FRANCHISE DISCLOSURE DOCUMENT



Koala Insulation Franchisor, LLC
Delaware limited liability company
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Koala Insulation Franchisor, LLC offers franchises for Insulation and related services under the name and mark "Koala Insulation" and other related marks.

The total investment necessary to begin operation of a Koala Insulation franchise ranges from $194,885 to $241,736. This includes between $109,335 and $128,386 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the sales team at the address and phone number above.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to advisors, such as a lawyer or accountant.

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

Issuance Date: January 23, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit I.
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 C 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 Koala Insulation business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Koala Insulation franchisee?	Item 20 or Exhibit I lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

l. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.

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

4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. The franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

7. **Turnover Rate.** In 2025, a large number of franchised outlets (85) were terminated. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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

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

General

To simplify the language in this Disclosure Document, the words "Company" or "we" or "us" means Koala Insulation Franchisor, LLC (dba Koala Insulation). The word "you" means the person who buys the franchise, whether you are a person, a sole proprietorship or entity. Our agents for service of process are listed in Exhibit A.

Franchisor and Predecessors

We are a Delaware limited liability company formed on March 30, 2023. Our principal place of business is 445 West Drive, Melbourne, FL 32904. We do business under our corporate name Koala Insulation Franchisor, LLC and the name "Koala Insulation." We began offering Koala Insulation franchises in May 2023.

We acquired the franchise assets related to the Koala Insulation system on April 13, 2023, as the result of a transaction between our parent company, Empower Brands Franchising, LLC, formerly known as Lynx Franchising, LLC, a Delaware limited liability company ("**Empower Brands**"), and our predecessor, Koala Franchise, LLC ("**Predecessor**"). Predecessor was a Florida limited liability company formed on January 2, 2020, and was the franchisor of the Koala Insulation franchise system from January 21, 2020 to April 2023. Predecessor and had a principal business address of 445 West Drive, Melbourne FL 32904. Predecessor briefly conducted the business of the type that you will operate until 2020, and had not offered franchises in any other line of business other than described in this Item 1. As of the issuance date of this disclosure document, we have no other predecessors required to be disclosed in this Item 1.

Koala Insulation franchises are businesses that offer insulation services in accordance with our System and operate under the Koala Insulation marks, associated logos, commercial symbols and other trade names, service marks and trademarks as now or are later designated (the "**Marks**") and in accordance with our System("**Franchise**"). The distinguishing characteristics of our system (the "**System**") include, without limitation, distinctive business formats; procedures; the Manual ("**Manual**"); the Koala Rigs (as defined below); procedures for operations, accounting, collections, management and inventory control; training and assistance' and advertising and promotional programs. We may change the System periodically.

Our franchisees may purchase certain parts, equipment and services from us including the Koala Insulation proprietary equipment and trailer (the equipment and trailer together are the "**Koala Rig**"). We may also sell consumable products, trucks and trailers to our franchisees from time to time.

Except as set forth above, we engage in no activities other than offering, selling and supporting Franchises and we do not operate a business of the type being franchised. We have not offered, and do not offer, franchises in any other line of business.

Parents and Affiliates

We are a wholly owned subsidiary of Outdoor Living Brands Holdco, LLC ("**OLB Holdco**"), a Delaware limited liability company with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060. OLB Holdco is a wholly owned subsidiary of Empower Brands. Empower Brands was formerly known as Lynx Franchising, LLC from April 2019 to January 2023, and before that was known as Premium Franchise Brands, LLC until April 2019. Empower Brands is owned by Lynx-JP Holdings, Inc., a Delaware corporation ("**Lynx-JP Holdings**"). Lynx-JP Holdings was formerly known as Jan-Pro Holdings, Inc. and is owned by MidOcean BCAT Holdings, Inc. a Delaware corporation ("**BCAT**"). BCAT is owned by Bobcat Holdings Group, LP, a Delaware limited partnership ("**Bobcat**"). Bobcat is majority owned by MidOcean Associates V, LP ("**MidOcean**"). Empower Brands, Lynx-JP Holdings, BCAT and Bobcat each have a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. MidOcean has a principal business address at 245 Park Ave 38th Floor, New York, NY 10167. None of these entities has conducted a business of the type that you will operate and have not offered franchises in any line of business except as otherwise described in this Item 1.

Affiliates That Provide Services to Franchisees

Our affiliate, Lynx Franchising Intellectual Property, LLC ("**Lynx IP**"), a Delaware limited liability company with a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009, owns all of our rights, title and interest in and to the Koala Insulation service mark, and other related trademarks, trade names, service marks and logos (the **"IP Assets"**), and we entered into a license agreement with Lynx IP granting us a perpetual right to use and sublicense others to use the IP Assets, including the Koala Insulation service mark.

OLB Supply Chain, LLC ("**OLBSC**"), a Delaware limited liability company with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, sources and distributes certain products for sale to our franchisees and certain affiliates' franchisees.

Empower Brands

Empower Brands is the parent company to the following franchisors, including us: Archadeck Franchisor, LLC ("**Archadeck**"), Bumble Roofing Franchisor, LLC ("**Bumble**"), Canopy Franchise Corporation ("**Canopy**"), Conserva Irrigation Franchisor, LLC ("**Conserva**"), FRSTeam, LLC ("**FRSTeam**"), Jan-Pro Franchising International, Inc. ("**JPI**"), Jan-Pro Enterprises, LLC ("**JPE**"),Outdoor Lighting Perspectives Franchisor, LLC ("**OLP**"), RBJK Marketing, LLC ("**RBJK**"), Superior Fence and Rail Franchisor, LLC ("**Superior Fence**"), and Wallaby Windows Franchisor, LLC ("**Wallaby**"). Archadeck, Bumble, Canopy, Conserva, OLP, and Wallaby have the same

principal business address as us. FRSTeam, JPI, and JPE, each have a principal address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. Superior Fence's principal business address is 5470 Highway Avenue, Jacksonville, Florida 32254.

Archadeck is the franchisor of the ARCHADECK franchise system. ARCHADECK® franchises are businesses offering certain construction sales and services of outdoor living spaces and environments. In September 2021, Archadeck became affiliated with Empower Brands through an acquisition. Archadeck, through its predecessor, Archadeck Franchising Corporation ("**AD Corp**.") had offered ARCHADECK businesses since June 1980. As of September 30, 2025, there were 112 ARCHADECK franchises (110 located throughout the United States, and 2 located in Canada). Archadeck has not conducted a business of the type that you will operate and has not offered franchises in any other line of business other than described above.

Bumble is the franchisor of the Bumble Roofing franchise system. Bumble franchises are businesses offering roofing installation and repairs for residential and commercial customers. In March 2023, Bumble became affiliated with Empower Brands through an acquisition. As of September 30, 2025, there were 66 franchised Bumble outlets. Bumble has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Canopy is the franchisor of the Canopy franchise system. Canopy franchises are businesses offering environmentally responsible, subscription-based, tech-enabled turf care services, including lawn applications such as turf fertilization, and weed control and prevention. In June 2023, Empower Brands became a majority equity owner in Canopy. As of September 30, 2025, there were 46 franchised Canopy outlets.

Conserva is the franchisor of the CONSERVA IRRIGATION® franchise system in the U.S. CONSERVA IRRIGATION® franchises are businesses offering repair, maintenance, service, design and construction of irrigation systems for residential and commercial customers with an emphasis on water conservation. In September 2021, Conserva became affiliated with Empower Brands through an acquisition. Outdoor Living Brands, Inc. began offering royalty-free pilot licenses for CONSERVA IRRIGATION® businesses in April 2014. All pilot licensees were offered the opportunity to enter into franchise agreements with Conserva's predecessor Conserva Irrigation Franchising, LLC ("**CI LLC**") during 2017. As of September 30, 2025, there were 210 CONSERVA IRRIGATION® franchises located throughout the United States. Conserva has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business other than described above.

FRSTeam franchises businesses that provide specialty and emergency dry cleaning and laundry services for clothing and fabrics following a residential or commercial disaster, including damage due to smoke, fire, water and mold. As an option, Franchisees may also provide electronics restoration services following similar disasters. In June 2020, FRSTeam became affiliated with Empower Brands through an acquisition. FRSTeam. FRSTeam was incorporated as a California corporation on September 30, 2005, under the name "FRSTeam Corp." FRSTeam was converted to a California limited

liability company under the name "FRSTeam, LLC" on August 20, 2020. FRSTeam has offered FRSTeam franchises since March 2006. As of September 30, 2025, there were 47 franchised FRSTeam outlets in the United States. FRSTeam has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

JPI sells "Jan-Pro" regional developer franchises that sell and support unit franchises that operate commercial cleaning businesses. JPI is a Massachusetts corporation incorporated on April 6, 1995. JPI has offered Jan-Pro commercial cleaning regional developer franchises since 1995. As of September 30, 2025, there were 108 operating regional developer franchises in the United States. JPI has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

JPE sells and supports JAN-PRO Franchise Development country master franchises and regional franchise development franchises that sell franchises and provide support services under the JAN-PRO Cleaning & Disinfecting™ brand for the operation of janitorial and building maintenance service franchises outside of the United States. JPE, was formed as a Delaware limited liability company on February 15, 2005. JPE has offered Jan-Pro franchises outside of the United States since February 2005. As of September 30, 2025, there were seven (7) country or international regional developer franchises operating outside of the United States. JPE has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

OLP is the U.S. franchisor of the OUTDOOR LIGHTING PERSPECTIVES® franchise system. OUTDOOR LIGHTING PERSPECTIVES franchises are businesses specializing in providing outdoor lighting design, automated lighting control equipment, holiday lighting design, installation services, and sales to residential and commercial customers. In September 2021, OLP became affiliated with Empower Brands through an acquisition. OLP, through its predecessor Outdoor Lighting Perspectives Franchising, Inc. ("**OLPFI**"), offered OUTDOOR LIGHTING PERSPECTIVES franchises since March 2005. As of September 30, 2024, there were 137 OUTDOOR LIGHTING PERSPECTIVE franchises, including 135 located throughout the U.S., and 2 franchisees located in Canada. OLP has not conducted a business of the type that you will operate, and have not offered franchises in any other line of business other than described above.

OLP is the U.S. franchisor of the OUTDOOR LIGHTING PERSPECTIVES® franchise system. OUTDOOR LIGHTING PERSPECTIVES franchises are businesses specializing in providing outdoor lighting design, automated lighting control equipment, holiday lighting design, installation services, and sales to residential and commercial customers. In September 2021, OLP became affiliated with Empower Brands through an acquisition. OLP, through its predecessor Outdoor Lighting Perspectives Franchising, Inc. ("**OLPFI**"), offered OUTDOOR LIGHTING PERSPECTIVES franchises since March 2005. As of September 30, 2025, there were 143 OUTDOOR LIGHTING PERSPECTIVE franchises, including 141 located throughout the U.S., and 2 franchisees located in Canada. OLP has not conducted a business of the type that you will operate, and have not offered franchises in any other line of business other than described above.

RBJK is a "Jan-Pro" regional developer that offers commercial cleaning and disinfecting franchises in regions where it does business as JANPRO of Atlanta, JANPRO of Central Alabama, JANPRO of Kansas City, JANPRO of Las Vegas, JANPRO of Louisiana, JANPRO of Oklahoma City, JANPRO of Phoenix, JANPRO of Tucson. It is also a Franchisee of Appell Striping. RBJK Marketing, LLC was formed in August 13, 2001 and first started franchising to commercial cleaning and disinfecting franchises in September 2001. RBJK's principal business address is 881 Franklin Gateway SE, STE 405, Marietta, GA 30067. In October 2025, RBJK Marketing, LLC. was acquired by Empower Brands Franchising, LLC. As of September 30, 2025 there were 1,528 franchised JANPRO Commercial Cleaning and Disinfecting outlets. RBJK Marketing, LLC. has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Superior Fence is the franchisor of the SUPERIOR FENCE & RAIL® franchise system. SUPERIOR FENCE & RAIL franchises are businesses that sell, furnish and install wood, steel, aluminum and vinyl fencing and related garden products for residential and commercial customers In December 2021, Superior Fence became affiliated with Empower Brands through an acquisition. Superior Fence, through its predecessor, Superior Fence & Rail Franchising, LLC had offered SUPERIOR FENCE & RAIL businesses since January 2017. As of September 30, 2025, there were 312 SUPERIOR FENCE & RAIL franchises located throughout the United States. Superior Fence has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business other than described above.

Superior Fence and Rail of NOFL, LLC ("**Superior NOFL**") operates two company owned operations that perform fencing services under the SUPERIOR FENCE & RAIL brand. Superior NOFL is a Delaware limited liability company, with a principal business office of 510 Superior Commerce Point, Oviedo, Florida 32765. Superior NOFL has not offered franchises in any line of business.

Wallaby is the U.S. franchisor of the Wallaby Windows® franchise system. Wallaby franchises are businesses currently specializing in providing window installation, replacement, repair and related services. In April 2023, Wallaby became affiliated with Empower Brands through an acquisition. Wallaby, through its predecessor Wallaby Franchise, LLC ("**Wallaby LLC**"), offered Wallaby Window franchises from October 1, 2022 to April 2023. As of September 30, 2025, there were 65 Wallaby franchises located throughout the U.S., and 0 franchises located in Canada. Wallaby has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Wallaby Windows of Melbourne, LLC ("**Wallaby Melbourne**"), operates a corporate-owned Wallaby Windows in Florida. Wallaby Melbourne is a Delaware limited liability company, with a principal business address of 445 West Drive, Melbourne, Florida 32904. Wallaby Melbourne has not conducted a business of the type that you will operate, and has not offered franchises in any line of business.

Custom Commercial Dry Cleaners, LLC ("**CCDC**") operates company owned CCDC restoration dry cleaning and electronics restoration businesses. In June 2020, CCDC became affiliated with Empower Brands through an acquisition. CCDC, with a principal business address of 3201 A Investment Blvd., Hayward, CA 94545, was incorporated as a California corporation on May 26, 1993 under the name "Custom Commercial Dry Cleaners, Inc." CCDC was converted to a limited liability company under the name "Custom Commercial Dry Cleaners, LLC" on August 20, 2020. As of September 30, 2025, CCDC operated 11 company owned outlets. CCDC has not conducted a business of the type that you will operate and has not offered franchises in any line of business.

Other Affiliates with Franchise Programs

Through control with private equity funds managed by MidOcean Partners, a New York-based private equity firm, we are affiliated with the following franchise programs. None of these affiliates operate a Koala Insulation franchise.

Grease Monkey Franchising, LLC ("**GMF**"), which operates under the names Grease Monkey Franchising, LLC, Grease Monkey, and FullSpeed Automotive, is a franchisor of automotive quick lube franchises operating under the Grease Monkey® trade name and business system. GMF is a Colorado limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, GMF became an affiliate through an acquisition. GMF has been offering Grease Monkey franchises since January 2006, and as of September 30, 2025, there were approximately 235 franchises operating in the United States and 56 international franchises. GMF has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

GMF acquired substantially all of its assets from Grease Monkey International, LLC ("**GMI**"), which was the franchisor of the Grease Monkey franchise system from approximately September 1978 through March 2006. Until 2022, GMI remained as the franchisor for franchises granted before April 2006, at which time GMI transferred those franchises granted before 2006 to GMF. In the past, GMF, and its predecessor, GMI, offered to franchisees the right to operate a car wash franchise with their Grease Monkey Center. The car wash facility was called "Monkey Shine." GMF no longer offers the right to operate a Monkey Shine car wash facility in connection with a Grease Monkey Center, although as of September 30, 2025, GMF still has 16 franchisee-owned Monkey Shine facilities.

GMI is a Delaware limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, GMI became an affiliate through an acquisition. As of September 30, 2024 GMI operated company-owned units under the following brand names: Grease Monkey, SpeeDee Oil and Auto, American LubeFast, Economy Oil Change, Grease Monkey, Herbert Auto Emissions, Herbert Automotive, Ingleside Auto, Insta-Quick, Kwik Kar, Minit Man, SpeeDee, Super Lube Plus, Texas Express, Uncle Ed's Oil Shoppes, and Waterfall Car Wash. Some of the units are a non-Grease Monkey brand but are substantially similar to

the Grease Monkey franchise. GMI has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

GMI Services S de RL de CV ("**GMI Mexico**") is a subsidiary of GMI. GMI Mexico provides support services to franchisees operating in Mexico. GMI Mexico's principal business address is Calzada del Valle 255, Office 233, San Pedro Garza García, N.L., CP 66220, México. GMI Mexico has not conducted a business of the type that you will operate and has not offered franchises in any line of business.

SpeeDee Worldwide, LLC ("**SpeeDee**") is a franchisor of automotive maintenance and repair services operating under the SpeeDee® trade name and business system. SpeeDee is a subsidiary of GMI. SpeeDee is a Delaware limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, SpeeDee became an affiliate through an acquisition. SpeeDee has been franchising since 1986, and as of September 30, 2025, there were 68 franchises operating in the United States and 23 franchises operating internationally. Until January 2017, SpeeDee also offered co-branding franchises under a separate Franchise Disclosure Document and different franchise agreement with its former parent, Midas International Corporation ("**Midas**"), for a Midas/SpeeDee co-branding shop. SpeeDee also operates 19 SpeeDee franchises in the United States which are co-branded with Midas, who is not an affiliate. SpeeDee has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

Except as described above, there are no other parents, predecessors or affiliates required to be disclosed in this Item 1.

The Franchise Rights Offered

Franchise Agreement

We enter into franchise agreements (**"Franchise Agreements"**) with qualified entities that wish to establish and operate a Franchise under the System using the Marks. The form of Franchise Agreement is attached to this Disclosure Document as **Exhibit B**.

Under a Franchise Agreement, we grant you the right (and you accept the obligation) to operate one Franchise that specializes in providing insulation evaluation, removal, installation and related services (the "Services") within the initial geographic area for the Population as described on the Summary Page of the Franchise Agreement (the **"Territory"**).

Each franchisee must appoint an individual owner as its **"Operating Principal"** who must own at least a 20% interest in the entity-franchisee, must have authority over all business decisions related to the Franchise, and must have the power to bind the franchisee in all dealings with us. Each franchisee must also appoint an operations manager (the **"Operations Manager"**) and salesperson (the "**Salesperson**") to manage the day-to-day business of the Franchise. Your Operating Principal may serve as

your Operations Manager, unless we believe that he or she does not have sufficient experience. You must provide us with written notice of your Operating Principal and Operations Manager at least 60 days' prior to opening the Franchise.

You may purchase additional Territories at the time of the purchase of your initial Territory by signing additional Franchise Agreements and paying us the Initial Franchise Fees referenced in Item 5. The additional Franchise Agreements may contain terms that are materially different than your initial Franchise Agreement.

General Market and Competition

The general market for Franchises consists of any residential or commercial facility in need of insulation and related services. The principal customers of a Franchise will be homeowners and commercial building owners though other users of facilities and industrial clients may also use the services. Franchises compete with other national, regional and local businesses offering insulation and related services, at times, in well-developed markets. You will initially be granted a protected territory. You will be the only provider of the services offered under the System in your Territory while it remains a protected territory. We will not offer or sell a Koala Insulation Franchise to anyone within your Territory while it is protected. You may only lose the protected status of your Territory if you fail to uphold your obligations to us under the Franchise Agreement or otherwise as discussed in Item 12. If this occurs, we are free to offer others the opportunity to service customers under the System in your Territory and you may encounter competition from company-owned locations operated by us, our affiliates, or other franchisees offering products from Koala Rigs, online or at traditional retail locations. Some of these competitors may be in close proximity to your Franchise, and may have greater financial resources, larger advertising budgets, and more national (or local) recognition than the Koala Insulation brand.

Industry Specific Regulations

You must comply with all local, state and federal laws and regulations that apply to the operation of your Insulation Business, including without limitation, health, safety, insurance, discrimination, employment and sexual harassment laws. Health regulations, as well as other state and local specific safety and workplace regulations may impact the types of training, devices and equipment you must make available to or be required to offer to your employees. The health and safety requirements can vary from jurisdiction to jurisdiction and specific inquiry should be made with your state and local authorities.

The Franchise will be subject to various federal, state and local laws, and regulations affecting the business, including, among others, federal, state and local laws, rules and regulations governing franchising, licensing, permits, zoning, the EPA, and other federal and state environmental protection statutes, OSHA, and other federal, state and local laws regarding hazardous substances and waste, land use, construction regulations and various health, sanitation, safety and fire standards. Certain jurisdictions may require a specialized license to perform insulation services. You are also subject to employment laws such as the EEOC, Fair Labor Standards Act, Americans with

Disabilities Act and various state laws governing such matters as minimum wages, overtime and working conditions. Your advertising of the Franchise is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchise in addition to those listed here.

You are responsible for obtaining all licenses and permits which may be required for your business.

ITEM 2
BUSINESS EXPERIENCE

Our Executives

Brand President: Cory Lyons

Cory Lyons has served as our Brand President since August 2023. Mr. Lyons served as Vice President of Franchise Development for Steele Brands Management from January 2023 to August 2023 in Minneapolis, MN. Prior to that, Mr. Lyons served as Vice President of Franchise Development for Perspire Sauna Studio from March 2021 to January 2023. Mr. Lyons held multiple positions with Lift Brands in Chanhassen, Minnesota from December 2007 to March 2021 including Director of Franchise Development and Director of Operations.

Director of Operations: Alan Woods

Alan Woods has served as our Director of Operations since November 2023. Prior to that, Mr. Woods served as our Franchise Business Consultant from September 2023 to November 2023 in Melbourne, Florida. Mr. Woods served as Founder and CEO of Woods Initiatives LLC in Satellite Beach, FL from February 2021 to November 2023, after having been retired between February 2019 and February 2021. Prior to that, Mr. Woods served as the Chief Development Officer and Founding Partner of Franchise 5 Group in Boston, Massachusetts from February 2017 to February 2019.

Senior Brand Marketing Manager: Josephine Roebuck

Josephine Roebuck joined the Koala Insulation team in June 2024 as the Brand Marketing Manager and was promoted to Senior Brand Marketing Manager in August 2025. Prior to joining the Koala Insulation team, Mrs. Roebuck was the Chief Marketing Officer at Geoff McDonald & Associates in Richmond, Virginia from April 2023 to June 2024. Prior to her role as Chief Marketing Officer, Mrs. Roebuck was the Director of Marketing for Geoff McDonald & Associates in Richmond, Virginia from January 2021 to April 2023.

Director of Franchise Development (Koala): Carson Suppé

Mr. Suppé has served as Director of Franchise Development since December 2025. From September 2022 through November 2025, he served as Director of Franchise

Development for Enviro-Master International Franchise, LLC, in Charlotte, North Carolina. From January 2017 through September 2022, Mr. Suppé served as Senior Franchise Development Representative for Acti-Kare, Inc., in Tampa, Florida.

Vice President of Franchise Development: Stephen Schiller

Mr. Schiller has served as our Vice President of Franchise Development since August 2025, in Richmond, Virginia. He has also has that same role for Archadeck, Bumble Roofing, Canopy Lawn Care, Conserva Irrigation, Outdoor Lighting Perspectives, Superior Fence and Rail, and Wallaby Windows since August 2025. Prior to joining Empower Brands, he served as the President of Momentum Growth Advisors from August 2024 to July 2025 in Austin, Texas. From October 2021 to August 2024 he served as the Chief Growth Officer for EverSmith Brands in Charlotte, North Carolina. Prior to that, Mr. Schiller served as Franchise Director, Team Leader, Multi-brand Vice President for Neighborly Franchising, Inc. from October 2012 to October 2021 in Waco, Texas.

Our Parent's Executives

Chief Executive Officer: Scott Zide

Mr. Zide has been the Chief Executive Officer of Empower Brands since March 2022. Mr. Zide was also the President, COO and a Director of each of Archadeck, Conserva, and OLP from September 2021 to March 2022, and the COO of their predecessor, Outdoor Lighting Perspectives Holdings Corporation ("**OLPHC**"), from January 2007 to September 2011 and President of OLPHC from September 2010 to September 2021. Mr. Zide was also the Chief Operating Officer and a Director of Superior Fence from December 2021 to March 2022. From September 2008 to September 2021, Mr. Zide was also the COO of OLPHC's parent, Outdoor Living Brands, Inc., and served as its President from September 2010 to September 2021, in Richmond, Virginia. Mr. Zide also served as the President and Chief Operating Officer of Outdoor Living Brands Supply Corporation from December 2010 to September 2021, and OLP Commercial Services from June 2010 to September 2021, in Richmond, Virginia. Mr. Zide has owned and operated an Outdoor Lighting Perspectives® business in Richmond, Virginia since March 2014. From December 2018 to September 2021, Mr. Zide also served as President, COO, and a Director of CI LLC and as AD Corp.'s COO from September 2009 to September 2021, and as its President and a Director from September 2010 to September 2021. From February 2009 until December 2018, Mr. Zide served as Mosquito Squad Franchising Corporation's COO in Richmond, Virginia and as President and a Director from September 2010 until December 2018. From July 2012 to January 2020, Mr. Zide served as President and Chief Operating Officer of Renew Crew Franchise Corporation in Richmond, Virginia. Mr. Zide is based in Richmond, Virginia.

