA % in the row labeled “High” is the EBITDA % of the highest grossing Selected Company Centers in the respective tables, while the EBITDA % in the row labeled “Low” is the EBITDA% of the lowest grossing Selected Company Centers in the respective tables.

6. Franchised Five Iron Golf Centers are required to pay Royalties that Selected Company Centers do not have to pay. “Imputed Royalties” in Tables 1 and 2, therefore, means imputed Royalties of 7% of Gross Sales that the Selected Company Centers would have paid if they were franchised Five Iron Golf Centers.

7. “ADJ EBITDA” means EBITDA (see note 5) minus Imputed Royalties (see Note 6).

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

Written substantiation for the financial performance representations in Item 19 is available to you upon reasonable request. We strongly encourage you to consult a financial advisor or an accountant to help you determine how to interpret the information contained in this Item 19.

Other than the preceding financial performance representations, 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 Five Iron Golf Center, however, we may provide you with the actual records of that Five Iron Golf Center. If you receive any other financial performance information or projections of your future income, you should report it the franchisor's management by contacting Katherine Solomon, Chief Legal Officer, at 883 Avenue of the Americas, Fl. 3, New York, New York 10001 and (212) 419-3875; the Federal Trade Commission; and the appropriate state regulatory agencies.

## Item 20

## OUTLETS AND FRANCHISEE INFORMATION

**Table 1**
**Systemwide Outlet Summary**
**For years 2022 to 2024***

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start of Year | Column 4<br>Outlets at the End of Year | Column 5<br>Net Change |
|---|---|---|---|---|
| Franchised | 2022 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 3 | +3 |
| Company Owned | 2022 | 10 | 15 | +5 |
| | 2023 | 15 | 22 | +7 |
| | 2024 | 22 | 25 | +3 |
| **Total Outlets** | 2022 | 10 | 15 | +5 |
| | 2023 | 15 | 22 | +7 |
| | 2024 | 22 | 28 | +6 |

*The totals in the Item 20 Tables do not include the Licensed Center.