Chief Operations Officer: Thomas L. Welter

Mr. Welter has served as our Chief Operating Officer since October 2024. Prior to that Mr. Welter was our Group President - Residential Brands from October 2022 to October 2024 in Glen Allen, Virginia. He also served as Group President of Archadeck,

Bumble, Canopy, Conserva, Koala, OLP, Superior Fence and Wallaby from October 2022 to October 2024. Prior to that, Mr. Welter served as Vice President - Northern Florida for FirstService Residential from August 2021 to October 2022 in Miramar Beach, Florida. Mr. Welter served as Chief Executive Officer for Clean Streak Ventures from February 2020 to January 2021 in Altamonte Springs, Florida. From November 2017 to January 2020 Mr. Welter served as Lift Brands Chief Operating Officer in Chanhassen, MN while holding that same role globally for operations in AMEA and APAC in with offices in Canada, UK, New Zealand and Australia.

Chief Marketing Officer: Felicia Reeves

Ms. Reeves has been the Chief Marketing Officer of Empower Brands since January 2025, and is based in Chester County, Pennsylvania. From October 2020 to January 2025, Ms. Reeves served as the Senior Vice President of Growth Marketing at TurnPoint Services, headquartered in Louisville, Kentucky. Prior to her years at TurnPoint, Felicia Reeves led Demand Generation and Marketing Operations at Orion Advisor Services, headquartered in Omaha, Nebraska, from March 2019 to October 2020.

Vice-President of Marketing, Empower Residential Brands: Melanie Watts

Ms. Watts has been the Marketing Vice President of Empower Residential Brands since August 2025. From September 2020 to August 2025, Ms. Watts served as Head of Marketing for Indulgent Brands at Nestle, headquartered in Arlington, Virginia. Prior to her years at Nestle, Ms. Watts led brand marketing at PepsiCo, headquartered in White Plains, NY from September 2014 to August 2020. Ms. Watts is currently based in Richmond, Virginia.

Vice President and Chief Financial Officer: Michael Borreca

Mr. Borreca has been the Vice President and Chief Financial Officer of Empower Brands since March 2017. From January 2015 to February 2017, Mr. Borreca was the Vice President, Corporate Finance and Treasurer of FOCUS Brands, Inc. in Atlanta, Georgia. From December 2007 to January 2015, Mr. Borreca held various positions with KPMG, LLP in Tampa and Miami, Florida. Mr. Borreca is based in Alpharetta, Georgia.

Vice President, Information Technology: Chris Donnelly

Mr. Donnelly joined Empower Brands as Vice President of Information Technology in August 2025. He has served as a Product Manager for itel, based in Jacksonville, Florida, and worked out of the Richmond, Virginia office from January 2023, through August 2025. Prior to that he served as COO, Executive Vice President, Vice President of Operations for Renovar in Richmond, Virginia, from 2010 through 2023.

Vice President, General Counsel: Sanjay B. Malhotra

Mr. Malhotra has served as Vice President, General Counsel for Empower Brands and its affiliates since August 2022. Mr. Malhotra is based in Richmond, Virginia. From June 2019 to August 2021, Mr. Malhotra was the Chief Legal Officer of Paris Baguette Bon Doux and its US and Canadian affiliates headquartered in Moonachie, New Jersey. From December 2014 to October 2018, Mr. Malhotra was the Global General Counsel of Le Pain Quotidien based in New York, NY and Brussels, Belgium.

ITEM 3
LITIGATION

Salim Makhlouf and Lotus & The Rooster Holdings Company v. Koala Insulation Franchisor, LLC, Before the American Arbitration Association (Case No. 01-25-0003-1584). In July 2025, Salim Makhlouf as an individual and on behalf of his company, the Lotus & Rooster Holdings Company, filed a Demand for Arbitration before the American Arbitration Association. In addition to naming the Company, the Demand named the Company's predecessor entity Koala Franchise LLC, its President (Scott Marr), and a third-party broker (Franchise FastLane, LLC) (collectively the "Additional Respondents"). Claimant alleged that the Additional Respondents, not the Company, made misrepresentations under the Florida Franchise Act, engaged in deceptive trade practices under Florida and Pennsylvania state statutes, and fraudulently induced Claimants to purchase three territories from the Additional Respondents followed by a purchase of another two territories from the Company. In August 2025, Claimants withdrew all claims against the Additional Respondents leaving only the Company as the Respondent in the case. With respect to the Company, the Demand seeks to hold the Company liable for the alleged misrepresentations of the Additional Respondents and alleges that the Company breached the franchise agreements in failing to provide adequate initial and ongoing training. We dispute the merits of Claimants' claims and plan to vigorously defend them.

In December 2025, we filed counterclaims against the Claimants alleging that Claimants breached their obligations under the 3 franchise agreements they purchased from the Additional Respondents and the two agreements they subsequently purchased from us and that Claimant owes royalties and other damages under all five agreements.

Arbitration is scheduled in November 2026.

Enforcement of Restrictive Covenants, Post-Term Obligations, and Payment of Fees: Koala Insulation Franchisor LLC v. Lotus & The Rooster Holdings Company and Salim Makhlouf, No. 1:25-cv-01008 (M.D. Pa. Aug. 19, 2025).

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

As set forth below, the initial franchise fee is $49,500 for a baseline population of 200,000. You may purchase additional population for a cost of $0.25 per person (the "**Initial Franchise Fee**"). You may purchase additional Territories at the time of the purchase of your initial Territory by signing additional Franchise Agreements and paying us the following discounted Initial Franchise Fees:

FRANCHISE FEE STRUCTURE			
# of Territories	**Population***	**Cumulative Initial Franchise Fees**	**Individual Franchise Fee***
1	200,000	$49,500	$49,500
2	400,000	$89,500	$40,000
3	600,000	$124,500	$35,000
4	800,000	$154,500	$30,000
5	1,000,000	$184,500	$30,000
6	1,200,000	$214,500	$30,000
7	1,400,000	$244,500	$30,000
8	1,600,000	$274,500	$30,000
9	1,800,000	$304,500	$30,000
10	2,000,000	$334,500	$30,000
Additional Territory may be purchased for $.25/person			
Discounted franchise fee is only applicable when territories are purchased at the same time			

You must pay the Initial Franchise Fee in full at the time you sign the Franchise Agreement. If we conclude that the Operating Principal or Operations Manager is unable to complete any phase of our initial training program to our satisfaction, we may terminate the Franchise Agreement, in which case we will refund the Initial Franchise Fee (subject to your execution of a release), less $5,000. Otherwise, the Initial Franchise Fee is deemed fully earned upon payment and is not refundable under any circumstances.

In the event that you purchase multiple contiguous Territories at the same time, and you are in the process of obtaining funding from a financial institution for the purpose of paying the Total Initial Franchise Fees, then we may, in our discretion, permit you to pay the Total Initial Franchise Fees in installments and upon signing of the Franchise Agreements as follows: (a) payment of the full Initial Franchise Fee for Territory 1 plus a minimum of $5,000 for each additional Territory due at the time you sign the Franchise Agreements, and (b) the remainder to be paid for the additional Territories in full upon the earlier of (i) 90 days from the execution of the Franchise Agreements or (ii) the date you receive the funding. The initial payment is non-refundable. If you fail to pay the

remaining balance of the Total Initial Franchise Fees, then we have the right to terminate your Franchise Agreements.

VetFran Discount. We are a member of the International Franchise Association ("IFA"), and support and participate in IFA's VetFran Program. If you are an honorably discharged veteran who meets our qualifications for new Koala Insulation franchises, we will discount the franchise fee by 15%. The VetFran discount may be used only once for one Territory. The VetFran discount may be applied towards the purchase of only one of the franchise concepts offered by us and our affiliates outlined within Item 1.

Existing Franchisee: Additional Territory Discount. If you are an existing Koala Insulation franchisee that: (a) has been operating a Koala Insulation Franchised Business for at least 18 months, (b) has been in full compliance with your franchise agreement for at least 18 consecutive months, (c) meets our qualifications for new Koala Insulation franchisees, (d) is purchasing an additional Territory from us (for which you are signing a separate franchise agreement), and (e) the purchase is not facilitated through a third-party broker, then we will discount the then-current franchise fee by 20%. This discount, if applicable, will be limited to one Koala Insulation territory.

Existing Franchisee: Additional Concept Discount. As an existing member franchisee of an Empower Brands affiliate, as outlined in Item 1, you may be eligible to purchase a franchise from another affiliated brand at a discount as long as your existing Empower Brands franchise: (a) has been in full compliance under your franchise agreement for at least 2 consecutive years, (b) you meet the then-current qualifications for the affiliated Empower Brand, and (c) the new affiliated brand purchase is not facilitated through a third party broker. The discount offered will be 20% of the then current franchise fee of the affiliated brand. That discount, if applicable, is limited to one affiliated brand territory.

Discount for Employees of Franchisees. Under certain circumstances, we may offer a discount program to reward qualified employees of our franchisees who: (a) have been recommended in writing by a franchisee; (b) have been employed in good standing by a franchisee for at least 2 years; and (c) meet our qualifications for new Koala Insulation franchisees. Under certain circumstances we may offer a 5% discount for every year of employment over 2 years subject to a maximum discount of 50% as shown below:

Percentage Discount	Years of Consecutive Employment
10%	2
15%	3
20%	4
25%	5
30%	6
35%	7
40%	8
45%	9
50%	10 and more

Combination and Application of Discounts. The VetFran discount is the only discount that can be combined with any of our other discounts. If you qualify for the VetFran or employee discount, during the first 3 years of the term of the Franchise Agreement if you: (a) fail to maintain at least a 75% interest in the franchisee entity; or (b) cause any transfer under the terms of the Franchise Agreement, then you must immediately pay us the discounted amount of the franchise fee.

In addition to the standard discount programs described above, we reserve the right, from the issuance date of this disclosure document to periodically reduce the franchise fee based on specific circumstances. In addition, in limited circumstances, we may offer to finance up to 80% of your Initial Franchise Fee. Otherwise, the initial fees described above in this Item 5 are uniformly charged to all new franchisees. These initial fees are payable at the time you sign a Franchise Agreement and are not refundable under any circumstances.

Amounts charged for Parts, Equipment/Vehicle Fees, and consumables, in an amount of between $54,835 and $73,886 are not refundable. This amount is for the required initial equipment and vehicles rated to operate a single Franchise in a single territory, including the Koala Insulation Rigs (consisting of a spray foam rig and a blow-in rig) and Pickup Truck.

Technology Activation

Prior to opening, you must pay us a Custom Marketing and Services Activation Fee of $5,000 for the activation of certain items that are required to be used in your business. The Custom Marketing and Services Activation Fee is non-refundable.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	The greater of (i) the aggregate of the Minimum Royalty Fees for each of your Territories or (ii) the Percent-Based Royalty Fee based upon the combined Gross Sales among each of your Territories. (See Note 1 and Note 2)	Paid monthly on or before the 10th day of each month and paid via an electronic funds transfer.	Payable to us. Monthly Sales reports must include Gross Sales and other information specified in the Manual. We will debit your account for 150% of your last payment if you fail to submit your sales report on time. This amount will be adjusted upon receipt of the required report.
Opening Advertising (Initial Six Months)	Minimum of $2,500 per month for the month prior to opening and five months after opening.	As incurred.	Payable to third-party suppliers or us. This is paid in addition to the local marketing requirement. (See Note 3)
Local Marketing (Ongoing)	The greater of $2,000 or 5% of Gross Sales per month, plus advertising agency management fees.	As incurred.	Payable to third-party suppliers or to us for payment directly to National Account vendors where required. All advertising must be approved by us prior to publications or use. (See Note 4)

Type of Fee	Amount	Due Date	Remarks
Brand Fund Contribution	Currently 1% of Gross Sales. Maximum of 2% of Gross Sales.	If paid to us, same as Royalty Fee.	Payable to us. (See Note 5)
Technology Fee	Currently, $344 per month per territory (up to $500 per month per territory). If Franchisee has more than one Territory, the total Technology Fee for up to 4 contiguous Territories shall be equal to the then-current Technology Fee for one Territory.	Paid to us, same as Royalty Fee.	Payable to us.
Bookkeeping Services Fee	The then-current Bookkeeping Services Fee. Currently, $350 per month, plus $55 per hour of additional support.	Monthly	You must pay this fee if you elect to use us or our affiliate for bookkeeping services. We may increase the Bookkeeping Services Fee upon notice to you to be up to $500 per month and up to $100 per hour for additional assistance. (See Note 6)
Computer, Software Expenses	Varies	As incurred.	Payable to third party suppliers. (See Note 7)
Supplier Approval / Testing Costs	Costs and expenses associated with approving an unapproved product or supplier	When incurred.	If you request that we test or consider for approval an unapproved product or service or evaluate an unapproved supplier you must pay to us any out of pocket costs we incur in researching, acquiring, testing and considering for approval the product, service or supplier. You will owe these amounts regardless of whether or not we approve the supplier or product.
Interest Charge	1.5% per month from due date, or the maximum allowed by law.	If paid to us, same as Royalty Fee.	If you fail to pay us any amount when due, we may charge you interest on the unpaid amount until the amount is received.
Late Fee	$50 per day or portion thereof for each payment or report not received when due.	If paid to us, same as Royalty Fee.	Payable to us.
Transfer Fee	Greater of 20% of then-current Franchise Fee or $10,000.	50% due at the time the request to transfer is made. This amount is non-refundable. The balance is due at the closing of the transfer.	Payable to us. (See note 8)
Renewal Fee	Greater of 25% of the Franchise Fee or $5,000 per Territory	Before signing the new, then-current Franchise Agreement.	Payable to us.

Type of Fee	Amount	Due Date	Remarks
Insurance Procurement	Amount paid by us to secure insurance to fulfil your insurance obligations.	As incurred.	You must reimburse us for the cost plus 10% plus interest for any amounts we pay on your behalf due to your failure to meet the insurance obligations as defined in your Franchise Agreement. This remedy is cumulative to all other remedies.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred.	Only if you are in default under the Franchise Agreement, in which case, we will require you to reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and to enforce and terminate the agreement.
Indemnity	Will vary under circumstances	As incurred.	You must indemnify us, and reimburse us for our costs (including our attorneys' fees and costs) and advance these expenses to us upon demand if we are sued or held liable in any action having anything to do with your Franchise.
Audit Costs	Cost of the audit plus related expenses, provided that the costs of the audit are only due if an irregularity of greater than 5% is discovered in any reported amount, or if reports are not submitted as required.	As incurred.	We have the right under the Agreement to examine certain records including without limitation your financials, bank statements and tax returns. If an examination of these records reveals a discrepancy of more than 5% the full amount of the audit's actual costs will be charged in addition to any unpaid amounts discovered and other remedies as permitted under the Agreement.
Failure to Comply with Operational Standards	$100 per diem charge	Upon demand.	Payable to us, only due if you fail to comply with certain operational standards and specifications as specified in the Manuals and after a cure period of 10 days.
Inspection Fee	Our costs and expenses.	Upon demand.	We require you to reimburse our costs and expenses for any inspection including re-inspections that we may undertake to ensure that deficiencies are corrected. Additionally, if you fail to correct the deficiencies within a reasonable time, we may (but need not) correct the deficiencies and will charge you for our actual expenses in taking such actions. We may also charge you our costs and expenses that we incur in connection with inspecting, approving, and implementing a relocation of your Franchise Location.

Type of Fee	Amount	Due Date	Remarks
Seminars, Conventions or Programs	Our then-current fee (between $500 to $750 per person), plus the actual cost of materials (if any).	Monthly or as incurred	We reserve the right to conduct required periodic meetings of all franchisees. Currently, attendance by at least Operating Principal or Operations Manager and Salesperson is mandatory. We may collect the annual convention fee on a monthly basis or in any other manner or frequency we determine. You must also pay your own costs and expenses, as well as the costs and expenses your employees incur in attending these meetings.
Refresher Training / On-site training	All expenses incurred by your representatives in attending refresher training are your responsibility; for additional on-site training, you must pay us our then-current per diem charges up to $1,000 and out-of-pocket expenses.	Upon demand.	We require that your Operating Principal, Operations Manager and other employees attend and successfully complete refresher training programs or seminars to be conducted at such location as we designate.
Initial Training	No fee is charged for initial training.	N/A	N/A
Additional Initial Training	Additional trainees or replacement trainees may attend any future training courses based on available space and scheduling at no additional cost. If no courses are scheduled, or no space is available, the current Training Fee may be assessed. This fee is currently $5,000 per trainee with a maximum of $10,000. For training at your location, our then-current daily fees per trainer will be charged. Currently our fee is $250 per trainer per day plus travel, per diem and lodging expenses as required with a maximum of $500.	Upon demand.	We provide initial training for up to three individuals (typically the Operating Principal, Operations Manager and Salesperson) at no charge. We require any new Operating Principal or replacement Operations Manager or Salesperson to complete our training program, and we may charge a fee for such training. If no courses are schedule or space in such courses is unavailable, we may also charge a fee for training for any individuals that we train beyond the two individuals that we train at no charge.
Additional Opening Assistance	Our service fee as specified in the Manuals (not to exceed $500 per day); plus our expenses and costs	Time of assistance.	If you request assistance or training, in addition to the pre-opening and opening training that we provide, we charge you for this additional assistance.
Additional Advertising and Promotional Materials	$250 - $500	As billed.	If we provide you with advertising and promotional materials to use in your Franchise, we charge you this amount for these materials.
Liquidated Damages	Average of monthly Royalties and Brand Fund Contributions for the past 12 months (or for such shorter period of time that the Franchise has been in operation) multiplied by 24 months (or remaining months in term), discounted to present value	Upon demand.	Payable to us, only if the Franchise Agreement is terminated by us due to your default, or if you terminate the Franchise Agreement in violation of its terms.

Notes:

1. The monthly Royalty Fee is equal to the greater of (i) the aggregate of the Minimum Royalty Fees for each of your Territories, or (ii) the Percent-Based Royalty Fee based upon the combined Gross Sales among each of your Territories. For purposes of this Item 6 and the Royalty Fee, the term "Territories" means each of the protected territories that have been granted to you under separate Franchise Agreements.

"**Minimum Royalty Fee**" means the following minimum monthly Royalty Fee per Territory:

Months After Opening	1 Territory	2 Territories	3 Territories	4 Territories	5+ Territories
0-6	$0	$0	$0	$0	$0
7-12	$1,083.33	$975.00	$866.67	$758.33	$650.00
13-24	$1,218.75	$1,218.75	$1,218.75	$1,191.67	$1,083.33
25-36	$1,218.75	$1,218.75	$1,218.75	$1,218.75	$1,218.75
37+	$1,218.75	$1,218.75	$1,218.75	$1,218.75	$1,218.75

"**Percent-Based Royalty**" means the Royalty Fee that you are required to pay based on the aggregate Gross Sales among each of your Territories, including approved Gross Sales in Adjacent Territories, in a calendar year ("**Aggregate Gross Sales**"), as follows:

Aggregate Gross Sales	Percent-Based Royalty Fee
Up to $1,000,000	6.5% of Gross Sales
$1,000,001 to $2,000,000	5% of Gross Sales
$2,000,001 to $3,000,000	4.5% of Gross Sales
$3,000,001 and above	3.5% of Gross Sales

Notwithstanding the foregoing, the Percent-Based Royalty Fee on Large Accounts is equal to 4% of Gross Sales. A "**Large Account**" is any single project in which the Gross Sales exceed $25,000. For purposes of clarity, commencing with the 7th month of operations, the calculation of annual Gross Sales resets for purposes of determining the applicable the Royalty Fee each calendar year. Sales of Large Accounts will count toward the aggregate Gross Sales.

If in any calendar month the combined Gross Sales among each of your Territories, including approved Gross Sales in Adjacent Territories, exceeds an amount equal to $18,750 *multiplied* by the number of Territories (the "**Territory Threshold**"), then you will not be subject to a Minimum Royalty Fee for that month, and the Royalty Fee will be based upon the Percent-Based Royalty Fee. For example, if you have four Territories, then the Territory Threshold would equal $75,000.

For purposes of clarity, exceeding the Territory Threshold in one month does not waive the Minimum Royalty Fee in the following month, as the obligation to pay the Minimum Royalty Fee resets each month.

If the True-Up Threshold (set forth below) and the aggregate Royalty Fees that you paid for all Territories in a calendar year ("**Annual Royalties Paid**") exceeds the Annual Royalties Owed (as defined below) in that calendar year, then we will credit the difference between the Annual Royalties Paid and the Annual Royalty Owed (the "**Royalty Overage**") towards future amounts you owe. "**Annual Royalties Owed**" means the greater of: (a) the aggregate of the applicable monthly Minimum Royalty Fees due for all of your Territories during the calendar year; or (b) the Percent-Based Royalty based upon Aggregate Gross Sales. In no event will you be entitled to a refund of the Royalty Overage.

The "**True-Up Threshold**" is based upon the number of Territories you own and your Aggregate Gross Sales, including approved Gross Sales in Adjacent Territories, as follows:

Number of Territories	Aggregate Gross Sales
1 to 4	At least $1,000,000
5 to 7	At least $1,500,000
8 or more	At least $2,000,000

2. As used in this chart, the term "Gross Sales" means amounts derived from all products or services sold from or through your Franchise (across all Territories), including any sale of products or services made for cash or credit, or partly for cash and partly for credit, less refunds. "Gross Sales" also includes the fair market value of any services or products received by you in barter or in exchange for services and products. There is no rollover credit for weeks in which the royalty amount exceeds the minimum.

3. For the first six months, beginning one month prior to opening, we require that you spend at least $2,500 per month on initial opening advertising in your Territory ("Opening Advertising"). These funds must be spent on advertising which we approve. There is no limit on what you can spend on advertising. You must use the marketing materials we provide to you in camera ready form. If you wish to develop your own advertising materials, you must have them approved by us before you use them. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within 14 business days. If for some reason, we are not able to respond within 14 business days, the materials are deemed disapproved. We do not provide for placement of local advertising on your behalf. You are responsible for local advertising placement. We will designate the allocation and direct how you should spend your initial marketing spend. These amounts are in addition to your Ongoing Marketing obligations.

4. Ongoing local marketing obligations begin immediately upon opening and must be spent in accordance with our allocation on approved advertising and vendors. These amounts are the minimum you may spend. We do not impose a maximum limit on how much you may spend.

5. Brand Fund contributions are currently 1% of Gross Sales and may be increased in the future to a maximum of 2%. These funds are spent by the Franchisor on programs and expenses for the benefit of the System as defined in section 10 of the Franchise Agreement.

6. You are required to use an approved vendor for bookkeeping services for your first year of operations. If you elect to use us or our affiliate, then you must pay us our then-current bookkeeping services fee ("**Bookkeeping Services Fee**"). The Bookkeeping Services Fee is a monthly fee that is currently charged at $350 per month. The Bookkeeping Services Fee covers up to 5 hours of bookkeeping assistance per month; however, if you require more than 5 hours of bookkeeping assistance per month, we will charge you our then-current hourly fee for additional assistance. We may increase the Bookkeeping Services Fee upon notice to you. If you use an approved third-party vendor, then you will pay them their then-current fees directly.

7. Computer and Software expenses will vary based on the then-current standards for the Technology System. These amounts will be paid primarily to designated vendors.

8. If you sell or otherwise transfer your franchise and engage with a broker or franchise sales organization, or if you request that we assist with the sale or transfer of your franchise and we engage a broker or franchise sales organization, you will be responsible for any commission or fees that the broker or franchise sales organization charges in connection with locating a buyer for your franchise before we will grant an approval of the transfer.

9. The fees listed in this Item 6 are uniformly imposed and collected.

10. The fees listed in this Item 6 are non-refundable.

ITEM 7
ESTIMATED INITIAL INVESTMENT
(1 Territory)

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	Payment Payable to
	Low	High			
Initial Franchise Fee[1]	$49,500	$49,500	Lump sum	At time of signing franchise agreement	Us
Training Expenses[2]	$500	$5,000	Transportation, Lodging, etc.	As incurred	Third party suppliers
Equipment and Vehicles[3]	$54,835	$73,886	As required by suppliers	Before launch	Us & Lender
GPS Tracking Systems[3]	$350	$600	As required by suppliers	Before launch	Suppliers
Insurances[4]	$3,500	$6,000	As required by insurers	Before launch	Insurers
Initial Advertising/Marketing[5]	$26,000	$30,000	As required by providers	As required by provider	Providers
Professional Fees[6]	$2,500	$6,000	As required by providers	As incurred	Providers
Rent (parking location/office)[7]	$0	$4,000	As required by landlord	As required by landlord	Landlord
Office expense[8]	$500	$1,250	As required by suppliers	Before launch	Suppliers
Computer, Phone and Technology Systems[9]	$1700	$5,500	As required by suppliers	Before launch	Suppliers
Technology Activation Fee[10]	$5,000	$5,000	Lump sum	Before launch, and within 10 days of Billing	Us

Type of Expenditure	Amount		Method of Payment	When Due	Payment Payable to
	Low	High			
Business Licenses and permits[11]	$500	$5,000	As required by federal, state and local governments	Before launch	Federal, state and local government agencies
Additional Funds – 3 Months [12]	$50,000	$50,000	As Incurred	Weekly payroll, other expenses and purchases	Employees, suppliers, etc.
TOTAL ESTIMATED INITIAL INVESTMENT[13]	**$194,885**	**$241,736**			

All fees and payments are uniformly imposed and non-refundable, unless otherwise stated or permitted by payee.

Notes:

[1] ***Initial Franchise Fee***. The Initial Franchise Fee is for a standard territory with a population of 200,000 individuals. You may purchase additional population for a cost of $0.25 per person. In limited circumstances, we may offer to finance up to 80% of your Initial Franchise Fee. See Item 10.

[2] ***Training Program***. The cost of the Initial Training Program for the Operating Principal and Operations Manager is included in the Initial Franchise Fee. The chart estimates the costs for transportation, lodging, and meals for two trainees. These incidental costs are not included in the Initial Franchise Fee.

[3] ***Equipment & Vehicles***. The amounts reflected above and herein are for the required initial equipment and vehicles rated to operate a single Franchise in a single territory. As noted in Item 8, Koala Rigs are supplied solely by us and other proprietary products, services, equipment or tools required or developed in the future may be supplied solely by us. You may purchase required trucks from any supplier, but they must meet our specifications. These estimates are based on a 20% deposit of the final purchase invoice, with the remainder financed over a 60-month term, at an interest rate of 9% plus three months of payments. Your deposit, term and interest may vary. You must obtain the required initial equipment prior to commencing operations. The required initial equipment consists of the Insulation Rigs (consisting of a spray foam rig and a blow-in rig) and Pickup Truck and the costs range between $55,000 to $90,000. If paid in full, your total required equipment cost will range from $219,500 to $295,750. Below, we have shown the investment to make you aware of the overall costs.

Equipment/ Vehicle Type	Price Range	Down Payment of 20%	Amount Financed at 9%	Monthly Financed amount	Amount Financed (3 Months)	Down Payment plus 3 Months
	low	low	low	low	low	low
	high	high	high	high	high	high
Insulation Rigs	$164,500	$32,900	$131,600	$2,732	$8,196	$41,096
	$205,750	$41,150	$152,704	$3,417	$10,251	$51,401
Pickup Truck	$55,000	$11,000	$44,000	$913	$2,739	$13,739
	$90,000	$18,000	$72,000	$1,495	$4,485	$22,485
Total Initial Required Equipment & Vehicle	$219,500	$43,900	$175,600	$3,645	$10,935	$54,835
	$295,750	$59,150	$222,704	$4,912	$14,736	$73,886

The Koala Rigs must each have Global Positioning System ("GPS") tracking system. The monthly cost per vehicle is approximately $30.00 to $60.00 per vehicle. This estimate assumes three months of service. GPS allows you to monitor efficiencies in your business.

Beginning on your 13th month of operations, you are required to have a sales vehicle, which complies with our then-current standards and specifications, that is primarily used for the purpose of marketing and selling business within the Territory. You are not required to purchase or lease a new vehicle, and you may use your existing automobile, provided that it complies with our then-current standards and specifications, but we recommend a Toyota Prius, which yields a greater fuel efficiency. The sales vehicle must be free of any rust or significant body damage and in good mechanical condition, and be wrapped with approved service marks and logos, and equipped. For the purposes of this Item 7, we assume that you will use your existing vehicle as a sales vehicle, but we have provided the below estimates in case you lease or purchase a sale vehicle.

Equipment / Vehicle Type	Price Range	Down Payment of 20%	Amount Financed at 9%	Monthly Financed amount	Amount Financed (3 Months)	Down Payment plus 3 Months
Sales Vehicle	$22,000	$4,400	$17,600	$365	$1,095	$5,495
	$36,000	$7,200	$28,800	$598	$1,794	$8,994

4 ***Insurances***. Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. You must comply with all state minimums when obtaining insurance. See Item 8 for more information regarding our insurance requirements.

5 ***Initial Advertising / Marketing***. Beginning at least one month prior to the scheduled opening of your Franchise and continuing for five months after the opening, we require you to spend at least $2,500.00 per month on local advertising and promotional activities to promote your Franchise. In addition to the initial Opening Advertising, you are also required to spend the greater of 5% of Gross Sales or $2,000 per month or on local advertising throughout the term. We included $5,000 in pre-opening advertising plus three months at the minimum required amount.

6 ***Professional Fees***. Estimated cost for professionals such as bookkeepers, accountants and attorneys. You are required to use a third-party bookkeeping service for your first year of operations. You may incur professional fees depending on the scope of work performed, which may include legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary depending on your specific needs and location.

7 ***Rent***. Your Franchise may be operated out of your home. The higher amount listed is the estimated costs of renting space to park your Koala Rigs for a three-month period. We cannot estimate what you would pay if you seek to operate your business from somewhere other than your home. We do not provide any specifications for office locations outside your home. If you wish to rent commercial office space, such space must be located within your Territory. If you decide to rent office space, your initial investment will increase by the amount of any deposit you may be required to pay in connection with such rental, build-out costs, or prepaid rent which the landlord may require.

[8] ***Office Expense***. The figures on this chart reflect the estimated range to purchase various furniture and fixtures, and common office supplies based upon your needs and preference to maintain an efficient and organized home office. The cost of furniture and fixtures will vary depending on suppliers. You are not required to purchase such office equipment.

[9] ***Computer, Phone and Technology Systems***. We require you to purchase computer systems and software meeting our minimum specifications for use in your Franchise. This estimate includes the cost of the software packages, your office computer, a tablet computer, a telephone, a printer/scanner machine, and a Smartphone. You must also have Internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of sales information. We reserve the right to change your requirements for computer hardware and software at any time in the future.

[10] ***Technology Activation Fee***. We require you to pay us a Technology Activation Fee, in the amount of $5,000, prior to opening and within 10 days of being billed. See Item 5 for additional information regarding the Technology Activation Fee.

[11] ***Business Licenses and Permits***. Business license costs vary depending on local laws and regulations. Additional permits may be required depending on your local laws and regulations. Consult the appropriate authorities to determine the amount applicable to a Franchise in your Territory.

[12] ***Additional Funds***. The estimate of additional funds for the initial phase of your business includes staff salaries and operating expenses for the first three months. These estimates are for a single territory operation. If you have fewer employees initially, these monthly expenses may be reduced. The estimate does not include an owner's salary or draw. We relied upon the experience of our company-owned/affiliate owned locations to compile these estimates. Each installation requires a minimum of one two-person crew. You will incur labor costs in employing your employees, but those costs are dependent on numerous factors that we cannot predict or estimate, such as the labor rates, labor tax rates, and worker's compensation rates within your Territory, as well as the availability of workers, number of employees you decide to use per crew, number of crews you run, compliment of crew, skill and experience levels of your employees, number of hours worked per employee, volume of business, etc. You should investigate the costs of labor in your Territory before making any decision to operate a Franchise, as this will be a significant portion of your ongoing expenses.

[13] ***Total Estimated Initial Investment***. This estimate is based on the experience of our corporate/affiliate-owned locations and those franchisors listed in Item 20.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that the highest degree of quality and service is maintained, you must operate the Franchise in strict conformity with the methods, standards, and specifications we periodically prescribe in the Manual or otherwise in writing. You must also ensure

that you comply with all federal, state and local laws and regulations and must obtain our written consent before changing any of our standards or specifications to comply with applicable laws and regulations.

At all times during the term of the Franchise Agreement, you must offer for sale only those products and services for which we have given our written approval; sell or offer for sale all of the products and services that we require; offer and sell products and services in accordance with any minimum, maximum, and/or specific prices that we may determine from time to time (except to the extent that the determination of prices is limited or prohibited by applicable law); not deviate from our standards and specifications, unless you have received our prior written consent; and stop selling and offering for sale any products or services that we have later disapproved.

We approve suppliers and manufacturers after a careful review of the quality of the products they provide to us and our franchisees. We may take into account, among other factors, whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our then current standards and specifications, whether the supplier has adequate quality controls and capacity to supply and deliver the System's needs promptly and reliably, proximity to Franchises to ensure timely deliveries, and whether the supplier's approval would enable the System in our sole opinion to take advantage of marketplace efficiencies. You may not purchase any unapproved item or make purchases from any proposed alternate supplier until we have reviewed and approved in writing the proposed item and/or new supplier. If you would like us to consider another supplier or manufacturer you must request this review in writing to us and have the supplier or manufacturer give us samples of its product and such other information that we may require. If the supplier or manufacturer meets our specifications and will benefit the System, as determined in our sole discretion, which we will not unreasonably withhold, we may approve it as an additional supplier or manufacturer. However, we retain the right to appoint ourselves and our affiliate as the sole supplier for any particular item or service, and we are not obligated to approve an alternative supplier for those items. We will notify you of approval or disapproval within 60 days after we receive all required samples and documentation required for our evaluation. If you do not receive an approval within that time period, your request is deemed disapproved. You pay no fee but must reimburse us for all expenses we incur. We may revoke any approval upon 15 days written notice to you. Upon revocation, you must stop using the supplier or manufacturer. We estimate that approximately 90% to 100% of your expenditures for leases and purchases in establishing your Franchise and approximately 90% to 100% for leases and purchases on an ongoing basis will be for products and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which meet our standards or specifications).

We may negotiate purchase arrangements, including price and payment terms with designated suppliers on behalf of all franchisees. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the Franchises in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products

and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that refusal would be in the best interests of the System or the network of Franchisees. We may mark up or receive Allowances (rebates, credits of other forms of income as further defined in section 5.11.2 of the Franchise Agreement) from any providers or vendors doing business with you, us or the Brand Fund including without limitation, equipment, supplies, advertising and marketing vendors. If we do receive Allowances or other payments from approved suppliers there is no restriction on our use of this revenue.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional businesses) based on whether or not you purchase through the sources we designate or approve. However, purchases of unapproved products or from unapproved vendors in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement.

During the first full year of operations, you are required to use a bookkeeping service approved by us. We are currently an approved, but not a required, supplier for bookkeeping services.

There is no purchasing or distribution cooperative affiliated with us or with whom you are required or suggested to do business with and from whom we receive any revenue or material benefit.

Computer Hardware and Software

You must purchase the computer hardware and software designated by us for use in connection with your Franchise. See items 6, 7 and 11 for further information regarding these required purchases.

Insurance

You are required to purchase and maintain insurance in the amounts we prescribe. Currently, our insurance requirements are as follows: comprehensive general liability insurance in the amount of at least $1,000,000 per occurrence and $2,000,000 in the aggregate or in the event you have leased office or commercial space, such amount required by your lease or applicable laws; umbrella excess liability coverage of at least $1,000,000 combined single limit coverage; property and casualty insurance to cover the full replacement value of your equipment, furniture, fixtures, inventory, and vehicles; business interruption insurance for a minimum of 12 months equal to 12 months' financial obligations to us, the landlord if applicable and all others; automobile insurance in the amount of at least a combined single limit for bodily and property damage of $100,000 or greater if required by applicable law and statutory worker's compensation insurance in the limits required by applicable law; employer's liability insurance in the amount of $100,000 per accident. Each policy must be written by a responsible carrier acceptable to us and must name us, our respective officers, directors, partners, agents and employees as additional insured parties except with regards to workers' compensation insurance. You are required to list us as an additional insured and insurance certificate

holder, and you agree to provide proof of same to us. You may be required to pay the insurer the full annual premium in advance. Insurance costs may vary widely in different localities. The estimate provided in this document is for three months of insurance coverage. We reserve the right to require higher limits and/or additional types of insurance coverage.

Trucks, Trailers, Equipment

Koala Rigs are supplied solely by us and other proprietary products, services, equipment or tools required or developed in the future may be supplied solely by us. You may purchase required trucks from any supplier, but they must meet our specifications. You are required to enter into an Equipment Sales Agreement with us under which you will purchase certain proprietary equipment and installation services for the approved trailers and equipment that constitute a Koala Rig. If you purchase five or more Territories, we may require you to purchase a second Koala Rig. We are the only supplier of the proprietary equipment and installation services. We do not provide financing. You must maintain all Koala Rigs and other vehicles and equipment used in your Franchise in a high degree of repair and condition and make such repairs or replacement of same that we in our sole discretion require.

Advertising

You may only use advertising that has been approved in advance by us. You must participate in all promotional or warranty programs and comply with all requirements that we or our designated third-party service providers necessary to carry out such programs including without limitation the payment of any applicable fees. We are the only supplier for graphic wraps, decals, signage, brochures and other items which must be maintained or replaced as required by us or when damaged, faded or otherwise fail to maintain the required appearance. See Item 11 for more information about advertising.

Revenue Based on Franchise Purchases

We will derive revenue from the required purchases and leases by you and other franchisees. During our last fiscal year, which ended September 30, 2025, based on internal records, we received $1,290,355 in rebates and referral fees. These amounts represent 9.3% of the total $13,807,087 in revenue we received in connection with the Koala Insulation system in the last fiscal year ending September 30, 2025. In addition, as of September 30, 2025, we received $2,097,709 from equipment sales and merchandise sales to franchisees during our previous fiscal year. This figure represents 5.2% of our total revenues of $13,807,087. Our affiliates do not derive revenues from required purchases or leases.

Other than these amounts, neither we nor our affiliates derived revenue from required purchases in the last fiscal year.

Suppliers in which an officer owns an interest

Some of our officers own an indirect interest in Empower Brands or its subsidiaries. We are a wholly owned subsidiaries of OLB Holdco, which is a wholly-owned subsidiary of Empower Brands. Otherwise, there are no suppliers in which one of our officers owns an interest.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Agreement	Disclosure item
a.	Site Selection and Acquisition/Lease	§ 5.1	Items 6 and 11
b.	Pre-Opening Purchase/Leases	§§ 5.1, 5.2, 5.4,	Items 7 and 8
c.	Site Development & other Pre-Opening Requirements	§§ 5, 5.4 - 5.7	Items 6, 7 and 11
d.	Initial and Ongoing Training	§§ 5.5.4, 5.6, 5.7	Items 6 and 11
e.	Opening	§ 5.5 in Franchise Agreement	Item 11
f.	Fees	§§ 2.2.6, 3.1, 3.2, 3.8, 4.1-4.4, 5.4.3, 5.6.1, 5.6.2, 5.11.1 5.13, 5.16, 10.3, 12.4.9, 12.4.12, 13.6, in Franchise Agreement	Items 5, 6, 7, 11 and 17
g.	Compliance with Standards and Policies/Operating Manual	§§ 1.2, 1.5, 2.2, 5, 7, 9 in Franchise Agreement	Items 1, 8, 15, 16
h.	Trademarks and Proprietary Information	§§ 1.1 and 6 in Franchise Agreement	Items 13 and 14
i.	Restrictions on Products/Services Offered	§§ 1.3, 1.5, 5.15, 5.2, 5.3, 5.9, 5.10 and 5.11 in Franchise Agreement	Items 8 and 16
j.	Warranty and Customer Service Requirements	§§ 1.5, 5.15 in Franchise Agreement	Not Applicable
k.	Territorial Development and Sales Quotas	§ 1 in Franchise Agreement	Item 12
l.	Ongoing Product/Service Purchases	§ 5 in Franchise Agreement	Items 8 and 11
m.	Maintenance and Appearance Requirements	§§ 2, 5, 12.4.5 in Franchise Agreement	Items 6 and 17
n.	Insurance	§ 11 in Franchise Agreement	Items 6 and 11
o.	Advertising	§§ 5.15, 10 in Franchise Agreement	Items 6 and 11
p.	Indemnification	§§ 5.18 and 17.4 in Franchise Agreement	Item 6
q.	Owner's Participation, Management, Staffing	§§ 5.6, 5.7, 5.20, and 15.1 in Franchise Agreement	Item 15
r.	Records /Reports	§§ 4, 5.3, 9 in Franchise Agreement	Item 11
s.	Inspections /Audits	§§ 5.12 and 9 in Franchise Agreement	Items 6, 11 and 13
t.	Transfer	§ 12 in Franchise Agreement	Items 6 and 17
u.	Renewal	§ 2.2 in Franchise Agreement	Item 17
v.	Post-Termination Obligations	§ 14 in Franchise Agreement	Item 17
w.	Non-Competition Covenants	§ 15 in Franchise Agreement	Item 17

	Obligation	Section in Agreement	Disclosure item
x.	Dispute Resolution	§ 23 in Franchise Agreement	Item 17
y.	Other: Guarantee of franchisee obligations (Note 1)	§ 5.18 in Franchise Agreement; Exhibits C-1 and C-2	Item 15

ITEM 10
FINANCING

Except as indicated below, we require that the initial fees described in Item 5 be paid to us in cash at the time of signing the Franchise Agreement.

Under limited and special circumstances, we may allow for a partial deferral or make optional financing available to qualifying existing franchisees. In those situations, we may finance up to 80% of your franchise fee for up to 24 months, provided you sign the Promissory Note ("**Note**") attached as Exhibit G at the time you sign the Franchise Agreement.

The effective annual interest rate will be 4 percentage points above the prime interest rate on the effective date of the Franchise Agreement. There is no prepayment penalty and the rule of 78 does not apply (the rule of 78 is a method of computing interest which requires the interest originally calculated to still be paid even if prepaid). No security interest is required and no person other than you and, if you are an entity, those individuals who are required to sign the form Guarantee and Assumption of Obligations attached as Attachment C-1 to the Franchise Agreement, must sign the Note.

If we offer and you accept financing from us, and you sign the Note, you will be required to waive and excuse presentment for acceptance and payment, notice of dishonor, and protest of dishonor. Other than as mentioned in the previous sentence, neither the Note, nor any other financing document you sign will contain any waiver of defense or similar provision. In the event payment of the Note is not made under its terms, we may either accept a late payment, together with a late charge equal to 10% of the late payment, or declare the entire balance of the Note immediately due. If the balance of the Note is accelerated, we must give written notice and, if the balance is not paid within 10 days after notice is given, you must pay us interest at the maximum legal rate (not to exceed 18%) and any attorneys' fees and other costs we incur in collecting the monies owed. We also have the right to terminate the Franchise Agreement if we accelerate the Note and the Note is not paid within the 10 days after acceleration. We have not in the past and do not currently intend to sell, assign or discount to any third party the Note or any other financing document you sign.

We will comply with all appropriate laws governing any direct financing we offer to you including, if applicable, the California Finance Lenders Law.

Other than as described above, we do not offer direct or indirect financing and we do not guarantee your note, lease or obligation. We do not receive any consideration for placing financing with a third-party lender. We reserve the right to terminate our financing program at any time, offer different terms or assist franchisees in obtaining financing in the future.

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

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

Pre-Opening Obligations

We are required by the Franchise Agreement to provide certain assistance and services to you.

Before you open your Franchise:

1. We will provide initial training for up to three individuals (including your Operating Principal, Operations Manager and your Salesperson) at our headquarters or at a location we designate. (Franchise Agreement, Section 3.1)

2. If you request additional assistance to facilitate the opening of the Franchise, and we deem it necessary, feasible and appropriate, we will provide such additional opening assistance. You must reimburse us for the expenses we incur in providing such assistance, and we have the right to charge a service fee. (Franchise Agreement, Section 3.2)

3. If you choose not to operate from your home office, we will approve your proposed site. (Franchise Agreement, Section 5.1) Other than this, we do not provide site approval or assistance.

4. We will lend you, for the term of the Franchise Agreement, one copy of the Manuals. (Franchise Agreement, Section 3.3) The Table of Contents of the Manuals as of the date of this Disclosure Document is attached to this Disclosure Document as Exhibit E, and is 132 pages total.

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchise.

We will provide you with names of suppliers for fixtures, equipment, opening inventory, or supplies. We do not deliver or install any items.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchise:

1. We will make available additional training programs, as we deem appropriate. (Franchise Agreement, Sections 3.2 and 5.6)

2. We will review and approve or disapprove all promotional materials and advertising that you propose to use. (Franchise Agreement, Section 3.4)

3. We will administer the Brand Fund as stated in the Franchise Agreement and as described below in this Item 11. (Franchise Agreement, Section 3.5)

4. We will provide periodic assistance in the marketing, management, and operation of the Franchise, at the times and in the manner that we determine. (Franchise Agreement, Section 3.8)

We may, but are not required to, assist you with establishing prices, such as setting minimum and/or maximum prices at which you must sell products and services, to the extent permitted by applicable law. Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services for you during the operation of the Franchise

Typical Length of Time Before Operation

We estimate that the typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the Franchise, and the opening of a Franchise is one to four months. Factors affecting this length of time include making financing arrangements, obtaining permits and licenses, scheduling initial training, the delivery and installation of equipment, and hiring staff.

You must open your Franchise not later than four months after signing the Franchise Agreement. (Franchise Agreement, Section 5.5) Failure to open in a timely manner may result in the termination of your Franchise Agreement.

Training

We will provide the initial training (instruction and required materials, only) for up to three individuals. (Franchise Agreement, Section 3.2) We have the right to charge a fee for additional individuals who attend training. Travel, room and board and salaries and other benefits for your attendees are exclusively at your expense.

Before your Franchise opens, the Operations Manager, Salesperson and the Operating Principal must attend and successfully complete, to our satisfaction, the initial training program. We reserve the exclusive right to determine whether the Operations Manager, Salesperson and Operating Principal have satisfactorily completed the initial training. (Franchise Agreement, Section 5.5.4)

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job-Training	Location of Training
Company overview	1	0	Currently, Melbourne, Florida
Insulation basics and comparison of types	4	0	Currently, Melbourne, Florida
Estimating	3.5	0	Currently, Melbourne, Florida
Sales process and marketing	9	0	Currently, Melbourne, Florida
Position descriptions and hierarchy	1	0	Currently, Melbourne, Florida
Recruiting, interviewing, and hiring	3	0	Currently, Melbourne, Florida
Staff management	2	0	Currently, Melbourne, Florida
Building envelopes and construction terminology	4	0	Currently, Melbourne, Florida
Marketing and Social Media	2	0	Currently, Melbourne, Florida
CRM Process	8	0	Currently, Melbourne, Florida
Blow-in (loose-fill) insulation equipment, safety, and process	0	2	Currently, Melbourne, Florida
Blow-in (dense-pack) insulation process	0	2	Currently, Melbourne, Florida
Blow-in insulation removal equipment, safety, and process	0	2	Currently, Melbourne, Florida
Blanket/batt insulation installation and removal	0	2	Currently, Melbourne, Florida
Spray polyurethane foam (SPF) safety and logistics	2	0	Currently, Melbourne, Florida
SPF troubleshooting	0	1	Currently, Melbourne, Florida
SPF Overview, SPF hands-on, SPF practice	3	30	Currently, Melbourne, Florida and Franchisee's Territory
Total	**42.5**	**39**	

We conduct the initial training program on an as-needed basis at our headquarters and such other places as we may designate.

The training program will be supervised by Alan Woods, Josephine Roebuck, Kevin Robinson and Josh Kerbel. Kevin Robinson is our Franchise Business Consultant. Mr. Robinson has 4 years of experience in the insulation industry, and he has supervised the training of System franchisees since October 2021. Alan Woods is our Director of Operations and has 2 years of experience with respect to the items that he will be providing training on. Josh Kerbel is our Field Support Manager and has 17 years of insulation experience and has been with Koala Insulation for 5 years and has supervised field operations support and training for 4 years. Josephine is our Senior Brand Marketing Manager. She has been with Koala for one (1) year and oversees franchise marketing training.

The training materials consist of the Manual and related written materials, computer-based materials and audio-visual presentations.

If the Operations Manager or Salesperson ceases active management of the Franchise or if the Operating Principal is changed or is no longer an equity owner, you must hire a new Operations Manager or Salesperson or appoint a new Operating Principal (as the case may be), who must be approved in writing by us. The new Operations Manager, Salesperson or Operating Principal must undergo a certification training program that is prescribed by us which may include training at your Franchise, another Franchise or such other place as we designate. All expenses incurred by us and the new Operations Manager, Salesperson or Operating Principal in attending such program including, without limitation, travel costs, room and board expenses and salaries and other benefits, are your responsibility. In addition, you must pay our then-current certification fees and out of pocket expenses, including without limitation, reasonable travel and room and board expenses. (Franchise Agreement, Section 5.6.1)

We also provide and require that your Operating Principal, Operations Manager, Salesperson and other employees attend and successfully complete refresher training programs or seminars including without limitation an annual conference, to be conducted at such location as we may designate. You will be required to pay us our then-current fee (between $500 to $750) per person, plus the actual cost of materials (if any). All expenses incurred by your representatives in attending such program including, without limitation, travel costs, room and board expenses and salaries and benefits, are your responsibility. (Franchise Agreement, Section 5.6.2)

If you ask that we provide additional on-site training, and we are able to do so, then you will pay us our then-current per diem charges and out-of-pocket expenses. (Franchise Agreement, Section 5.6.3)

Advertising and Marketing

During the term of the Franchise Agreement, you will be required to contribute monies to the Brand Fund. We may periodically change the amounts that you are required to contribute but Brand Fund contributions will not exceed 2% of your Gross Sales. (Franchise Agreement, Section 10.2)

We currently require that you contribute 1% of your Gross Sales to the Brand Fund. We also require that you spend the greater of 5% of your Gross Sales or $2,000 per month on local advertising. Additionally, for the first six months we require that you also spend an additional $2,500 per month on initial Opening advertising beginning one month prior to opening.

We currently do not have any local or regional advertising cooperatives, however, we reserve the right to create one or more in the future.

We are not required to spend any amount on advertising in your area.

Brand Fund

We have established a fund for System-wide advertising (the **"Brand Fund"**). The Brand Fund is maintained and administered by us or by our designee as follows:

1. We or a designee have the right to direct all advertising programs, as well as all aspects of the advertising program, including the concept, materials, and media used in the programs and the placement and allocation of the programs. The Brand Fund is intended to maximize general public recognition, acceptance, and use of the System; and we and our designee are not obligated, in administering the Brand Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures within their trade area, by the Brand Fund.

2. The Brand Fund, and all contributions to and earnings from, the Brand Fund, will be used only (except as otherwise provided below) to meet any and all costs of maintaining, administering, directing, conducting, creating, and/or otherwise preparing advertising, marketing, public relations and promotional programs and materials, and any other activities that we believe will enhance the image of the System. This includes, among other things, the costs of preparing and/or conducting: media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; purchasing promotional items; developing new or modified trade dress and marks; point-of-purchase (POP) materials; design and photographs; conducting and administering visual merchandising, and other merchandising programs; purchasing media space or time (including all associated fees and expenses); administering regional and multi-regional marketing and advertising programs; market research and customer satisfaction surveys; developing and implementing customer loyalty and gift card programs; the creative development of, and actual production associated with, premium items, give-aways, promotions, contests, public relation events, and charitable or non-profit events; developing and maintaining our website; developing, implementing and maintaining an electronic commerce website and/or related strategies; maintaining and developing one or more websites devoted to the System, the Marks and/or the brand; providing promotional and other marketing materials and services to the Franchises operated under the System; and the salaries of our employees to the extent such employees provide services in conjunction with System marketing activities. The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we will have the right to determine, that we believe will promote general public awareness and favorably support for the System. We will have the sole right to decide how the Brand Fund creates, places, and pays for marketing. As noted above, we may allocate a reasonable amount of the Brand Fund toward the cost of our website's maintenance and further development. The website may have a section relating to our franchise opportunity, and all advertising and promotional materials may reflect the availability of Franchises. Otherwise, we do not use Brand Fund monies for advertising that is principally a solicitation for the sale of franchises. As used in the Franchise Agreement, the term "website" means an interactive electronic document

contained in a network of computers linked by communications software. The term website includes the Internet and World Wide Web home pages. (Franchise Agreement, Section 10.3.2)

3. You must contribute to the Brand Fund in the manner we specify, which is uninform amongst franchisees. All sums you pay to the Brand Fund will be maintained in an account separate from our other monies. (Franchise Agreement, Section 10.3.3) We do not contribute to the brand fund.

4. The Brand Fund will not be used to defray our general operating expenses, provided, however, that we will have the right to charge the Brand Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Brand Fund and marketing programs for you and the System (for example, costs of personnel for creating and implementing, associated overhead, advertising, merchandising, promotional and marketing programs, and accounting services reasonably related to the operation and functions of the Brand Fund). The Brand Fund and its earnings will not otherwise inure to our direct benefit. We or our designee will maintain separate bookkeeping accounts for the Brand Fund. (Franchise Agreement, Section 10.3.3)

5. The Brand Fund is not a trust. We do not assume any fiduciary obligation to you or any other franchisee for maintaining, directing, or administering the Brand Fund or for any other reason. An unaudited statement of the operations of the Brand Fund as shown on the books of the Brand Fund is prepared annually by us and will be made available to you on an annual basis, upon written request. The Brand Fund is not audited. (Franchise Agreement, Section 10.3.4)

6. Although the Brand Fund is intended to be of perpetual duration, we maintain the right to terminate the Brand Fund. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been spent for marketing or promotional purposes. (Franchise Agreement, Section 10.3.5)

During our last fiscal year (which ran from October 1, 2024 to September 30, 2025), we collected $1,063,191 in Fund contributions, and spent $1,298,616 on the Fund-related expenses, at a deficit of $235,425. The following percentages of the Fund contributions were spent in these areas: (i) Advertising/Promotional: 54.35%; (ii) Marketing Payroll: 62.93%; and (iii) Professional Fees/Dues: 4.86%. Any contributions that were not spent in the last fiscal year were rolled over into this year's Fund.

Franchisee Advisory Council

We have the right, in our sole discretion, to require you to become a member of and participate actively in a franchise advisory council ("**Advisory Council**") in your area. You must participate actively in the Advisory Council as we designate and participate in all Advisory Council meetings approved by us. We have the right to amend the governing documents for the Advisory Council in our sole discretion at any time. We will determine the topic areas to be considered by the Advisory Council. The purposes of

the Advisory Council will include exchanging ideas and problem-solving methods, advising us on expenditures for system-wide advertising, and coordinating franchisee efforts. Amounts and expenditures may vary from time to time due to variations in Advisory Council participation and costs, as determined by the Advisory Council, and as approved by us. We will have the right to change or dissolve the Advisory Council at any time in our sole discretion. (Franchise Agreement, Section 5.16.)

Independent Access to Information

We have a right and you are required to provide us with independent access to the information that will be generated or stored in your computer systems, which includes, but is not limited to, customer, transaction, and operational information. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchise and any other operations taking place through your Franchise.

Websites and other E-Commerce

You may not offer or promote or sell any products or services or make any use of the Marks, through the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce (as defined below) and co-branding arrangements without our prior written approval. (Franchise Agreement, Section 10.8)

We currently require that any franchisee Internet presence be through our website for the System. Each franchisee will have its location listed on our website. You must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements.

Technology Systems

We have the right to require that you purchase and maintain a Technology System, including: (a) back office and point of sale systems, data, audio, video, and phone, voice storage, retrieval, and transmission systems for use at the Franchise, between or among other franchisees, the corporate units and us; (b) physical, electronic, and other security systems; (c)printers and other peripheral devices; (d)archival back-up systems; (e)communication systems (including without limitation email and phone systems); and (f) Internet access mode and speed. (Franchise Agreement, Sections 3.6 and 5.13)

We may also develop, have developed, or license computer programs and other services and systems related to the technology matters. You must comply with our standards and specifications regarding the Technology System, which may require that you enter into licenses or agreements and pay fees to us or approved suppliers. These fees may include expenses and fees for development of programs and services, licensing fees

to obtain the rights to use the Technology System, and maintenance and/or support fees. You will be required to license Quickbooks® software and set it up in accordance with our instructions to ensure that we have access to your data for accounting and reporting purposes. You will be required to license and use a customer database software system as we designate and ensure that we have full and unrestricted access to all such data.

We estimate that these systems will cost between $1,700 and $5,500 to purchase.

ITEM 12
TERRITORY

Franchise Agreement

Your Franchise is for a specific location and will be operated from a home office and your Koala Rigs(s) within a specified Territory, unless you opt to have a Franchise Location.

Your Territory will be negotiated by you and us before you sign the Franchise Agreement and specifically described in the Franchise Agreement. In negotiating the Territory, we may examine population, median household income, traffic flow, presence of businesses, location of competitors, demographic, and other market conditions. The minimum area for a Territory is approximately the size necessary to include 200,000 people.

You may provide the services offered under the System to customers using the Koala Rigs(s) in the Territory. You may be granted, at our sole discretion, express permission to sell or service customers in an unsold territory adjacent to your Territory (an "**Adjacent Territory**"); provided that you agree that when we grant the Adjacent Territory to another franchisee, or as we otherwise direct, you will cease all of your sales and service efforts within the Adjacent Territory and: (a) within 10 days of such notice, return to us all lists of customers and prospects within the Adjacent Territory; and (b) complete all open customer contracts within the Adjacent Territory in a commercially reasonable matter. We retain all rights to sell the Adjacent Territory and discontinue your ability to provide Services within the Adjacent Territory.

Under the Franchise Agreement, you are granted a non-exclusive, protected Territory. Provided that you remain in compliance with the Franchise Agreements, Manual and all other agreements with us, the Territory will remain protected. We will not sell other Franchises under the System to any other franchisee within your Protected Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Your protected Territory status may be revoked only with cause. If you fail to maintain compliance with all agreements with us (or our Affiliates) or fail to maintain sufficient equipment and staff to serve all customers in your Territory who desire to purchase the services and products we offer, then we may revoke the protected status of

your Territory. If we do this, we may allow others to service customers within the Territory, sell additional franchises within the Territory and/or open a company owned location within your Territory. If your protected Territory status is revoked, you could face competition from other franchisees, and company-owned locations we or our parent or affiliates own, or from other channels of distribution or competitive brands that we or our parent or affiliates control. (see Section 1 of the Franchise Agreement). Additionally, each year, you must have at least $75,000 in annual Gross Sales in the Territory (the "**Minimum Performance Requirement**"). If you fail to satisfy the Minimum Performance Requirement and cure such default in the manner set forth in the Franchise Agreement, then in addition to all other rights and remedies available to us, we may terminate your Franchise Agreement.

We and our affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, without any liability to you regardless of the proximity to or effect on your Franchise. By way of illustration, and without limiting the foregoing, we and our affiliates have the right:

1. to operate and permit franchisees or others to establish and operate Franchises at any location within or outside the Territory (except as limited by the protections described above) notwithstanding their actual or threatened impact on sales of the Franchise;

2. to operate or permit franchisees or others to establish and operate businesses at any location under other systems or other marks, including businesses that may offer or sell products or services that are the same or similar to the products or services offered from the Franchise, within or outside the Territory and notwithstanding their proximity to the Territory, protected status of Territory, or their threatened or actual impact on sales of the Franchise;

3. to sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, within or outside of the Territory, products and services bearing the Marks or similar marks through other channels of distribution including, without limitation, the internet, catalogs, or commercial channels other than the on-site installation or removal of windows; and

4. to acquire, be acquired by, or merge with other businesses and to convert them to the Marks or any other name at any location and such acquiring or acquired businesses shall not be bound by any protections applicable to the Territory.

5. If the Territory is not protected, the geographic area of the Territory may be revised by Franchisor from time to time, after the expiration of the initial term, to include only the population listed as the actual population in the initial geographic area increases. If we reduce the Territory's geographic area due to a population increase after the expiration of the initial term, we shall first offer the right to purchase such additional population to you at the then-current rates, provided that you are and have been at all times in compliance with the terms hereunder.

The aforementioned list are only examples, and do not limit the business activities that we and our affiliates may undertake.

You may solicit customers and advertise your Franchise anywhere you choose, provided that you do so in compliance with the other restrictions on advertising, including such restrictions that we may place with respect to advertising on the Internet or other channels of distribution (catalog sales, telemarketing, or other direct marketing activities). There are no restrictions on you, any of our other franchisees, or us to prevent any soliciting or advertising in someone else's territory. No party is obligated to pay compensation to any other party for soliciting customers from the other franchisee's territory. However, you may only service customers within your Territory unless we otherwise agree as described above.

You will have no guaranteed option or rights of first refusal to purchase additional Territories.

You may not relocate your Franchise Location unless you receive Franchisor's prior written approval, which the Franchisor may grant or withhold at its sole discretion for any reason. Franchisee's relocation will be at its expense and Franchisor has the right to charge Franchisee for all reasonable costs and expenses it incurs to approve and implement the relocation.

Franchisee may at its option enter into a revenue sharing program ("**Revenue Sharing Program**") with any other franchisee which may permit the out of territory franchisee to operate within Franchisee's Territory for the purposes of servicing existing clients who have previously received services within the out of territory franchisee's own territory. Franchisee may also enter into a revenue sharing agreement with any other franchisee as Franchisee deems appropriate to complete extraordinarily large jobs or for other purposes subject to Franchisor approval which must be received in writing in advance of any Revenue Sharing Program between franchisees. Franchisor shall not be a party to any Revenue Sharing Program which shall be conducted solely between franchisees.

We do not operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those the franchisee will sell though we have reserved the right to do so in the future.

ITEM 13
TRADEMARKS

We grant you the right to operate a Franchise under the trademark Koala Insulation and other Marks we may authorize you to use.

Our affiliate, Lynx IP, owns the following service marks registered on the Principal Register with the United States Patent and Trademark Office ("**USPTO**") and it will file all required affidavits and renewals:

Mark	Registration Number	Registration Date
KOALA INSULATION	6006546	March 10, 2020
	6007883	March 10, 2020
	6173027	October 13, 2020
Delivering Efficiency. Improving Comfort.	6079379	March 31, 2020

Lynx IP has granted us the perpetual right to use and sublicense others to use the principal Marks, as well as other Marks under a trademark license agreement with an effective date of April 14, 2023. Lynx IP may terminate the trademark agreement if any misuse of these Marks materially impairs the goodwill associated with these Marks, if we violate any provision of the license agreement or we do not comply with Lynx IP's instruction concerning the quality of these Marks. If the trademark agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the sublicenses, provided that the sublicensees (franchisees) comply with all other terms of their franchise agreements. The trademark license agreement contains no other limitations.

There are no other agreements currently in effect which significantly limit our rights to use or license the use of the trademarks, service marks, trade names, logotypes or other commercial in any manner material to the Franchise.

There are no currently effective determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, trademark administrator of any state, or any court nor any pending interference, opposition or cancellation proceeding, nor any pending material litigation involving the Marks that is relevant to their use by you.

We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks.

Your usage of the Marks and any goodwill established from their use will benefit us. You will not receive any interest in the Marks. You may not at any time contest the

validity or ownership of the Marks, including any Marks we authorize or license to you after you sign the Franchise Agreement.

You must not use any Mark or part of any Mark as part of any corporate or trade name in any modified form, in connection with the sale of any unauthorized product or service or in any other manner we do not authorize in writing. You must give notices of trademark and service mark registrations as we specify and obtain fictitious or assumed name registrations as may be required under applicable law.

You must not use any merchandising, advertising or promotional practice which is unethical or may be injurious to our business, other franchises or the goodwill associated with the Marks.

We and our agents will have the right to enter and inspect your Franchise or observe your operation in the field to make sure you are complying with our standards. You must provide us and our agents with reasonable accommodation to provide for this right to inspect.

You must use the designation ®, ™ trademark registration notice as applicable or otherwise indicate in your advertising that "Koala Insulation" and all other Marks are our trade names, trademarks and Service marks.

You must promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, and our right to use and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Marks. You must promptly notify us of any claim asserted or litigation instituted by any person, entity, or governmental agency involving the Marks.

If we undertake the defense or prosecution of any litigation concerning the Marks, you must sign any documents and agree to do the things as may, in our counsel's opinion be necessary to carry out that defense or prosecution, such as becoming a nominal party to any legal action. Unless the litigation is the result of your use of the Marks in a manner inconsistent with the terms of your Franchise Agreement, we will reimburse you for your out of pocket costs in doing these things (although you will still be responsible for the salary costs of your employees) and we will bear the costs of any judgment or settlement. However, if the litigation results from your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, then you will have to reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any Mark or for you and the Franchise to use one or more additional or substitute trade or service marks, you will have to immediately comply with our directions. We have no obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the operation of your Franchise.

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of Franchise, including the trade dress, the Manuals, advertising and promotional materials, and similar materials (discussed below). We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so. We may register one or more of these items or copyrightable materials in the future.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. We have no obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information

Except for the purpose of operating the Franchise under the Franchise Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know how concerning the operation of the Franchise that may be communicated to you or that you may learn by virtue of your operation of the Franchise or your operations under the Franchise Agreement. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchise. Any and all information, knowledge, know how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement, including any information gathered through the Technology System. However, this will not include

information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Operations Manager, and any employee who may have access to any confidential information to sign non-disclosure and non-competition covenants. Every one of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchise. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of us as a third party beneficiary with the independent right to enforce the covenants.

Confidential Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under our Marks, you must conduct your business according to the Manuals. We will lend you one set of our Manuals for the term of the Franchise Agreement. The Manuals may be multiple volumes with printed text, video, and/or audiotapes and files, computer disks, and other electronically stored data. We may provide a portion or all of the Manuals (including updates and amendments) and other instructional information and materials in, or via, electronic media, including through the Internet.

You must always treat in a confidential manner the Manuals, any other Manual we create (or that we approve) for use with the Franchise, and the information contained in the Manuals. You must use best efforts to maintain this information as secret and confidential, protect it from being viewed by others, and treat the Manuals with the same degree of care as you would treat your most highly confidential documents. You may not copy, duplicate, record, or otherwise reproduce the Manuals and the related materials, or any portion of the Manuals (except for the parts of the Manuals that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let any unauthorized person have access to these materials. The Manuals are our sole property. You must always keep the Manuals in a secure place at the Franchise.

We may periodically revise the contents of the Manuals, and you must make corresponding revisions to your copy of the Manuals, and comply with each new or changed standard immediately upon receipt of the revision. If there is ever a dispute as to the contents of the Manuals, our master copy of the Manuals (maintained at our home office) will be controlling.

You must disclose to us all ideas, concepts, methods, techniques and products that you conceive or develop during the term of the Franchise Agreement relating to the development and/or operation of Franchises. You will grant to us and procure from your affiliates, owners, agents, or employees a perpetual, non-exclusive, and worldwide right for us (and our affiliates, franchisees and other licensees) to use any such ideas, concepts, methods, techniques and products. You will do so in consideration of the grant of the Franchise, and without the payment by us of additional consideration.

ITEM 15
OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The franchise must be an entity by the time you commence operations. You must either directly participate or delegate as defined below. You, or if the franchisee is an entity, the majority shareholder or owner of the franchisee must devote your personal full-time attention and best efforts to the management and operation of the Franchise, or you may delegate the day-to-day operation of the Franchise to an Operations Manager who has completed, and passed to our satisfaction, the required training course at our facility.

You must hire a full-time Salesperson, or if you act as the full-time salesperson, you must hire a full-time Operations Manager. Your Operations Manager and Salesperson must be approved by us but need not have an equity interest in the franchising entity. Your Operations Manager and Salesperson must attend and successfully complete the required training and certification at our facility. Any replacement Operations Manager or Salesperson must attend and successfully complete the required training and certification at our facility.

We require your management staff and any other highly trained personnel and each equity owner of the franchise entity to sign a non-disclosure and non-competition agreement, the current form of which is attached to the Franchise Agreement.

Each individual who owns, directly or indirectly, a 5% or greater interest in you or your Franchise (each, a "Guarantor") must sign the Guarantee, Indemnification and Acknowledgment assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement (See Attachment C-1 to the Franchise Agreement). Each individual who owns, directly or indirectly, less than 5% legal ownership interest in you or your Franchise, and each spouse of a Guarantor (provided they do not own at least 5% ownership interest in you or the Franchise) (each a "Limited Guarantor"), must sign the Limited Guaranty and Assumption of Franchisee's Obligations, wherein they agree to be personally bound by, and to personally comply with, all confidentiality and restrictive covenant provisions contained in the Franchise Agreement (See Attachment C-2 to the Franchise Agreement). If any Limited Guarantor subsequently owns, directly or indirectly, at least 5% ownership interest in you or the Franchise, then we may require them to sign the Guaranty and Assumption of Franchisee's Obligations at that time.

You must maintain a competent, conscientious, trained staff in numbers sufficient to promptly service customers. You must also take any steps as are necessary to ensure that all Franchise employees preserve good customer relations, adhere to our performance guidelines in the Manuals and comply with all applicable laws, regulations and guidelines.

You must prominently display, by posting a sign within public view on or in the premises or Rig that clearly indicates that the Franchise is independently owned and operated as a Koala Insulation franchisee and not as our agent.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services which are part of the System and all services and products which we incorporate into the System in the future. You may only offer those products and services which we have previously approved. You may not use our Marks for any other business, and you may not conduct any other business from your location. You cannot engage in any business that competes with your Franchise, with us or our affiliates, or with Franchises owned by other franchisees whether such business is inside or outside of your Territory.

We may change, supplement, improve or modify the System at any time as we deem appropriate. These changes may include, among others, the adoption or use of new or different products, services, equipment and furnishings for Franchise, development of new techniques and methods and the use of new or different marks or copyrights. You must, upon reasonable notice, accept, adopt, implement, use and display any change to the System that we make, at your expense.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise Term	§ 2.1	10 years
b. Renewal or extension of the Term	§ 2.2	If you have complied with all of the provisions in the Franchise Agreement, you may renew the Franchise for two additional terms of 5 years each, subject to certain contractual requirements described in "c" below.
c. Requirements for you to renew or extend	§ 2.2	Notice, update Koala Rigs and Franchise Location (if applicable), satisfaction of monetary obligations, compliance with Franchise Agreement, release us, sign new Franchise Agreement on then current form, pay renewal fee, and others; see §§ 2.2.1 – 2.2.9 in Franchise Agreement. The new agreement that you must sigh at renewal may contain terms and conditions that are materially different than the original contract.
d. Termination by you	Not applicable	You may seek to terminate your Franchise Agreement on any grounds permitted by law.
e. Termination by us without cause	Not applicable	Not applicable

Provision	Section in Franchise Agreement	Summary
f. Termination by us with cause	§ 13	Default under Franchise Agreement, bankruptcy, abandonment and other grounds; see § 13 of the Franchise Agreement. Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.
g. "Cause" defined – Curable defaults	§ 13.3	All other defaults not specified in §§ 13.1 and 13.2 of the Franchise Agreement
h. "Cause" defined – non-curable defaults	§§ 13.1 and 13.2	Bankruptcy, abandonment, conviction of felony, failure to locate site (if applicable), failure to complete training, violation of covenants, maintaining false books or records, three or more defaults in 12 months, default under other agreements, transfer in violation of Franchise Agreement and others; see § 13.2 of the Franchise Agreement. Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.
i. Your obligations on termination / nonrenewal	§ 14	Cease operating Franchise, cease use of Marks, assign lease/modify premises, cancel assumed names, payment of amounts due, return Manual and others; see §§ 14.1 – 14.3 of the Franchise Agreement.
j. Assignment of contract by us	§ 12.1	There are no limits on our right to assign the Franchise Agreement.
k. "Transfer" by you – defined	§§ 12.3.1 - 12.3.4	Includes transfer of any interest. Certain transfers to a spouse, adult child or adult sibling are exempt from some Transfer requirements under § 12.9.
l. Our approval of transfer by you	§ 12.4	We have the right to approve transfers.
m. Conditions for our approval of transfer	§ 12.4	Release us, sign new Franchise Agreement, payment of transfer fee, upgrade Franchise and Rigs, transferee complete training and others; see §§ 12.4.1 – 12.4.11 of the Franchise Agreement.
n. Our right of first refusal to acquire your business	§ 12.5	We have a right of first refusal. If you or any of your owners wants to accept an offer to purchase you, any material asset or any direct or indirect interest in you, you and/or the owner must first offer the assets or interest to us under the same terms and conditions. If we do not wish to acquire the assets or interest, you and/or the owner may then transfer them to the third party pending our approval as listed above.
o. Our option to purchase your business	§ § 14.10	Upon the expiration or Termination of your Franchise Agreement Term, we have the option to purchase your furnishings, equipment, material, or inventory at the lesser of fair market value or your book value, free of all liens and encumbrances. To exercise this option, we must notify you of our election within 30 days of expiration or termination, and must complete the purchase within 60 days after our notice to you.
p. Your death or disability	§§ 12.6 – 12.8	Your estate must transfer your interest in the Franchise to a third party we have approved within a year after death or six months after the onset of a disability.
q. Non-competition covenants during the term of the franchise	§ 15.2	Includes prohibition on engaging in any "Competitive Business," which shall mean a business which offers insulation evaluation, installation or removal, energy efficiency evaluations and improvements, and related services (see § 15.2 of the Franchise Agreement).

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	§ 15.3	Includes a two year prohibition similar to "q" above, (a) at the Approved Location, (b) within the Territory, (c) within a 25-mile radius of the Territory, or (d) within a 25-mile radius of the territory of any other Franchisees then-operating under the System.
s. Modification of the agreement	§ 21	Must be in writing signed by both parties.
t. Integration / merger clause	§ 21	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 23.2	All disputes will be resolved by arbitration at the American Arbitration Association office located nearest our principal place of business (currently, Melbourne, FL), subject to applicable state law (except for injunctive relief). (see note below).
v. Choice of forum	§§ 23.2 and 23.3	The parties consent to venue in the federal or state courts in the county in which our corporate headquarters is located (currently Melbourne, FL), subject to applicable state law (see note below).
w. Choice of law	§ 23.1	The laws of Florida shall govern, subject to applicable state law. (see Note below).

Please refer to the disclosure addenda and contractual amendments appended to this Disclosure Document for any additional terms that may be required under applicable state law. These additional disclosures, if any appear in an addendum or rider in Exhibit L.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figures to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet a franchisee is 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.

TABLE 1
GROSS SALES for KOALA INSULATION BUSINESSES FOR THE 12 MONTHS ENDING SEPTEMBER 30, 2025

The information provided below presents Gross Sales derived by certain Koala Insulation franchisees during the period between October 1, 2024 and September 30, 2025 ("2025 Fiscal Year Reporting Period"). There were 333 total territories as of September 30, 2025. The information provided in the table below was compiled from 76 franchisees that were operational during the entire 2025 Fiscal Year Reporting Period. These franchisees operated 324 franchise territories during the 2025 Fiscal Year Reporting Period. 69 of these 76 franchisees operated in more than one territory under multiple franchise agreements for the 2025 Reporting Period as follows: seven of the franchisees operated in two territories, 18 franchisees operated three territories, 19 franchisees operated four territories, seven franchisees operated five territories, six franchisees operated six territories, four franchisees operated seven territories, four franchisees operated in eight territories, one franchisee operated nine territories, one franchisee operated 10 territories, one franchisee operated 11 territories, and one franchisee operated 12 territories. Koala Insulation franchisees report Gross Sales to us for all of their territories on the same report. As a result, for the purposes of this Item 19, each of the 76 franchisees were considered to be one franchise even though some operate in more than one territory. Franchisees that operate multiple territories are required to provide aggregate data for all of their territories, and therefore, any of those existing businesses that acquired additional territories during the 2025 Fiscal Year Reporting Period were included in the data. The data excluded 106 territories that either commenced operations by a new franchisee during the 2025 Fiscal Year Reporting Period or ceased operations during the 2025 Fiscal Year Reporting Period.

TOTAL GROSS REVENUE							
	# of Franchisees	Min	Max	Median	Average	# above average	% above average
Greater than $1.75M	19	1,758,103	4,298,645	2,204,929	2,407,791	9	47.4%
$1.0M to $1.75M	21	1,003,784	1,743,479	1,296,528	1,311,525	10	47.6%
$750K to $1.0M	16	751,878	993,124	917,785	896,297	9	56.3%
Less than $750K	20	260,682	730,898	587,212	521,759	12	60.0%
Total	76			$ 1,009,689	$ 1,290,342	30	39.5%

The information provided in the table below was compiled from seven single-territory Koala Insulation franchisees that were operational during the Reporting Period. The data excludes 105 franchisees that were operational during the Reporting period but operated more than one Territory during the entire Reporting Period and report gross sales to us for all territories on the same report, and franchisees that either began operations or ceased active operations during the Reporting Period.

TOTAL GROSS REVENUE - SINGLE TERRITORY							
	# of Franchisees	Min	Max	Median	Average	# above average	% above average
Single Territory Franchisees	7	$ 260,682	$ 1,074,827	$ 715,690	$ 712,711	4	57.1%

The information provided in the table below was compiled from the 69 multi-territory Koala Insulation franchisees that were operational during the Reporting Period, each of which operate in more than one Territory under different Franchise Agreements. These 69 Koala Insulation franchisees reported Gross Sales to us for all territories on the same report. As a result, for the purposes of the table below, each of these 69 Koala Insulation franchisees was considered to be one franchisee even though they operate in more than one Territory.

TOTAL GROSS REVENUE - MULTI TERRITORY							
	# of Franchisees	Min	Max	Median	Average	# above average	% above average
Top Third	23	1,561,961	4,298,645	2,061,551	2,277,003	9	39.1%
Middle Third	23	906,013	1,548,623	1,087,475	1,153,449	9	39.1%
Bottom Third	23	269,262	895,535	629,513	616,375	12	52.2%
Total	69			$ 1,009,689	$ 1,290,342	30	43.5%

The Average Gross Sales figures presented above represent the total dollar value of insulation services sold during the Reporting Period by the Koala Insulation franchisees identified above.

TABLE 2 – 2024 Benchmarking Study for Koala Insulation Franchisee Businesses for the 12 months Ending December 31, 2024

In 2025, we conducted a financial Benchmarking Study for Koala Insulation franchisees. The Benchmarking Study was conducted solely on a voluntary basis and was offered only to franchisees who had been operating their Koala Insulation Businesses at least twelve months at the time of the Benchmarking Study. Fifteen franchisees who joined the system in 2024 were ineligible to participate in the Benchmarking Study. Interested franchisees were required to submit their income statements for the year ending December 31, 2024 ("Benchmarking Reporting Period"). 73 reporting franchisees operating 304 territories ("Reporting Franchisees"), out of 343 eligible territories (87%) Koala Insulation franchised territories that were open as of December 31, 2024, participated in the Benchmarking Study. Each of the 73 Koala Insulation Franchisees were located in the United States. We have reviewed the composition of franchise participants and believe it contains a random, representative sampling of Koala Insulation franchised territories based on level of sales, years in the business and geography.

Part 1: Average Gross Revenue less Average COGS and Average Certain Expense of Reporting Franchisees Operating for at Least Two Years as of December 31, 2024

While the information in Part 2 through 11 focus on expenses by the applicable Reporting franchisees that had been open and operating throughout 2024, this Part 1 presents information for those 56 Reporting franchisees operating in 249 territories that had been open and operating on a full-time basis for at least two full years as of December 31, 2024. Fifty-two of the 56 reporting franchisees contained in the chart below operate in multiple territories. The Chart below reflects the average revenues, certain costs and expenses in the 2024 calendar year by these 56 Reporting Franchisees.

REVENUE MINUS COGS AND CERTAIN MARKETING & OPERATING EXPENSES		
	Average	**% of Revenue**
Gross Sales	**1,265,597**	100.0%
Cost of Goods Sold		
Installer Wages	260,392	20.6%
Job Supplies	361,183	28.5%
Cost of Fuel and Other COGS	29,361	2.3%
Total Cost of Goods	650,936	51.4%
Gross Profit Margin	**614,661**	48.6%
Certain Marketing & Operating Expenses		
Royalties & National Brand Marketing Fund	78,280	6.2%
Advertising and Marketing	71,280	5.6%
Overhead Salaries and Wages	107,457	8.5%
Rent and Utilities Expense	38,824	3.1%
Small Tools, Equipment & Uniform Expense	13,079	1.0%
Vehicle Expense	26,666	2.1%
Bank Service Charges & Merchant Fees	17,084	1.3%
Insurance	39,014	3.1%
Licenses & Permits	215	0.0%
IT & Telephone	10,865	0.9%
	402,764	31.8%
Total Revenue Less Cost of Goods Sold and Certain Required Marketing & Operating Expenses	**211,897**	16.7%

*__NOTE__: Royalties & NBMF shown at the actual rates based on 2024 FDD

"Average" means the respective amount is equal to the average amount generated or incurred by the 56 Reporting Franchisees that were open and operating on a full-time basis for at least 24 months ending December 31, 2024. "% of Revenue" is calculated by taking the respective amount and dividing it by the average Gross Sales.

"Gross Sales" for purposes of this Table 2 means the total of all receipts derived from all sales of completed insulation projects. The median Gross Sales was $1,054,869, with a high of $4,462,521 and a low of $243,843. Twenty-two of the 56 Reporting Franchisees (or 39%) met or exceeded the average.

"Installer Wages" is all gross wages paid to install staff, contractor and subcontractors but does not include processing fees, other costs, or Overhead Salaries and Wages Expense (as defined below). The median cost of Installer Wages was $226,901, and 21 of the 56 Reporting Franchisees (or 38%) met or exceeded the average.

"Job Supplies" includes the insulation products(s) and consumable goods required to provide the services. This does not include any shipping costs or equipment rental costs. The median cost of Job Supplies was $310,158, and 20 of the 56 Reporting Franchisees (or 36%) met or exceeded the average.

"Installer Fuel and Other COGS" includes fuel purchased for the truck used to pull the Koala Rig and fuel consumed by equipment on the Koala Rig. Other COGS include equipment rental costs, material dumping fees and the costs of job permits and fees. The median cost of Installer Fuel and Other COGS was $23,156, and 20 of the 56 Reporting Franchisees (or 36%) met or exceeded the average.

"Royalties & National Brand Marketing Fund" was calculated by first determining the amount of Monthly Branding Royalty and National Brand Marketing Fund that each of the 56 Reporting Franchisees would have paid under this FDD and then taking the total average of such amount. The median cost of Monthly Branding Royalty and National Brand Marketing Fund was $67,743, and 42 of the 56 Reporting Franchisees (or 75%) met or exceeded the average.

"Advertising and Marketing" is the amount of advertising and marketing services purchased by the franchisee in their local territories for lead generation. The median cost of Advertising and Marketing was $57,758, and 22 of the 56 Reporting Franchisees (or 39%) met or exceeded the average.

"Overhead Salaries and Wages" means compensation paid to either part-time or full-time office administration staff to answer phones, respond to new customer inquiries, assist in scheduling, help maintain data in the field services IT platform, and sometimes light bookkeeping. Additionally, production management staff that manage insulation services. This does not include payroll taxes, employee benefits, or payroll processing fees. The median cost of Overhead Salaries and Wages was $98,017, and 25 of the 56 Reporting Franchisees (or 45%) met or exceeded the average.

"Rent and Utilities Expense" is the amount spent on rent for office or warehouse space as well as any utilities costs for occupying those facilities. The median cost of Rent and Utilities was $27685, and 19 of the 56 Reporting Franchisees (or 34%) met or exceeded the average.

"Small Tools, Equipment & Uniform Expense" include installation tools such as hammer tackers, screwdrivers, construction supplies, personal protective equipment, removeable vacuum bags and staples, small equipment drills and ladders and uniforms. The median Small Tools, Equipment & Uniform Expense was $7224, and 18 of the 56 Reporting Franchisees (or 32%) met or exceeded the average.

"Vehicle Expense" include costs of parking, tolls, maintenance and vehicle leases, but does not include fuel or insurance. The median Vehicle Expense was $19,376, and 19 of the 56 Reporting Franchisees (or 34%) met or exceeded the average.

"Bank Service Charges & Merchant Fees" means customary fees associated with maintaining a local banking relationship and accepting payment from customers via credit cards. The median Bank Service Charges & Merchant Fees was $14,503, and 20 of the 56 Reporting Franchisees (or 36%) met or exceeded the average.

"Insurance" includes the amount spent on insurance coverage policies required under this FDD. The median Insurance expense was $29,143, and 19 of the 56 Reporting Franchisees (or 34%) met or exceeded the average.

"Licenses and Permits" means the amount spent on maintaining required licenses and permits to operate their Koala Insulation business. The median Licenses and Permits expense was $0, and 11 of the 56 Reporting Franchisees (or 20%) met or exceeded the average.

"IT & Telephone" means the amount spent on licensing the field services technology platform for office and field devices and maintaining a VOIP phone system. The median IT & Telephone expense was $7251, and 16 of the 56 Reporting Franchisees (or 29%) met or exceeded the average.

"Total Revenue Less Cost of Goods Sold and Certain Marketing & Operating Expenses" means the average total Revenue minus Installer Wages, Job Supplies, Cost of Fuel and Other COGS, Royalties & National Brand Marketing Fund, Advertising and Marketing, Rent and Utilities, Small Tools, Equipment and Uniform Expense, Vehicle Expense, Bank Service Charges & Merchant Fees, Insurance, License & Permits, and IT & Telephone. This amount does not equal the average gross profit of the 56 Reporting Franchisees that had been open and operating on a full-time basis for at least two years as of December 31, 2024, as they each incurred additional costs and expenses that are not reflected in this Part 1, including any compensation paid to either part-time or full-time office administration staff, sales personnel or operations management staff or compensation paid to the owner. You are solely responsible for determining the levels of compensation and benefits you give your employees.

Part 2: Gross Profit Margin for the 2024 Calendar Year

This section presents Gross Profit Margin information (as defined below) reported by the Reporting Franchisees during 2024.

Gross Profit Margin

	#	Min	Max	Median	Average	# above average	% above averge
Top Third	24	52.2%	79.5%	59.9%	60.4%	12	50%
Middle Third	25	42.0%	52.0%	46.6%	47.0%	12	48%
Bottom Third	24	25.1%	42.0%	38.1%	37.3%	15	63%

The "Gross Profit Margin" is defined as Adjusted Gross Profit divided by the Gross Sales of the operation for the full calendar year of 2024. "Adjusted Gross Profit" is equal to Gross Sales less the Cost of Job Supplies (defined in Part 3 below), Cost of Installer Wages (defined in Part 4 below) less the Cost of Fuel and Other COGS (defined in Part 5 below).

Part 3: Cost of Job Supplies as a Percentage of Gross Sales for the 2024 Calendar Year

This section presents the Cost of Job Supplies as a percentage of Gross Sales (as defined below) for the Reporting Franchisees during 2024.

Cost of Job Supplies as a percentage of Gross Sales

	#	Min	Max	Median	Average
Top Third	24	12.7%	25.9%	21.1%	20.1%
Middle Third	25	26.2%	31.8%	29.2%	28.9%
Bottom Third	24	31.9%	50.6%	37.4%	37.4%

The Cost of Job Supplies as a Percentage of Gross Sales is calculated by taking all "Cost of Job Supplies" divided by the total Gross Sales. Cost of Job Supplies includes the insulation product(s) and consumable goods required to provide the services. This line item does not include any shipping costs or equipment rental costs.

Part 4: Cost of Installer Wages as a Percentage of Gross Sales for the 2024 Calendar Year

This section presents the Cost of Installer Wages as a percentage of Gross Sales (as defined below) for the Reporting Franchisees during 2024.

Cost of Installer Wages as a percentage of Gross Sales

	#	Min	Max	Median	Average
Top Third	24	0.9%	16.3%	13.0%	11.7%
Middle Third	25	17.3%	24.4%	21.6%	20.9%
Bottom Third	24	24.5%	51.9%	27.8%	29.9%

The Cost of Installer Wages as a Percentage of Gross Sales is calculated by taking all Cost of Installer Wages divided by the total Gross Sales. "Cost of Installer Wages" include the gross wages paid to install staff, contractors, and subcontractors, but do not include payroll taxes, processing fees, or other costs. Cost of Installer Wages does not include wages paid to any other staff or the franchise owner.

Part 5: Cost of Fuel and Other COGS as a Percentage of Gross Sales for the 2024 Calendar Year

This section presents the Cost of Fuel and Other COGS as a percentage of Gross Sales (as defined below) for the Reporting Franchisees during 2024.

Cost of Fuel and Other COGS as a percentage of Gross Sales

	#	Min	Max	Median	Average
Top Third	24	0.0%	1.4%	0.5%	0.6%
Middle Third	25	1.4%	2.7%	2.0%	2.1%
Bottom Third	24	2.9%	6.4%	3.6%	3.8%

The Cost of Fuel and other COGS as a Percentage of Gross Sales is calculated by taking all Cost of Fuel and Other COGS divided by the total Gross Sales. "Cost of Fuel and Other COGS" includes fuel purchased for the truck used to pull the Koala Rig and fuel consumed by equipment on the Koala Rig. Other COGS include equipment rental costs, material dumping fees and the costs of job permits and fees.

Part 6: Insurance Expenses as a Percentage of Gross Sales for the 2024 Calendar Year

This section presents Insurance Expenses as a percentage of Gross Sales (as defined below) for the Reporting Franchisees during 2024.

Insurance Expenses as a percentage of Gross Sales

	#	Min	Max	Median	Average
Top Third	24	0.5%	2.0%	1.7%	1.6%
Middle Third	25	2.1%	3.3%	2.7%	2.7%
Bottom Third	24	3.4%	8.7%	4.1%	4.5%

The Insurance Expenses as a Percentage of Gross Sales is calculated by taking all Insurance Expenses divided by the total Gross Sales. "Insurance Expenses" include the amount spent on insurance coverage policies required under this FDD.

Part 7: Rent and Utilities Expenses as a Percentage of Gross Sales for the 2024 Calendar Year

This section presents the Rent and Utilities Expenses as a percentage of Gross Sales (as defined below) for the Reporting Franchisees during 2024.

Rent and Utilities as a percentage of Gross Sales

	#	Min	Max	Median	Average
Top Third	24	0.0%	2.0%	1.0%	1.0%
Middle Third	25	2.0%	3.6%	2.7%	2.7%
Bottom Third	24	3.6%	8.4%	5.1%	5.3%

The Rent and Utilities Expenses as a Percentage of Gross Sales is calculated by taking all Rent and Utilities Expenses divided by the total Gross Sales. "Rent and Utilities Expenses" include facilities rental expenses for warehouse, storage or office space and related utilities costs including electricity, water, gas or other utilities.

Part 8: Small Tools, Equipment, Supplies and Uniform Expenses as a Percentage of Gross Sales for the 2024 Calendar Year

This section presents the Small Tools, Equipment, Supplies and Uniform Expenses as a percentage of Gross Sales (as defined below) for the Reporting Franchisees during 2024.

Small Tools, Equipment, Supplies & Uniforms as a percentage of Gross Sales

	#	Min	Max	Median	Average
Top Third	24	0.0%	0.2%	0.1%	0.1%
Middle Third	25	0.2%	1.0%	0.4%	0.5%
Bottom Third	24	1.1%	5.1%	2.0%	2.3%

The Small tools, equipment, supplies and uniform Expenses as a Percentage of Gross Sales is calculated by taking all Small Tools, Equipment, Supplies and Uniform Expenses divided by the total Gross Sales. "Small Tools, Equipment, Supplies and Uniform Expenses" include installation tools such as hammer tackers, screwdrivers, construction supplies personal protective equipment, removeable vacuum bags and staples, small equipment drills and ladders and uniforms.

Part 9: Vehicle Expenses as a Percentage of Gross Sales for the 2024 Calendar Year

This section presents the Vehicle Expenses as a percentage of Gross Sales (as defined below) for the Reporting Franchisees during 2024.

Vehicle Expenses as a percentage of Gross Sales

	#	Min	Max	Median	Average
Top Third	24	0.2%	1.4%	0.8%	0.9%
Middle Third	25	1.4%	2.3%	1.9%	1.9%
Bottom Third	24	2.4%	10.6%	3.4%	3.8%

The Vehicle Expenses as a Percentage of Gross Sales is calculated by taking all Vehicle Expenses divided by the total Gross Sales. "Vehicle Expenses" include costs of parking, tolls, maintenance and vehicle leases, but does not include fuel or insurance.

Part 10: Advertising and Marketing as a Percentage of Gross Sales for the 2024 Calendar Year

This section presents the Advertising and Marketing expenses as a percentage of Gross Sales (as defined below) for the Reporting Franchisees during 2024.

Advertising and Marketing as a percentage of Gross Sales

	#	Min	Max	Median	Average
Top Third	24	0.6%	4.5%	3.1%	2.9%
Middle Third	25	4.5%	7.0%	6.3%	6.0%
Bottom Third	24	7.1%	29.1%	8.3%	9.8%

The Advertising and Marketing as a Percentage of Gross Sales is calculated by taking all Advertising and Marketing expenses divided by the total Gross Sales. "Advertising and Marketing" means the amount spent on advertising and marketing services by the franchisee in their local territories for lead generation.

Part 11: Overhead Salaries and Wages as a Percentage of Gross Sales for the 2024 Calendar Year

This section presents the Overhead Salaries and Wages expense as a percentage of Gross Sales (as defined below) for the Reporting Franchisees during 2024.

Overhead Salaries & Wages as a percentage of Gross Sales

	#	Min	Max	Median	Average
Top Third	24	0.0%	3.6%	0.0%	1.0%
Middle Third	25	3.9%	10.1%	6.2%	7.0%
Bottom Third	24	10.2%	42.4%	14.1%	15.8%

The Overhead Salaries & Wages as a Percentage of Gross Sales is calculated by taking all Overhead Salaries & Wages expenses divided by the total Gross Sales. "Overhead Salaries & Wages" means compensation paid to either part-time or full-time office administration staff to answer phones, respond to new customer inquiries, assist in scheduling, help maintain data in the field services IT platform, and sometimes light bookkeeping. Additionally, production management staff that manage insulation services. This does not include payroll taxes, employee benefits, or payroll processing fees.

TABLE 3 AVERAGE REVENUE PER JOB FOR YEAR ENDING SEPTEMBER 30, 2025

The table below presents the median and average "Average Revenue per Job" for Koala Insulation projects as reported by certain Koala Insulation businesses operational during the fiscal year ending September 30, 2025. The information provided in the table below was compiled from reports compiled from the Customer Relationship Management ("CRM") software utilized by Koala Insulation franchisees. The Average Revenue per Job report was obtained from 72 Reporting franchisees operating in 314 franchise territories during the fiscal year ending September 30, 2025. Excluded from the report are four franchisees that did not utilize the CRM for this report. It was determined that the set of franchisees comprised a random, representative sampling of Koala Businesses based on level of sales, years in business and geographic location.

Average Revenue per Job							
	Count	Minimium	Maximum	Median	Average	# above average	% above average
Average Revenue per Job	72	1,750.07	6,329.68	3,378.75	3,507.41	29	40%

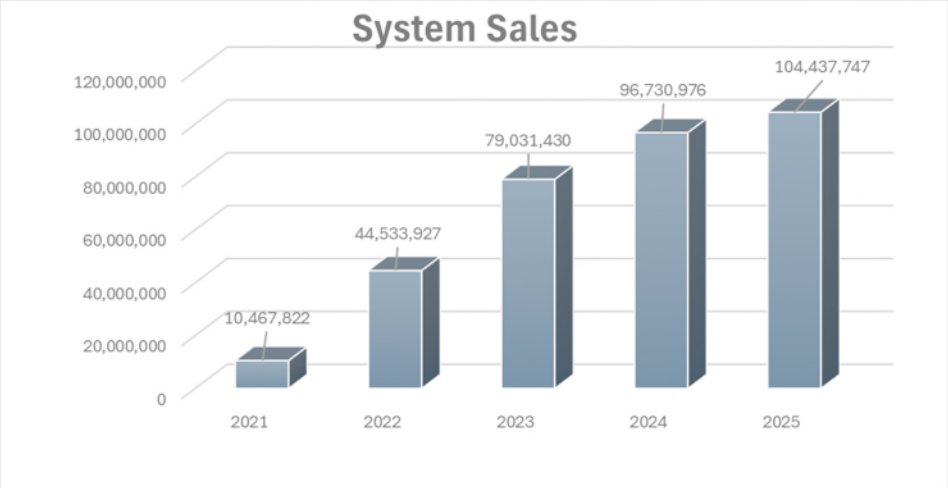
"Average Revenue per Job" is calculated by the CRM software reflecting the average revenue realized from each job that the franchisee completed and recorded in the CRM during the reporting period.

TABLE 4 KOALA FRANCHISE SYSTEM SALES FOR YEARS ENDING SEPTEMBER 2021, 2022, 2023, 2024, and 2025

The information provided in the tables below is based on the aggregate Gross Sales ("System Sales") reported to us from all Koala franchisees whose Koala businesses were operational for any part, even as little as one month if the franchisee completed initial training in October of their initial year of operations, of each fiscal year ended September 30, 2021, September 30, 2022, September 30, 2023, September 30, 2024, and September 30,2025.

Koala System Sales from 2021 – 2025 Years Ending September 30

Fiscal Year	System Gross Sales	% Sales Growth
2021	10,467,822	N/A
2022	44,533,927	325.4%
2023	79,031,430	77.5%
2024	96,730,976	22.4%
2025	104,437,747	8.0%



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

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing unit, 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 Scott Zide at 2426 Old Brick Road, Glen Allen, VA 23060, the Federal Trade Commission and the appropriate state agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
for years 2023, 2024, 2025

Outlet Type	Year	Outlets at Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	326	385	+59
	2024	385	392	+7
	2025	392	333	-59
Company Owned[1]	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	**2023**	**326**	**385**	**+59**
	2024	**385**	**392**	**+7**
	2025	**392**	**333**	**-59**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
for years 2023, 2024, 2025

State	Year	Number of Transfers
Colorado	2023	0
	2024	0
	2025	5
Delaware	2023	0
	2024	0
	2025	1
Florida	2023	8
	2024	4
	2025	3
Georgia	2023	0
	2024	4
	2025	0
Kansas	2023	0
	2024	2
	2025	0

State	Year	Number of Transfers
Michigan	2023	0
	2024	0
	2025	1
Minnesota	2023	0
	2024	0
	2025	4
Missouri	2023	0
	2024	2
	2025	0
North Carolina	2023	1
	2024	9
	2025	0
Pennsylvania	2023	0
	2024	4
	2025	0
Texas	2023	0
	2024	16
	2025	16
Washington	2023	2
	2024	0
	2025	0
Total	**2023**	**11**
	2024	**41**
	2025	**30**

Table No. 3
Status of Franchised Outlets
for years 2023, 2024, 2025

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Alabama	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5
Arkansas	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	1	3	0	0	0	1
Arizona	2023	0	7	0	0	0	0	7
	2024	7	4	4	0	0	0	7
	2025	7	3	4	0	0	0	6
California	2023	0	0	0	0	0	0	0
	2024	0	4	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Colorado	2023	15	0	0	0	0	0	15
	2024	15	0	0	0	0	0	15
	2025	15	5	0	0	0	0	20

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Connecticut	2023	5	3	0	0	0	0	8
	2024	8	4	0	0	0	0	12
	2025	12	0	0	0	0	0	12
Delaware	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Florida	2023	55	7	0	0	0	0	62
	2024	62	4	3	0	0	0	63
	2025	63	0	0	0	0	0	63
Georgia	2023	12	0	0	0	0	0	12
	2024	12	4	0	0	0	0	16
	2025	16	0	4	0	0	0	12
Idaho	2023	4	0	0	0	0	0	4
	2024	4	2	1	0	0	0	5
	2025	5	0	2	0	0	0	3
Illinois	2023	12	0	0	0	0	0	12
	2024	12	6	0	0	0	0	18
	2025	18	0	0	0	0	0	18
Indiana	2023	11	2	0	0	0	0	13
	2024	13	0	2	0	0	0	11
	2025	11	0	8	0	0	0	3
Iowa	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Kansas	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Kentucky	2023	3	3	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	0	0	6
Louisiana	2023	8	0	1	0	0	0	7
	2024	7	0	4	0	0	0	3
	2025	3	0	0	0	0	0	3
Maryland	2023	0	8	0	0	0	0	8
	2024	8	0	0	0	0	0	8
	2025	8	3	3	0	0	0	8
Michigan	2023	23	0	0	0	0	0	23
	2024	23	0	7	0	0	0	16
	2025	16	1	6	0	0	0	11
Minnesota	2023	11	0	0	0	0	0	11
	2024	11	0	0	0	0	0	11
	2025	11	0	4	0	0	0	7
Missouri	2023	12	0	0	0	0	0	12
	2024	12	0	0	0	0	0	12
	2025	12	0	1	0	0	0	11

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
North Carolina	2023	15	7	0	0	0	0	22
	2024	22	0	3	0	0	0	19
	2025	19	2	4	0	0	0	17
Nebraska	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Nevada	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	4	0	0	0	0	4
New Jersey	2023	2	0	0	0	0	0	2
	2024	2	14	2	0	0	0	14
	2025	14	0	0	0	0	0	14
New Mexico	2023	5	0	0	0	0	0	5
	2024	5	1	0	0	0	0	6
	2025	6	0	0	0	0	0	6
New York	2023	2	3	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	1	0	0	0	4
Ohio	2023	8	1	0	0	0	0	9
	2024	9	0	0	0	0	0	9
	2025	9	4	9	0	0	0	4
Oklahoma	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
	2025	8	0	4	0	0	0	4
Oregon	2023	0	3	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Pennsylvania	2023	20	0	0	0	0	0	20
	2024	20	1	2	0	0	0	19
	2025	19	0	9	0	0	0	10
South Carolina	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	0	0	6
South Dakota	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Tennessee	2023	8	0	0	0	0	0	8
	2024	8	2	0	0	0	0	10
	2025	10	0	0	0	0	0	10
Texas	2023	51	8	0	0	0	0	59
	2024	59	0	9	0	0	0	50
	2025	50	1	16	0	0	0	35
Utah	2023	8	0	0	0	0	0	8
	2024	8	0	4	0	0	0	4
	2025	4	0	4	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Virginia	2023	0	4	0	0	0	0	4
	2024	4	3	0	0	0	0	7
	2025	7	0	3	0	0	0	4
Washington	2023	4	3	0	0	0	0	7
	2024	7	0	7	0	0	0	0
	2025	0	0	0	0	0	0	0
Wisconsin	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
	2025	3	2	0	0	0	0	5
Wyoming	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Total	**2023**	**326**	**60**	**1**	**0**	**0**	**0**	**385**
	2024	**385**	**55**	**48**	**0**	**0**	**0**	**392**
	2025	**392**	**26**	**85**	**0**	**0**	**0**	**333**

Table No. 4 – Status of Company Owned Outlets[1] for years 2023, 2024, 2025

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Total	**2023**	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**
	2025	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 5 – Projected Openings as of September 30, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Arizona	0	3	0
California	0	6	0
Florida	0	4	0
Idaho	2	0	0
Illinois	0	3	0
Indiana	0	3	0
Massachusetts	0	3	0
New Jersey	0	3	0
North Carolina	3	3	0
Oregon	0	3	0
Texas	3	3	0
Washington	0	3	0
Total	**8**	**37**	**0**

Notes:

The names, addresses, and telephone numbers of our franchisees as of September 30, 2025 and franchisees who signed a franchise agreement, but have not opened as of September 30, 2025, and franchisee who ceased doing business under the franchise agreement or had an outlet terminated, canceled, or not renewed as of September 30, 2025, appear in Exhibit I. There is no Franchisee that has not communicated with the franchisor within ten (10) weeks of the issuance date.

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

During the last three fiscal years, franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees signs provisions restricting their ability to speak openly about their experience with the Koala system. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

As of the date of the issuance of this FDD, there are no trademark specific franchisee organizations associated with the franchise system being offered in this FDD.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit C are the audited consolidated financial statements and supplementary information of Outdoor Living Brands Holdco LLC ("OLB Holdco") for the fiscal year ended September 30, 2025, September 30, 2024, and September 30, 2023, as well as OLB Holdco's interim financial statements for the period ended November 30, 2025. Our fiscal year end is September 30. OLB Holdco absolutely and unconditionally guarantees our obligations under your Franchise Agreement. See Exhibit C for a copy of the written guarantee.

ITEM 22
CONTRACTS

Copies of the following contracts are attached to this Disclosure Document:

1. Franchise Agreement and Exhibits – **Exhibit B**
2. Franchisee Disclosure Questionnaire – **Exhibit E (p. 153)**
3. Sample Release Agreement – **Exhibit F**
4. State Specific Addenda and Riders **– Exhibit H**

There are no other contracts or agreements that we provide to be signed by you.

ITEM 23
RECEIPTS

The Receipt pages are attached as the last two pages of this disclosure document.

EXHIBIT A
LIST OF STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS.

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible or the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division, Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Corporate Oversight Division Franchise Section	G. Mennen Williams Building, 5th Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	North Dakota Insurance Commissioner North Dakota Insurance & Securities Department	600 East Boulevard Avenue Dept. 401 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT B
FRANCHISE AGREEMENT AND EXHIBITS

MULTISTATE FORM

KOALA INSULATION FRANCHISOR, LLC

FRANCHISE AGREEMENT

_____
Franchisee Name

_____
Date of Agreement

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SUMMARY PAGE

1. Effective Date: _____

2. Franchisee's Name: _____

3. Franchisee's State of Organization (if applicable): _____

4. Ownership of Franchisee:

If the Franchisee is an entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

Name	Percentage Ownership
_____	100%

5. Territory (Section 1.1):

Initial Geographic Area: _____[list of zip codes] _____.

Population: _____.

6. Initial Franchise Fee (Section 4.1): $_____

7. Operating Principal (Section 5.6): _____

8. Franchisee's Address for Notices (Section 20): _____

Franchisee Email Address for Notices: _____

9. Additional Terms (if any): _____

Initials: _____(KOALA INSULATION FRANCHISOR, LLC) _____(Franchisee)

Exhibits:
A Trademarks
B Lease Rider
C-1 Guarantee, Indemnification and Acknowledgment
C-2 Limited Guaranty and Assumption of Franchisee's Obligations
D Non-Disclosure and Non-Competition Agreement
E Equipment Sale Agreement

FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of the date (the "Effective Date") set forth on the Summary Page, which appears after the cover page of this Agreement (the "Summary Page") (the Summary Page and all appendices and schedules attached to this Agreement are hereby incorporated by this reference), by and between KOALA INSULATION FRANCHISOR, LLC, a Delaware limited liability company with its principal place of business at 445 West Drive, Melbourne, FL 32904 ("Franchisor" or "we" or "us"), and the entity identified on the Summary Page as the franchisee ("Franchisee" or "you") with its principal place of business as set forth on the Summary Page.

BACKGROUND:

A. Franchisor owns a format and system (the "System") relating to the establishment, development and operation of franchises (each a "Franchise") that offer and provide insulation evaluation, removal, installation and related services that operate under the Marks (as defined below) using specially equipped Koala service vehicles and equipment (collectively "Koala Rigs").

B. The distinguishing characteristics of the System include, without limitation, distinctive business formats; procedures; the Manual (as defined in Section 3.5); the Koala Rigs; procedures for operations, accounting, collections, management and inventory control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time;

C. Franchisor identifies the System by mark Koala Insulation and associated logos, commercial symbols and such other trade names, mascots, service marks and trademarks as are now, or in the future, designated by Franchisor as an integral part of the System ("Marks") including but not limited to the currently registered Marks identified on Exhibit A some of which may be incorporated into other brands or other systems developed by Franchisor or its affiliates in the future;

D. Franchisor continues to develop, use, and control the use of such Marks to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance, and service; and

E. Franchisee desires to operate a Franchise under the System and using the Marks, and wishes to obtain a license from Franchisor for that purpose, as well as to receive the training and other assistance provided by Franchisor in connection therewith;

NOW, THEREFORE, the parties agree as follows:

1. GRANT

1.1. Grant of Rights; Protected Territory. Upon the terms and conditions set forth in this Agreement, Franchisor hereby grants to Franchisee a non-exclusive license (the **"License"**) to operate a Franchise that specializes in providing insulation evaluation, removal, installation and related services (the **"Services"**) within the initial geographic area described on the Summary Page (the **"Territory"**). Franchisee hereby accepts such License and undertakes the obligation to operate a Franchise in accordance with this Agreement during the entire initial term of the License (as specified in **Section 2.1**). Franchisee acknowledges and agrees that this Territory is non-exclusive but subject to certain limited protections as defined below.

1.2. Protected Territory. The Territory, as listed on the Summary Page, shall be designated as "Protected" from the Effective Date of this agreement and shall remain Protected for the duration of the entire initial term plus any extensions thereof provided that the Territory may lose its Protected status through any default of this Agreement or any other agreement with Franchisor or its Affiliates, or by Franchisee's failure to maintain sufficient equipment and staff as required in Franchisor's discretion to provide, without substantial delay, all Services offered under the System to customers within the Territory. Any of these events, without limitation, constitute cause for revocation of Protected status of the Territory. Protected status may be revoked only with cause and upon notice. Once the Territory loses its Protected status it may not be regained.

1.2.1. While the Territory is Protected Franchisor shall not provide the Services or grant other franchisees or others the right to provide the Services using the Koala Insulation System and Koala Insulation Marks to customers at any location within the Territory other than through the Revenue Sharing Program as hereafter defined.

1.2.2. Franchisor and other franchisees may advertise (subject to Franchisor approval) online or through any other medium without geographical limitations, including within the Protected Territory, but only Franchisee shall be permitted to provide the Services under the Koala Insulation System within the Protected Territory.

1.2.3. Each calendar year, Franchisee must have at least $75,000 in annual Gross Sales in the Territory (the "**Minimum Performance Requirement**"). Failure to satisfy the Minimum Performance Requirement in the Territory will be a material breach of this Agreement. In order to cure such breach, within 120 days of the end of the calendar year, Franchisee must have at least $75,000 in Gross Sales measured on a trailing 12 month basis. If Franchisee fails to cure the breach in accordance with this Section 1.2.3, then in addition to all other rights and remedies available to Franchisor under this Agreement, Franchisor will have the right to terminate this Agreement upon notice to Franchisee.

1.3. Reservation of Rights. Franchisor and its affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, without any liability to Franchisee regardless of the proximity to or effect on the Franchise. By way of illustration, and without limiting the foregoing, Franchisor and its affiliates have the right:

1.3.1. to operate and permit franchisees or others to establish and operate Franchises at any location within or outside the Territory (subject to the Protections defined in section 1.2.1 above) notwithstanding their actual or threatened impact on sales of the Franchise;

1.3.2. to operate or permit franchisees or others to establish and operate businesses at any location under other systems or other Marks, including businesses that may offer or sell products or services that are the same or similar to the products or services offered from the Franchise, within or outside the Territory and notwithstanding their proximity to the Territory, Protected status of Territory, or their threatened or actual impact on sales of the Franchise;

1.3.3. to sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, within or outside of the Territory, products and services bearing the Marks or similar marks through other channels of distribution including, without limitation, the internet, catalogs, or commercial channels other than the on-site installation or removal of insulation; and

1.3.4. to acquire, be acquired by, or merge with other businesses and to convert them to the Marks or any other name at any location and such acquiring or acquired businesses shall not be bound by any Protections applicable to the Territory.

1.3.5. If the Territory is not Protected, the geographic area of the Territory may be revised by Franchisor from time to time, after the expiration of the initial term, to include only the Population listed as the actual population in the initial geographic area increases. If Franchisor reduces the Territory's geographic area due to a population increase after the expiration of the initial term, Franchisor shall first offer the right to purchase such additional population to Franchisee at the then-current rates, provided that Franchisee is and has been at all times in compliance with the terms hereunder.

Franchisee acknowledges that the activities described in Section 1.3. through 1.3.5 are only examples, and do not limit the business activities that Franchisor and its affiliates may undertake. Franchisee also acknowledges that, other than those rights expressly conveyed through this agreement and narrowly limited to same, Franchisor has made no other representations concerning Franchisee's rights in any geographic territory.

1.4. Advertising and Promotional Materials. Franchisor and Franchisee acknowledge that advertising and promotional materials created, placed, and/or distributed by Franchisor, other franchisees operating under the System, or other

entities authorized by Franchisor, may appear in media distributed in, or may be directed to prospective customers located within, trade areas or market areas nearby or encompassing the Territory, including on Franchisor's website or any related website. Neither Franchisee, nor any other franchisee, is restricted from advertising or promoting products or services to any customers regardless of where they reside; provided, however, Franchisee may not perform Services outside of the Territory, except as expressly provided herein.

1.5. Sale of Products and Services. Unless otherwise permitted by Franchisor, Franchisee shall offer and sell only then-current products and services previously authorized by Franchisor, using Koala Rigs, and only within the Territory, only in accordance with the requirements of this Agreement and the then-current procedures set forth in the Manuals as they may be developed and/or modified from time to time. Franchisee may not perform Services using equipment other than a Koala Rig that meets Franchisor's then-current specifications and standards. Franchisee understands and acknowledges that certain other Koala franchisees were granted protected territories, and shall not perform Services in the protected territory of another Koala franchisee.

1.5.1. Franchisee may be granted, at Franchisor's sole discretion, express permission to sell or service customers in an unsold territory adjacent to Franchisee's Territory ("**Adjacent Territory**"); provided that Franchisee agrees that when the Adjacent Territory is granted to another franchisee by Franchisor, or as otherwise may be directed by Franchisor, Franchisee will, upon receipt of written notice from Franchisor, cease all its sales and service efforts within the Adjacent Territory and: (a) within 10 days of such notice, return to Franchisor all lists of customers and prospects within the Adjacent Territory; and (b) complete all open customer contracts within the Adjacent Territory in a commercially reasonable matter. Franchisee agrees that Franchisor retains all rights to sell the Adjacent Territory and discontinue Franchisee's ability to provide Services within the Adjacent Territory following the sale.

1.5.2. Revenue Sharing Program. Franchisee may at its option enter into a revenue sharing program ("Revenue Sharing Program") with any other franchisee which may permit the out of territory franchisee to operate within Franchisee's Territory for the purposes of servicing existing clients who have previously received services within the out of territory franchisee's own territory. Franchisee may also enter into a revenue sharing agreement with any other franchisee as Franchisee deems appropriate to complete extraordinarily large jobs or for other purposes subject to Franchisor approval which must be received in writing in advance of any Revenue Sharing Program between franchisees. Franchisor shall not be a party to any Revenue Sharing Program which shall be conducted solely between franchisees.

2. TERM AND RENEWAL

2.1. Term. Except as otherwise provided herein and unless sooner terminated in accordance with the provisions hereof, the initial term of the License

commences on the Effective Date and continues until that date which is 10 years after the Effective Date.

2.2. Renewal. Franchisee may, at its option, request to renew Franchisee's right to operate the Franchise for two additional terms of five years each. Franchisee's option of renewal is subject to the following conditions, each of which must be met prior to the renewal:

2.2.1. Franchisee shall give Franchisor written notice of Franchisee's election to renew no fewer than six months, nor more than 12 months, prior to the end of the initial term;

2.2.2. Franchisee shall update, refurbish, or replace the Franchise Location (if applicable) and its Koala Rig(s) to comply, as determined solely by Franchisor, with Franchisor's then-current standards;

2.2.3. From the time of Franchisee's election to renew through the expiration of the original term, Franchisee and its affiliates shall not have been in default of any provision of this Agreement, any amendment to this Agreement, any successor to this Agreement, or any other agreement between Franchisee (and its affiliates) and Franchisor (and its affiliates); and, as determined in the sole discretion of Franchisor, Franchisee and its affiliates shall have complied with all the terms and conditions of this Agreement, such other agreements, as well as the Operating Standards (as defined in **Section 5.9**) prescribed by Franchisor during the term of this Agreement;

2.2.4. Franchisee shall have satisfied all monetary, reporting and other obligations owed by Franchisee to Franchisor and its affiliates, and shall have timely met those obligations throughout the term of this Agreement;

2.2.5. Franchisee shall execute Franchisor's then current form of franchise agreement; which agreement shall supersede this Agreement in all respects (except the renewal franchise agreement shall not require payment of an initial franchise fee or include the ability to renew for any years beyond the aggregate of those contained in the original term and extensions herein). Franchisee acknowledges that the terms, conditions, and provisions of the renewal franchise agreement, and the obligations of the parties thereto, may differ substantially from the terms, conditions, provisions and obligations in this Agreement, including, without limitation, a higher percentage royalty fee and advertising contribution;

2.2.6. Franchisee shall pay, in lieu of an initial franchise fee, a renewal fee equal to 25% of the Initial Franchise Fee or $5,000, whichever is greater;

2.2.7. Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees; and

2.2.8. Franchisee and its personnel shall comply with Franchisor's then current qualification and training requirements, prior to commencement of operations under the renewal form of franchise agreement.

3. FRANCHISOR'S DUTIES

3.1. Initial and On-Going Training. Franchisor shall provide for Franchisee's Operating Principal (as defined in **Section 5.6**) Salesperson, and Operations Manager (as defined in **Section 5.6**), such initial training programs as Franchisor may designate, to be conducted at such time(s) and location(s) designated by Franchisor. Franchisor may charge a reasonable fee for additional individuals who attend training (up to $10,000 per trainee). Franchisor shall also provide such ongoing training as it may, from time to time, deem appropriate. Franchisor shall be responsible for the cost of instruction and materials, subject to **Section 5.6** for the training of the initial Operating Principal, Operations Manager, and Salesperson. Franchisee shall be responsible for the cost of training any subsequently hired or replacement staff including without limitation Operating Principal, Operations Manager and Salesperson.

3.2. Opening Assistance and Training. In addition to the initial training described in Section 3.1, should Franchisee request additional assistance from Franchisor to facilitate the opening of the Franchise and should Franchisor, in its discretion, deem it necessary, feasible and appropriate to comply with the request, Franchisee shall reimburse Franchisor for the expenses of Franchisor providing such additional assistance, which may include Franchisor's then-current service fee (not to exceed $500 per day), as set forth in the Manuals or otherwise communicated to Franchisee in writing from time to time. Franchisor will provide such additional on-site assistance as Franchisor deems advisable.

3.3. Manuals. Franchisor shall provide Franchisee access to the confidential operations manuals (which may include technical bulletins, and other written, video or audio materials (collectively the "**Manuals**"), as more fully described in **Section 7**.

3.4. Advertising and Promotion. Franchisor shall review, and shall have the right to approve or disapprove, all advertising and promotional materials that Franchisee proposes to use pursuant to **Section 10.6**. In addition, during the term of this Agreement, Franchisor shall provide Franchisee with such other advertising assistance, sales advice, or related materials as Franchisor deems advisable.

3.4.1. Electronic Advertising and Support Services. Franchisor shall establish and maintain, during the Term of this agreement, a website and/or other such listings as Franchisor deems appropriate for the Koala brand which shall contain content deemed appropriate in its sole and unlimited discretion. Franchisor may also maintain certain location specific or franchise specific sites ("Micro-Sites") in its sole discretion. Franchisor may establish and assign a phone number to the Franchise and if it does so, Franchisee must use this number as its

only published and/or advertised phone number for the Franchise. Franchisor shall retain full rights to control, suspend, redirect and transfer any web domains and phone numbers and other listings. Franchisor shall have the right to suspend or revoke any or all of these services immediately and without further notice upon Franchisee's Default of any term of this Agreement, specifically but not limited to financial or reporting obligations.

3.5. Brand Fund. Franchisor may establish and administer a System-wide advertising, marketing, promotional, and creative fund, which is referred to as the "**Brand Fund**", or such other name as Franchisor may designate, in the manner set forth in **Section 10.3.**

3.6. Technology System. Franchisor shall specify or require that certain brands, types, makes, and/or models of communications, computer systems, software and hardware be used by, between, or among the Franchises, including without limitation: (a) back office and point of sale systems, data, audio, video, and phone, voice storage, retrieval, and transmission systems for use at the Franchise, between or among Koala franchisees, the corporate units and Franchisor; (b) physical, electronic, and other security systems including without limitation vehicle and/or Koala Rig tracking devices; (c) printers and other peripheral devices; (d) archival back-up systems; (e) communication systems (including without limitation email and phone systems); and (f) Internet access mode and speed (collectively, the "**Technology System**"). Franchisor may also designate: (i) software programs that Franchisee must use in connection with the Technology System ("**Required Software**"), which Franchisee shall install; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install; (iii) the tangible media upon which such Franchisee shall record data; (iv) the database file structure of the Technology System; and (v) additional Technology Systems that must be used.

3.7. Generative AI. Franchisee may utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models (collectively, "Generative AI") directly or indirectly in the operation of the Business, including without limitation, in advertising, promotion, or marketing of the Business, communications with customers, business planning, analysis or optimization, or in any social media, provided that Franchisee agrees not to upload, input, disclose or otherwise share any Confidential Information with or through any Generative AI or third-party platform, service or model unless expressly approved in writing in advance by Franchisor in accordance with this Agreement. Franchisor is also responsible for ensuring that no Confidential Information is exposed through prompts, training, fine tuning, embeddings, data connectors, plug-ins or output review processes. Franchisee shall also ensure that all Generative AI use complies with all applicable federal, state, and local laws, rules, and regulations, including without limitation laws governing trademarks, copyrights, rights of publicity, privacy, data protection, consumer protection, unfair competition, and biometric information. The Parties agree and acknowledge that any violation by Franchisee of this

Section 3.7 shall be considered grounds for default and immediate termination under section **13.2.10** of this Agreement.

3.8. On-Going Assistance. Franchisor shall provide periodic assistance to Franchisee in the marketing, management, and operation of the Franchise as Franchisor determines at the time(s) and in the manner determined by Franchisor.

3.9. Additional Services. Franchisor, at its option may provide Additional Services including a call center, recruiting assistance and other services at the then-current fees. Franchisor shall have no ongoing obligation to offer these services and may discontinue them for any or all franchisees at any time.

4. ROYALTY FEES; SALES REPORTING

4.1. Initial Franchise Fee. Franchisee shall pay Franchisor an initial franchise fee that is specified on the Summary Page (the "**Initial Franchise Fee**"), which must be paid in full prior to or upon execution of this Agreement. The Initial Franchise Fee is not refundable under any circumstances and shall be deemed earned in full upon receipt, except if Franchisee's Operating Principal or Operations Manager fails to successfully complete initial training in accordance with the requirements of **Section 5.6**. If Franchisor terminates this Agreement due to any failure to successfully complete initial training pursuant to **Section 5.6**, Franchisor will refund the Initial Franchise Fee, less an amount equal to $5,000, subject to Franchisee' and its owners' execution of a General Release.

4.2. Royalty Fees.

4.2.1. Franchisee shall pay Franchisor continuing royalty fees ("**Royalty Fees**") at such time, for such periods, and in such manner as specified herein, or as otherwise specified in writing by Franchisor. The term "**Gross Sales**" means amounts, less refunds, sales tax and chargebacks, derived from all products or services sold from or through the Franchise, including any sale of products or services made for cash or credit, or partly for cash and partly for credit. **"Gross Sales"** also includes the fair market value of any services or products received by the Franchisee in barter or in exchange for Franchisee's services and products.

4.2.2. Except as otherwise described in this Section 4.2, the monthly Royalty Fee is equal to the greater of (i) the aggregate of the Minimum Royalty Fees for each Territory or (ii) the Percent-Based Royalty Fee based upon the combined Gross Sales among the Territories.

(a) "**Minimum Royalty Fee**" means the following minimum monthly Royalty Fee per Territory:

Months After Opening	1 Territory	2 Territories	3 Territories	4 Territories	5+ Territories
0-6	$0	$0	$0	$0	$0
7-12	$1,083.33	$975.00	$866.67	$758.33	$650.00
13-24	$1,218.75	$1,218.75	$1,218.75	$1,191.67	$1,083.33
25-36	$1,218.75	$1,218.75	$1,218.75	$1,218.75	$1,218.75
37+	$1,218.75	$1,218.75	$1,218.75	$1,218.75	$1,218.75

(b) "Percent-Based Royalty" means the Royalty Fee that you are required to pay based on the aggregate Gross Sales among each of your Territories, including approved Gross Sales in Adjacent Territories, in a calendar year ("Aggregate Gross Sales"), as follows:

Aggregate Gross Sales	Percent-Based Royalty Fee
Up to $1,000,000	6.5% of Gross Sales
$1,000,001 to $2,000,000	5% of Gross Sales
$2,000,001 to $3,000,000	4.5% of Gross Sales
$3,000,001 and above	3.5% of Gross Sales

Notwithstanding the foregoing, the Percent-Based Royalty Fee on Large Accounts is equal to 4% of Gross Sales. A "Large Account" is any single project in which the Gross Sales exceed $25,000. For purposes of clarity, commencing with the 7th month of operations, the calculation of annual Gross Sales resets for purposes of determining the applicable Royalty Fee each calendar year. Sales of Large Accounts will count toward the aggregate Gross Sales under Sections 4.2.2(b),(c) and 4.2.3.

(c) Notwithstanding Section 4.2.2(a) above, if in any calendar month the combined Gross Sales among each of Franchisee's Territories, including approved Gross Sales in Adjacent Territories, exceeds an amount equal to $18,750 multiplied by the number of Territories (the "Territory Threshold"), then Franchisee will not be subject to a Minimum Royalty Fee for that month, and the Royalty Fee will be based upon the Percent-Based Royalty Fee. For example, if Franchisee has four Territories, then the Territory Threshold would equal $75,000.

For purposes of clarity, exceeding the Territory Threshold in one month does not waive the Minimum Royalty Fee in the following month, as the obligation to pay the Minimum Royalty Fee resets each month.

4.2.3. Furthermore, if Franchisee both achieves the True-Up Threshold (set forth below) and the aggregate Royalty Fees that Franchisee paid for all Territories in a calendar year ("Annual Royalties Paid") exceeds the Annual Royalties Owed (as defined below) in that calendar year, then Franchisor will credit the difference between the Annual Royalties Paid and the Annual Royalty Owed (the "Royalty Overage") towards future amounts owed by Franchisee. "Annual Royalties Owed" means the greater of: (a) the aggregate of the applicable

monthly Minimum Royalty Fees due for all of Franchisee's Territories during the calendar year; or (b) the Percent-Based Royalty based upon Aggregate Gross Sales. In no event will Franchisee be entitled to a refund of the Royalty Overage.

The "True-Up Threshold" is based upon the number of Territories owned by Franchisee and its Aggregate Gross Sales, including approved Gross Sales in Adjacent Territories, as follows:

Number of Territories	Aggregate Gross Sales
1 to 4	At least $1,000,000
5 to 7	At least $1,500,000
8 or more	At least $2,000,000

4.2.4. Franchisee expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of Royalty Fees, Brand Fund Contributions (as defined in Section 10.2), if any, and all other amounts provided for in this Agreement, shall be absolute and unconditional. Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or setoff the same against any claims or alleged claims Franchisee may allege against Franchisor, the Brand Fund or others. Franchisee shall not, on grounds of any alleged nonperformance by Franchisor or others, withhold payment of any fee, including without limitation Royalty Fees, Brand Fund Contributions, nor withhold or delay submission of any reports due hereunder. Royalty Fees shall be deemed earned in full upon receipt. Franchisee and Franchisor expressly acknowledge that all services provided by Franchisor to Franchisee shall not exceed in cost the amount of the Royalty Fees received from Franchisee.

Sales Reports. Franchisee shall deliver to Franchisor any and all reports, statements and/or other information regarding its Gross Sales and other metrics or data specified by Franchisor at the time(s) and in the format(s) reasonably requested by Franchisor from time to time ("**Sales Reports**"). As a condition to entering into this Agreement, Franchisee must deliver all Sales Reports due and owing to Franchisor. Upon notice by Franchisor Franchisee must use, and pay the fees required to use, the Koala proprietary software or other software as specified by Franchisor, when made available, or other systems or methods as specified by Franchisor for the purposes of providing Sales Reports in compliance with this Section. All payments required by this Agreement to Franchisor, its affiliates, and/or the Brand Fund must be made by the method or methods that Franchisor specifies from time to time, which may include, without limitation, payment by deduction, payment via wire transfer or electronic debit to Franchisee's bank account. Franchisee must furnish Franchisor and Franchisee's bank with all authorizations necessary to effect payment by the methods Franchisor specifies.

4.3. Overdue Payments or Reports. Any payment, Sales Report or other required report not actually received by Franchisor on or before the date such payment or report is due (currently, no later than noon Eastern Time on the 10th

day of each calendar month) shall be deemed overdue. If an attempt to electronically debit Franchisee's bank account fails or any other payment method is declined or returned, the payment shall be deemed not received. Franchisor may at its option from time to time specify or change the date such reports are due upon 7 days' Notice to Franchisee. If any payment or required report is overdue, Franchisor shall collect from Franchisee the greater of the Minimum Royalty amount, or 1.5 times the Royalty Fees and other fees or amounts due based on the prior report received ("Presumptive Fees"). The Presumptive Fees shall be credited towards the actual Royalty Fees due once the Sales Report is received. Additionally, Franchisee shall pay Franchisor, a late payment/late report charge of $50 for each day (or portion thereof) that the payment or report is late (collectively "Late Fee"). Entitlement to such Late Fee shall be in addition to any other remedies Franchisor may have including without limitation the suspension of services as defined in §3.4.1 and elsewhere in this Agreement.

4.4. Payments on Behalf of Franchisee. Franchisee shall pay to Franchisor, within 15 days after any written request by Franchisor which is accompanied by reasonable substantiating material, any monies (plus a fee equal to 10% of the amount paid by Franchisor on Franchisee's behalf) which Franchisor has paid, or has become obligated to pay, on behalf of Franchisee, by consent or otherwise under this Agreement.

5. FRANCHISEE'S DUTIES

5.1.1. Franchisee may operate from their home office, provided doing so would be in compliance with applicable laws and regulations. If Franchisee chooses to rent or lease a site, storage location or other physical site other than Franchisee's home, at which it will base or park Koala Rigs or from which it will operate the Franchise, Franchisee must provide notice to Franchisor at least 30 days in advance. Before Franchisee makes a binding commitment to lease, sublease or purchase a site, Franchisor must approve the location in writing and approve in writing the proposed lease for the location (the "**Lease**") or purchase agreement or any letter of intent between Franchisee and the third-party seller or lessor. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S APPROVAL OF A PROPOSED SITE IS NOT A WARRANTY OR REPRESENTATION OF ANY KIND AS TO THE POTENTIAL SUCCESS OR PROFITABILITY OF THE FRANCHISE. If Franchisee leases the approved Franchise Location, unless Franchisor waives the requirement in writing, Franchisee must arrange for the execution of the Lease Rider in the form of **Exhibit B** by Franchisee and its landlord in connection with any Lease for the approved Franchise Location and any other provisions that Franchisor may reasonably require. Franchisee must deliver to Franchisor the completely executed purchase agreement or Lease and Lease Rider within 10 days after execution of the Lease or purchase agreement. Franchisee must comply with the terms and conditions of the Lease for the approved Franchise Location. Franchisor is not obligated to execute Franchisee's Lease or guarantee a Lease for Franchisee.

5.1.2. Before commencing construction of the Franchise Location, Franchisee, at its expense, shall comply, to Franchisor's satisfaction, with all of the following requirements:

5.1.2.1. Franchisee shall comply, at Franchisee's expense, with all federal, state and local laws, codes and regulations, including, without limitation, the applicable provisions of the American with Disabilities Act (as amended, the "ADA") regarding the construction and design of the Franchise Location.

5.1.2.2. If so requested by Franchisor, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Franchisor shall not review, nor shall any approval be deemed to include, approval or acceptance of Franchisee's compliance with federal, state, or local laws and regulations, including the ADA. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor.

5.1.2.3. Franchisee shall obtain all permits and certifications required for the lawful construction of the Franchise Location. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to the Franchise Location.

5.1.2.4. Franchisee shall employ a qualified licensed general contractor who is acceptable to Franchisor to construct the Franchise Location and to complete all improvements. Franchisee shall obtain and maintain in force during the entire period of construction the insurance required under Article 11. Franchisee shall deliver to Franchisor such proof of such insurance as Franchisor shall require.

5.1.2.5. During the construction of the Franchise Location, Franchisee will permit Franchisor to make such on-site inspections of the Franchise Location as Franchisor determines appropriate to evaluate the construction or remodeling of the Franchise Location for compliance with Franchisor's requirements. Prior to opening for business, Franchisee shall comply with all preopening requirements set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor.

5.1.2.6. Within 30 days after the opening of the Franchise Location, Franchisee shall provide to Franchisor a full breakdown of all costs associated with the development and construction of the Franchise Location if so requested by Franchisor.

5.1.3. Franchisee shall use the Franchise Location solely for the operation of the Franchise; shall keep the Franchise open and in normal operation for such hours and days as Franchisor may from time to time specify in the Manuals or as

Franchisor may otherwise approve in writing; and shall refrain from using or permitting the use of the Franchise Location for any other purpose or activity at any time. As used in this Section, the term Franchise Location shall include the grounds surrounding the Franchise.

5.1.4. Franchisee shall at all times maintain the Franchise Location in a high degree of sanitation, repair, and condition, and in connection therewith shall make such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as Franchisor may reasonably direct. If at any time in Franchisor's judgment the general state of repair or the appearance of the Franchise Location or its equipment, fixtures, signs or decor does not meet Franchisor's quality control and standards therefor, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate, within 30 days after receipt of such notice, and thereafter diligently continue a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the Franchise Location and effect such repairs, painting, maintenance or replacements of equipment, fixtures or signs on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand.

5.1.5. In addition to the maintenance obligations set forth in above, Franchisee shall, at its expense, undertake such periodic and ongoing remodeling and upgrading of the Franchise Location, and the furniture, fixtures, equipment, décor, signage and trade dress of the Franchise Location, as required by Franchisor to cause the Franchise Location building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, and presentation of the Marks to be consistent with the then-current standards. Such remodeling and refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and, shall be completed to Franchisor's satisfaction pursuant to such standards, specifications, and deadlines as Franchisor may specify.

5.1.6. Franchisee may not relocate its Franchise Location unless it receives Franchisee's prior written approval, which Franchisor may grant or withhold at its sole discretion for any reason. Franchisee's relocation will be at its expense and Franchisor has the right to charge Franchisee for all reasonable costs and expenses it incurs to approve and implement the relocation.

5.1.7. If Franchisee signed this Agreement as an individual(s), Franchisee must transfer this Agreement to wholly-owned corporation or limited liability company pursuant to Section 12.9 of this Agreement before it begins operating the Franchise. Franchisee must remain a corporation or limited liability company, as applicable, in good standing under local law for the entire term of this Agreement. Prior to beginning operations, Franchisee must: (i) deliver proof of a valid and active business checking account in its business entity name with a reputable banking institution; and (ii) obtain a valid federal employer

identification number for the business entity. Franchisee must provide corporate documents and other proof of compliance with the above requirements immediately upon request.

5.2. Koala Rigs; Vehicles

5.2.1. Franchisee shall obtain that number of Koala Rigs prescribed by Franchisor from time to time, and ensure that its Koala Rigs are in proper working order.

5.2.2. Each Koala Rig shall consist of an enclosed trailer and certain proprietary equipment, and other items (the **"Koala Rig" or "Rig"**) installed in accordance with Franchisor's standards and requirements pursuant to the terms of an Equipment Sale Agreement. Currently Koala Rigs include blow-in rigs and spray-foam rigs but may include other equipment packages or otherwise be modified or substituted as specified from time to time by Franchisor. Franchisee acknowledges and agrees that Franchisor and its designees are the only approved suppliers of such Rigs, equipment and installation services. The Koala Rig must generally be moved by towing with an approved truck capable of and rated for the weight and requirements of the Koala Rig. When attached, the truck ("Truck") and trailer shall collectively constitute the Koala Rig.

5.2.3. Prior to Franchisee purchasing a Truck, Franchisee shall submit to Franchisor, in a form specified by Franchisor, information regarding the specifications and conditions of the Truck as Franchisor may reasonably require or Franchisee may comply with the then current guidelines as defined in the Manual. Franchisee may not purchase any Truck to be used with a Koala Rig unless and until it has received Franchisor's prior approval or ensures that the Truck complies with brand appearance standards in Franchisor's discretion. Franchisor may establish relationships with truck dealers and if it does so, Franchisee agrees to purchase solely from these approved dealers.

5.2.4. If the Franchise is not operated from a Franchise Location, Franchisee will make arrangements to store the Koala Rig(s) used in the operation of the Franchise in compliance with all applicable state and local laws and other restrictions.

5.2.5. Franchisee shall at all times maintain the Koala Rigs in a high degree of repair and condition, and in connection therewith shall make such repairs, replacements and refurbishment thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting, replacement of wraps or decals, replacement of equipment and parts or installation or refurbishment of signage as Franchisor may reasonably direct and pursuant to such standards, specifications and deadlines as Franchisor may specify.

5.2.6. Beginning on the Franchisee's 13th month of operations, Franchisee is required to have a sales vehicle, which complies with Franchisor's

then-current standards and specifications, that is primarily used for the purpose of marketing and selling business within the Territory.

5.2.7. To the extent that other vehicles or equipment are used in the Franchise, including without limitation Operations Manager or Salesperson vehicles, they must comply with the then current Brand Standards and Manual.

5.3. System Standards. Franchisee understands and acknowledges that every detail of the Franchise is important to Franchisee, Franchisor, and other franchisees to develop and maintain high operating standards, to increase the demand for the Services sold by all franchisees, and to protect Franchisor's reputation and goodwill.

5.4. Pre-Opening Obligations. Before commencing operations, Franchisee, at its expense, shall comply, to Franchisor's satisfaction, with all of the following requirements:

5.4.1. Franchisee shall comply, at Franchisee's expense, with all federal, state and local laws, codes and regulations.

5.4.2. Franchisee shall obtain all licenses, permits, and certifications required for the operation of the Franchise within the Territory and the parking and/or storage of Koala Rigs in the Territory.

5.4.3. Franchisee shall pay a Technology Activation Fee in the amount of $5,000, due within ten days of receipt of an invoice from us.

5.5. Opening. Franchisee shall open the Franchise within four months after the Effective Date. Prior to opening for business, Franchisee shall comply with all preopening requirements set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor. In addition, in connection with the opening of the Franchise:

5.5.1. Franchisee shall provide at least 14 days' prior notice to Franchisor of the date on which Franchisee proposes to first open the Franchise for business.

5.5.2. If the Franchise will operate from a Franchise Location, Franchisee shall not open the Franchise until Franchisor has determined that all construction has been substantially completed, and that such construction conforms to Franchisor's standards, and Franchisor has given Franchisee written approval to open, which approval shall not be unreasonably withheld.

5.5.3. Franchisee shall not open the Franchise until Franchisor has determined that Franchisee has obtained a sufficient number of Koala Rigs to Franchisor's standards in compliance with **Section 5.2** which shall be no less than one Blow-In and one Spray Foam rig.

5.5.4. Franchisee shall not open the Franchise until the Operating Principal, Salesperson and Operations Manager have successfully completed all initial training required by Franchisor, and Franchisee has hired and trained, to Franchisor's standards, a sufficient number of employees to service the anticipated level of the Franchise's customers.

5.6. Management and Training. Franchisee must appoint an individual owner as its **"Operating Principal"** who has at least a 20% equity interest in Franchisee, must have authority over all business decisions related to the Franchise, and must have the power to bind Franchisee in all dealings with Franchisor. The Operating Principal is specified on the Summary Page. Franchisee must also appoint an operations manager to manage the day-to-day business of the Franchise (the **"Operations Manager"**). Franchisee's Operating Principal may serve as its Operations Manager, unless Franchisor believes that he or she does not have sufficient experience. Franchisee must appoint a salesperson to manage the day-to-day customer service and sales functions in accordance with Franchisor's specifications (the "Salesperson"). Franchisee must provide Franchisor with written notice of its Operations Manager and Salesperson at least 14 days prior to initial training. Prior to the opening of the Franchise, the Operations Manager, Salesperson and the Operating Principal must attend and successfully complete, to Franchisor's satisfaction, the initial training program offered by Franchisor, pursuant to **Section 3.2**. If Franchisor determines, in its sole discretion, that the Operating Principal, Salesperson or Operations Manager is unable to satisfactorily complete any phase of the training program, Franchisor shall have the right to: (i) require the Salesperson, Operating Principal or Operations Manager, as the case may be, to attend such additional training as Franchisor may require, at Franchisee's expense; or (ii) terminate this Agreement, in which event neither Franchisor nor Franchisee shall have any further rights or obligations hereunder. If Franchisor terminates this Agreement pursuant to the prior sentence, Franchisor shall refund a portion of the Initial Franchise Fee as provided in Section 4.1. The daily operations of the Franchise are at all times required to be supervised under the active full-time management of the Operations Manager and Salesperson who have each successfully completed Franchisor's initial training program.

5.6.1. If the Operations Manager or Salesperson ceases active management of the Franchise or in the event the Operating Principal is changed or is no longer a 20% equity owner of the Franchisee, Franchisee must hire a new Operations Manager or Salesperson or appoint a new Operating Principal (as the case may be), who must be approved in writing by Franchisor. The new Operations Manager, Salesperson or Operating Principal must undergo a certification training program that is prescribed by Franchisor, which may include training at the Franchise, another Franchise or such other place as Franchisor shall designate. All expenses incurred by the new Operations Manager, Salesperson or Operating Principal in attending such program including, without limitation, travel costs, room and board expenses and salaries and other benefits, shall be the sole responsibility of Franchisee. In addition, Franchisee shall: (a) pay Franchisor's

then-current certification program fees; and (b) reimburse Franchisor for its out of pocket expenses, including without limitation, reasonable travel and room and board expenses (with a maximum of $500 per trainer per day). If Franchisor determines, in its sole discretion, that the new Operations Manager, Salesperson or Operating Principal is unable to satisfactorily complete the certification program, Franchisor shall have the right to: (i) require the new Operations Manager, Salesperson or Operating Principal, as applicable, to attend such additional training, at Franchisee's expense, so as to demonstrate his or her ability to operate the Franchise to Franchisor's satisfaction; or (ii) require Franchisee to promptly hire a replacement new Operations Manager, Salesperson or appoint a new Operating Principal among its equity owners (who must have at least 20% equity ownership) who shall be required to undergo the training and certification programs contemplated by this Section.

5.6.2. Franchisor from time to time may provide and, if it does, may require that the Operating Principal, Operations Manager, Salesperson and/or other employee attend and successfully complete refresher training programs or seminars including without limitation an annual conference, to be conducted at such location as may be designated by Franchisor. Franchisee shall pay to Franchisor the then-current fee for each person required to attend, up to $1,000 per day per individual. All expenses incurred by Franchisee and its employees in attending such program including, without limitation, travel costs, room and board expenses and salaries and benefits, shall be the sole responsibility of Franchisee.

5.6.3. If Franchisee requests that Franchisor provide on-site training in addition to the opening assistance described in **Section 3.4**, and Franchisor chooses to do so, then Franchisee agrees that it shall pay Franchisor's then-current per diem charges (up to $1,000) and out-of-pocket expenses, which shall be as set forth in the Manuals or otherwise in writing.

5.7. Personnel. Franchisee agrees to maintain a competent, conscientious and trained staff in numbers sufficient to promptly provide the Services and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe. Franchisee will be solely responsible to locate, interview, hire, schedule, supervise, compensate and discipline all employees of the Business and be exclusively responsible for all terms of their employment, compensation and other personnel-related matters without influence from Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's supervision or control.

5.8. Equipment Upgrades. Franchisee shall make, from time to time, such upgrades and other changes to the equipment, Koala Rigs and electronic equipment utilized in the Franchise, the Technology System and Required Software as Franchisor may request in writing (collectively, "**Equipment**

Upgrades"). Franchisor shall have the right to require any Equipment Upgrades it deems necessary for the Franchise.

5.9. Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchise in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing (as used in this Agreement, Franchisor's **"standards"**, **"requirements"**, **"specifications"** or **"Operating Standards"**). At a minimum, the Operating Standards shall include:

5.9.1. offering and selling at all times such services that conform to Franchisor's written standards and specifications, and refraining from deviating therefrom by the use or offer of any nonconforming services without Franchisor's specific prior written consent

5.9.2. maintaining in sufficient supply, using, offering and selling at all times only such products, equipment, supplies, materials, and goods that conform to Franchisor's written standards and specifications, and refraining from deviating therefrom by the use or offer of any nonconforming products without Franchisor's specific prior written consent.

5.9.3. offering and selling only such products as have been expressly approved for sale in writing by Franchisor; offering all products and services as Franchisor may specify from time to time as required offerings at the Franchise; offering all products authorized for sale as specified by Franchisor; refraining from any deviation from Franchisor's standards, without Franchisor's prior written consent; and discontinuing the sale of any products which Franchisor has disapproved, in writing, at any time. If Franchisee deviates or proposes to deviate from Franchisor's standards, whether or not such deviation is approved by Franchisor, such deviation shall become the property of Franchisor.

5.9.4. operating the Franchise to fully comply with all applicable laws and regulations.

5.9.5. offering and selling the services and products in accordance with any minimum, maximum, and/or specific prices that Franchisor may determine from time to time (except to the extent determination of prices by Franchisor is limited or prohibited by applicable law).

5.10. Non-Compliance. If Franchisee violates an Operating Standard, and fails to bring the Franchise into compliance with such Operating Standard within 10 days after Franchisor has delivered to Franchisee written notice of the violation, Franchisee shall pay to Franchisor upon demand $100 for each day that Franchisee is not in compliance with the relevant Operating Standard. Franchisor's right to charge these amounts is in addition to any other remedy provided under this Agreement, including under **Section 13**. Franchisor's damages from Franchisee's failure to comply with this Section may include loss of good will and other

damages, and are difficult to measure and quantify; such amount is, therefore, a reasonable approximation of damages, and not a penalty.

5.11. Suppliers and Sourcing Requirements. Franchisor has the right to require that services and products offered by Franchisee, and services, products and equipment used by Franchisee in the establishment and operation of the Franchise: (a) meet specifications that Franchisor establishes from time to time; and/or (b) be purchased only from manufacturers, vendors, distributors, and other suppliers that Franchisor has expressly approved; and/or (c) be purchased only from a single source (which may include Franchisor or its affiliates or other suppliers which provide a financial benefit to Franchisor and may not be the least expensive supplier). To the extent that Franchisor establishes specifications, requires approval of suppliers, or designates specific suppliers for particular items, Franchisor will notify Franchisee via the Manuals or otherwise in writing. In determining whether Franchisor will approve any particular supplier, Franchisor shall consider various factors, including a supplier who can demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then current standards and specifications for such items; who possesses adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; who would enable the System, in Franchisor's sole opinion, to take advantage of marketplace efficiencies; and who has been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier, and have not thereafter been disapproved. For the purpose of this Agreement, the term **"supplier"** shall include, but not be limited to, manufacturers, distributors, resellers, and other vendors. Franchisee recognizes that Franchisor shall have the right to appoint only one supplier for any particular item, and that Franchisor may so designate itself or its affiliate.

5.11.1. If Franchisee wishes to purchase any services, products, equipment or any items that Franchisor has not approved or to purchase from an unapproved supplier, Franchisee shall first submit to Franchisor a written request for such approval. If Franchisee makes a written request for approval of an alternative insulation supplier, then Franchisor will not unreasonably withhold its consent provided that the conditions for approval in this Section 5.11.1 are satisfied. Notwithstanding the foregoing, Franchisor retains the right to appoint itself or its affiliate as the sole supplier for any particular item or service, and Franchisor is not obligated to approve an alternative supplier for those items Franchisee shall not purchase any products or services or make purchases from any supplier until, and unless, such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing or evaluation. Franchisor may require that Franchisee or supplier pay a reasonable fee charge for such testing or evaluation. Franchisor may also require that the supplier comply with such other requirements as Franchisor may deem appropriate, including payment of reasonable continuing inspection/evaluation fees and administrative costs. Franchisor reserves the right, at its option, to

reinspect from time to time the facilities and products or equipment of any such approved supplier and to revoke its approval of any item or supplier upon the item's or supplier's failure to continue to meet any of Franchisor's then current criteria.

5.11.2. Franchisee acknowledges and agrees that Franchisor shall have the right to collect and retain all manufacturing allowances, markups, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to Franchisee or to Franchisor or its affiliates based upon purchases of products, equipment and other goods and services made by the Brand Fund or Franchisees. These Allowances are based on System-wide purchases of products, services, merchandise and other items and shall be unrestricted income to Franchisor. Franchisee assigns to Franchisor or its designee all of Franchisee's right, title and interest in and to any and all such Allowances and authorizes Franchisor or its designee to collect and retain any or all such Allowances without restriction (unless otherwise instructed by the supplier). Franchisor may mark up or receive Allowances from any providers or vendors doing business with Franchisees, Franchisor or the Brand Fund including without limitation, equipment, supplies, advertising and marketing vendors. Franchisor may in its sole discretion retain as income with no further obligations or utilize some or all of the Allowances for System-wide marketing, other brand enhancement activities or specific required or local area marketing, or such Allowance monies may be deposited into the Brand Fund for future use and expenditures by the Brand Fund.

5.11.3. Compliance with laws regarding the chemicals, products, equipment and other supplies that Franchisee uses in its Franchise is Franchisee's sole responsibility. Franchisor makes no warranty or representation that chemicals, products and other supplies that it recommends, approves or requires comply with applicable laws in Franchisee's jurisdiction. Franchisee must notify Franchisor in writing immediately if any recommended, approved or required chemical, product or supply is subject to regulation or laws in Franchisee's jurisdiction. Franchisor will cooperate with Franchisee in identifying substitute equipment, products or supplies as appropriate.

5.12. Inspections. Franchisee grants Franchisor and its agents the right to enter upon the Franchise premises (if applicable) or attend and monitor Franchisee while performing services for customers at any time for the purpose of conducting inspections, for among other purposes, preserving the validity of the Marks, and verifying Franchisee's compliance with this Agreement and the Operating Standards and policies and procedures outlined in the Manuals. Franchisee shall cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, Franchisee shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Franchisee shall reimburse Franchisor for the travel expenses and room and board of Franchisor's

representatives for all inspections including subsequent inspections to ensure all deficiencies have been corrected. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee for Franchisor's actual expenses in taking such actions, payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies Franchisor may have.

5.13. Technology System. At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Technology System and Required Software, and Franchisee shall enter into all licenses or agreements and pay such licensing fees as necessary for Franchisee to obtain the rights to use the Technology System and Required Software. Franchisee shall also pay to Franchisor the then-current amount of the Technology Fee ("Technology Fee"), currently $344 per Territory per month (which may be increased to be equal to up to $500 per month per Territory). If Franchisee has more than one Territory, the total Technology Fee for up to 4 contiguous Territories shall be equal to the then-current Technology Fee for one Territory. Franchisor shall have the right at any time to retrieve and use such data and information from Franchisee's Technology System that Franchisor deems necessary or desirable, including, without limitation, the uses identified in **Section 9.5**, and Franchisee agrees to do all things necessary to provide such access. Franchisee expressly agrees that it shall strictly comply with Franchisor's standards and specifications for all item(s) associated with Franchisee's Technology System and will otherwise operate its Technology System in accordance with Franchisor's standards and specifications. Franchisee agrees it shall keep its Technology System in good maintenance and repair, at its expense, and shall promptly install such additions, changes, modifications, substitutions and/or replacement to the Technology System and the Required Software as Franchisor directs periodically in writing. Franchisee shall provide to Franchisor, upon Franchisor's request, all email lists and customer lists used or maintained by Franchisee on the Technology System, the Required Software or elsewhere. Franchisee must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that Franchisor or the licensor of the Required Software require. Franchisee must comply with all laws and payment card provider standards relating to the security of the Technology System, including, without limitation, the Payment Card Industry Data Security Standards. Franchisee may not use any other cash registers or computer systems in the Franchise.

5.14. Uniform Attire. To promote a uniform System image, Franchisee shall require all of its personnel to dress during business hours in the attire specified in the Manuals.

5.15. Participation in Promotions and Incentive Programs. Franchisee shall participate in promotional programs developed by Franchisor for the System, in the manner directed by Franchisor in the Manuals or otherwise in writing.

5.16. Franchisee Advisory Council. Franchisor may establish an advisory council comprised of Franchisees for the purpose of fostering communication among and between franchisees and Franchisor, as well as to establish, modify or discuss various policies applicable to Franchise businesses operating under the System (the **"Franchisee Advisory Council"**). If Franchisor establishes the Franchisee Advisory Council, Franchisee may be required to become a member of the Franchisee Advisory Council and participate in Franchisee Advisory Council meetings and programs as Franchisor shall designate. Franchisor will not assess fees or dues for participation in or on the Franchisee Advisory Council, but Franchisee may be required to pay dues (which may be expended in any allocation in accordance with the vote of the Franchisee Advisory Council subject to the approval of Franchisor) to the Franchisee Advisory Council if the Franchisee Advisory Council, which is controlled by franchisees, determines that fees shall be assessed. Franchisee may be required to pay all costs and expenses incurred in connection with participation in the Franchisee Advisory Council including, without limitation, the costs of transportation, lodging, and meals.

5.17. Franchisee Structure.

5.17.1. Except as otherwise approved in writing by Franchisor, if Franchisee is a corporation, it shall: (i) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Franchise; (ii) furnish Franchisor with a copy of its articles or certificates of incorporation and bylaws, as well as such other documents as Franchisor may reasonably request, and any amendment thereto; (iii) maintain stop transfer instructions on its records against the transfer of any equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to Franchisor, appears which references the transfer restrictions imposed by this Agreement; (iv) not issue any voting securities or securities convertible into voting securities; and (v) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Franchisee and furnish the list to Franchisor upon request, which list shall be amended to reflect changes in ownership, as permitted under this Agreement.

5.17.2. If Franchisee is a partnership or limited liability partnership it shall: (i) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Franchise; (ii) furnish Franchisor with its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto; (iii) prepare and furnish to Franchisor, upon request, a current list of all general and limited partners in Franchisee, which list shall be amended to reflect changes in ownership, as permitted under this Agreement; and (iv) maintain stop transfer instructions on its records and in its partnership agreement against the transfer of partnership interests and equity securities, and shall only issue securities or partnership interests with documentation which bears a notice or legend, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement.

5.17.3. If a Franchisee is a limited liability company, Franchisee shall: (i) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Franchise; (ii) furnish Franchisor with a copy of its articles of organization and operating agreement, as well as such other documents as Franchisor may reasonably request, and any amendments thereto; (iii) prepare and furnish to Franchisor, upon request, a current list of all members and managers in Franchisee, which list shall be amended to reflect changes in ownership, as permitted under this Agreement; and (iv) maintain stop transfer instructions on its records against the transfer of equity securities and shall only issue securities upon the face of which bear a legend, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement.

5.18. Guarantee of Performance. Each present and future direct and indirect: (i) shareholder of a corporate Franchisee; (ii) member of a limited liability company Franchisee; (iii) partner of a partnership Franchisee; or (iv) partner of a limited liability partnership Franchisee; shall jointly and severally guarantee Franchisee's performance of each and every provision of this Agreement by executing the Guarantee, Indemnification and Acknowledgment in the form attached to this Agreement as **Exhibit C-1**, provided that such shareholder, member, partner, or individual owns, directly or indirectly, 5% legal ownership interest in Franchisee or the Franchise (each, a "Guarantor"). In addition, each shareholder, member, partner, or individual that owns, directly or indirectly, less than 5% of the ownership interests in Franchisee or the Franchise, as well as the spouse of each Guarantor (provided that they own directly or indirectly, less than 5% of the ownership interests in Franchisee or the Franchise) (each, a "Limited Guarantor") must sign the Limited Guaranty and Assumption of Franchisee's Obligations in the form attached to this Agreement as **Exhibit C-2.** In the event a Limited Guarantor subsequently obtains, directly or indirectly, at least 5% ownership interest in Franchisee or the Franchise, then Franchisor may require the Limited Guarantor to sign the Guarantee, Indemnification and Acknowledgment in the form attached to this Agreement as **Exhibit C-1**.

5.19. System Modifications. Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System as Franchisor deems appropriate, including, without limitation, to reflect the changing market and/or to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Franchises. Franchisor's changes to the System may include, without limitation, the adoption and use of new or modified products, services, equipment and furnishings and new techniques and methodologies relating to the sale, promotion and marketing of products and services, and new trademarks, service marks and copyrighted materials. Franchisee shall, upon reasonable notice, accept, implement, use and display in the operation of the Franchise any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Franchisee's sole expense. Additionally, Franchisor reserves the right, in its sole discretion, to vary the

standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Franchise or the System.

5.20. Third-Party Management. The Franchise shall be operated under the control and supervision of Franchisee (or if an entity, the Operating Principal) or its Operations Manager. Franchisee shall not, without the prior written approval of Franchisor, which may be denied for any reason or no reason at all, hire or retain a management company, manager (other than an employee manager trained and approved by Franchisor), or third party to undertake any of the management or operational functions of the Franchise.

6. PROPRIETARY MARKS

6.1. Ownership of the Marks. Franchisor represents that it is the owner of all right, title and interest in and to the Marks or otherwise maintains the right to use, license and sub-license such Marks.

6.2. Use of the Marks. With respect to Franchisee's use of the Marks, Franchisee agrees that:

6.2.1. Franchisee shall use only the Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor; all items bearing the Marks shall bear the then-current logo.

6.2.2. Franchisee shall use the Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder, or in Franchisor approved advertising for the business conducted at or from that location.

6.2.3. Unless Franchisor otherwise directs Franchisee, in writing to do so, Franchisee shall operate and advertise the Franchise only under the name "Koala Insulation" or the name listed on the Summary Page to this Agreement.

6.2.4. During the term of this Agreement and any renewal of this Agreement, Franchisee shall identify itself to the public (in a manner reasonably acceptable to Franchisor) as an independent contractor operating the Franchise under a license from Franchisor, and to post a notice to that effect, and as Franchisor directs, in Franchisee's advertising, contracts, forms, stationery and promotional materials.

6.2.5. Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

6.2.6. Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

6.2.7. Franchisee shall not use the Marks or the word Koala or any variant thereof as part of its corporate or other legal name, or as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium.

6.2.8. Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Marks or to maintain their continued validity and enforceability.

6.2.9. With respect to litigation involving the Marks, the parties agree that:

6.2.9.1. Franchisee shall promptly notify Franchisor of any suspected infringement of the Marks, any known challenge to the validity of the Marks, or any known challenge to Franchisor's ownership of, or Franchisee's right to use, the Marks licensed hereunder. Franchisee acknowledges that Franchisor shall have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. Franchisor shall also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks.

6.2.9.2. If Franchisor undertakes the defense or prosecution of any litigation relating to the Marks, Franchisee shall execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action.

6.3. Franchisee Acknowledgments. Franchisee expressly understands and acknowledges that:

6.3.1. The Marks are valid, owned by Franchisor, and serve to identify the System and those who are authorized to operate under the System.

6.3.2. Neither Franchisee nor any owner of Franchisee shall directly or indirectly contest the validity of Franchisor's ownership of the Marks, nor shall Franchisee, directly or indirectly, seek to register the Marks with any government agency, except with Franchisor's express prior written consent.

6.3.3. Franchisee's use of the Marks does not give Franchisee any ownership interest or other interest in or to the Marks, beyond the limited non-exclusive License granted by this Agreement.

6.3.4. Any and all goodwill arising from Franchisee's use of the Marks shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the License herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks.

6.3.5. The License of the Marks is nonexclusive, and Franchisor thus has and retains the rights, among others:

6.3.5.1. To use the Marks itself in connection with selling products and services;

6.3.5.2. To grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees or other licensees authorized to operate using the Marks;

6.3.5.3. To develop and establish (or acquire or be acquired by) other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

6.3.6. Franchisor reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder if the Marks no longer can be used, or if Franchisor, exercising its right to do so, determines that substitution of different proprietary marks will be beneficial to the System. In such circumstances, Franchisee shall implement, at Franchisee's expense, such substituted proprietary marks in such ways as Franchisor may direct, and the use of the substituted proprietary marks shall be governed by the terms of this Agreement.

7. CONFIDENTIAL OPERATING MANUALS

7.1. Manuals. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall conduct its business in accordance with the Manuals, one or more copies of which, or access to, Franchisee acknowledges having received on loan from Franchisor for the term of this Agreement. The Manuals may consist of multiple volumes of printed text, video and/or audio tapes and files, computer disks, and other electronically stored data, and Franchisee acknowledges and agrees that Franchisor may provide a portion or all of the Manuals (including updates and amendments), and other instructional information and materials in, or via, electronic media, including without limitation, through the Internet.

7.2. Confidentiality of the Manuals. Franchisee shall at all times treat the Manuals, any other manuals created for or approved for use in the operation of the Franchise, and the information contained therein, as confidential, and shall use best efforts to maintain such information as secret and confidential, protect it from viewing by others, and treat the Manuals with the same degree of care as it would treat its most highly confidential documents. Franchisee shall not at any time download, print, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.3. Protection of the Manuals. The Manuals shall at all times remain the sole property of Franchisor and shall at all times be kept in a secure manner at the Franchise premises. Franchisee shall ensure that the Manuals are kept current and up to date; and, in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's home office shall be controlling.

7.4. Revisions to the Manuals. Franchisor may from time to time revise the contents of the Manuals, and Franchisee expressly agrees to make corresponding revisions to its copy (to the extent Franchisor permits Franchisee to maintain a written copy) of the Manuals and to comply with each new or changed standard immediately upon receipt of such revision.

8. CONFIDENTIAL INFORMATION

8.1. Confidential Information. Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or knowhow concerning the methods of operation of the business franchised hereunder which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchise. Any and all information, knowledge, knowhow, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others. Any employee who may have access to any confidential information regarding the Franchise shall execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with Franchisee. Such covenants or non-disclosure/non-competition agreements shall be on a form provided by Franchisor, which form shall, among other things, designate Franchisor as a third party beneficiary of such covenants with the independent right to enforce them.

8.2. Irreparable Injury. Franchisee acknowledges that any failure to comply with the requirements of this **Section 8** will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this **Section 8**.

8.3. Information Exchange. Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques, services, and products conceived or developed by Franchisee, its affiliates, owners, agents, or employees during the term of this Agreement relating to the development and/or operation of the Franchise. Franchisee hereby grants to Franchisor and agrees to procure from its affiliates, owners, agents, or employees a perpetual, nonexclusive, and worldwide

right to use any such ideas, concepts, methods, techniques, services and products. Franchisor shall have no obligation to make any payments to Franchisee with respect to any such ideas, concepts, methods, techniques or products. Franchisee agrees that Franchisee will not use or allow any other person or entity to use any such concept, method, technique or product without obtaining Franchisor's prior written approval.

9. ACCOUNTING AND RECORDS

9.1. Records. With respect to the operation and financial condition of Franchisee and the Franchise, Franchisee shall adopt, until otherwise specified by Franchisor, a fiscal year and fiscal accounting periods which coincide with Franchisor's then-current fiscal year, as specified by Franchisor. Franchisee shall maintain for a period of not less than three years during the term of this Agreement, and, for not less than three years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing. During the first full year of operations, Franchisee must use a bookkeeping service or platform approved by Franchisor. Franchisor or its affiliates may be approved vendors of bookkeeping services, and if utilized by Franchisee, Franchisee would be required to pay the then-current bookkeeping services fee ("**Bookkeeping Services Fee**"), which would be paid at the same time and in the same manner as the Royalty Fees. As of the date of this Agreement, the Bookkeeping Services Fee is $350 per month, but Franchisor may increase it at any time upon notice to Franchisee to be up to $500 per month. The Bookkeeping Services Fee covers up to 5 hours of bookkeeping assistance per month; however, if Franchisee requires more than 5 hours of bookkeeping assistance per month, then Franchisor will charge Franchisee $55 per hour for additional assistance, which Franchisor may increase at any time upon notice to Franchisee to be up to $100 per hour of additional assistance.

9.2. Periodic Reports. In addition to the record keeping requirements of **Section 9.1**:

9.2.1. If requested by Franchisor, Franchisee shall, at its expense, provide to Franchisor, in a format specified by Franchisor, a complete annual financial statement (prepared according to generally accepted accounting principles, that includes a fiscal year-end balance sheet, an income statement of the Franchise for such fiscal year reflecting all year-end adjustments, and a statement of changes in cash flow of Franchisee), on a review basis, prepared by an independent certified public accountant satisfactory to Franchisor, no later than April 15 of each year for the preceding fiscal year of the Franchise, showing the results of operations of the Franchise during the most recently completed fiscal year. Franchisee shall also provide Franchisor with a copy of Franchisee's federal and state tax returns, not more than 30 days following Franchisee's submission of the same to governmental authorities. If Franchisee files any extension request with any taxation authority,

Franchisee shall within 30 days of filing such extension request provide a copy of the request and any confirmation or approval received by the taxing authority.

9.2.2. Within 45 days following the end of each calendar quarter during the term of this Agreement, after the opening of the Franchise, Franchisee shall submit to Franchisor, in a format acceptable to (or, at Franchisor's election, specified by) Franchisor, as amended from time to time: (i) a fiscal quarter and fiscal year to date profit and loss statement and a quarterly balance sheet (which may be unaudited) for the Franchise; (ii) reports of those income and expense items of the Franchise which Franchisor specifies from time to time for use in any revenue, earnings, and/or cost summary it chooses to furnish to prospective franchisees and/or developers; and (iii) copies of all state sales tax returns for the Franchise. If required by Franchisor, Franchisee shall use on-line or other electronic accounting and reporting systems as Franchisor may specify periodically.

9.3. Reporting Requirements. Franchisee shall also submit to Franchisor in addition to the Sales Reports required pursuant to **Section 4.2**, for review or auditing, such other forms, reports, records, information, and data as and when Franchisor may reasonably designate, in the form and format, and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manuals or otherwise in writing, including, without limitation, via computer diskette, or otherwise in electronic format, and/or restated in accordance with Franchisor's financial reporting periods, consistent with Franchisor's then current financial reporting periods and accounting practices and standards. Franchisee shall, without limitation, provide Franchisor with login, API and other access information as required from time to time to permit Franchisor to remotely access Franchisee's bookkeeping software (i.e. QuickBooks or other software designated by Franchisor) to pull reports, download data and perform any other action permitted under this Agreement. Franchisee shall immediately, without further request from Franchisor, provide updated access information to Franchisor when the previously provided information is changed. The reporting requirements of this **Section 9.3** shall be in addition to, and not in lieu of, the electronic reporting that may be required in connection with the use of the required Technology System under **Section 5.13**.

9.4. Audit. Franchisor or its designated agents shall have the right at all reasonable times to examine, copy, and/or personally review or audit, at Franchisor's expense, all books, records, and sales and income tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee and Franchisee agrees that it shall pay Franchisor the costs of one audit each calendar quarter during the term of this Agreement, if an audit is necessitated because Franchisee fails to timely provide Sales Reports or if an audit discloses an understatement in any report by Franchisee of 5% or more, Franchisee shall, reimburse Franchisor for all costs and expenses connected with the audit (including, without limitation, travel, room and board and salaries and other benefits, and reasonable accounting and legal costs).

If an inspection should reveal that any payments have been understated in any report to Franchisor, then Franchisee shall immediately pay Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of 1.5% per month, or the maximum rate permitted by law, whichever is less. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

9.5. Data. Franchisor may, from time-to-time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Technology System installed at the Franchise, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. Franchisee acknowledges and agrees that Franchisor owns all business records and databases, whether in print, electronic or other form, related to the business ("Business Records") that include, without limitation, Customer Data (as defined below). Franchisee further acknowledges and agrees that, at all times during the term of this Agreement, Franchisor has the right to access and use the Business Records as Franchisor determines to be in the best interest of Franchisor or the System. "Customer Data" means lists of all former, current or prospective customers and referral sources as well as all other data, information and materials Franchisor or Franchisee collects or receive from, or which relate to, these individuals, including, without limitation, their names, addresses, telephone numbers, e-mail addresses and customer purchase records created and/or maintained by Franchisee. Franchisee may not use the Business Records for any purpose whatsoever other than in the normal conduct of the Business, and may not sell, loan or give the Business Records to anyone without Franchisor's prior written permission. Upon termination or expiration of this Agreement, Franchisee must promptly deliver to Franchisor all Business Records in Franchisee's possession, including, without limitation, all Customer Data, without retaining any copies of the Business Records, including, without limitation, any hard or electronic copies. Franchisee must maintain all Customer Data (and/or Business Records) consistent with any applicable federal, state, or local privacy laws.

9.6. Personal Information Privacy. Franchisor has the right, and Franchisee hereby consents, to Franchisor using and disclosing all personal information collected from Franchisee and its owners for any purpose connected with the System, and this Agreement and its enforcement, including providing or listing contact information for Franchisee and its owners and management employees for System communication purposes, including with landlords and other suppliers of goods or services, or prospective Franchisees; posting on franchise system websites listing Franchisees; in or in connection with Franchisor's disclosure documents and, where applicable, prospectuses, statements of material facts and other securities filings and documents; and making reports or information received from Franchisee pertaining to the franchise, or portions thereof or extracts therefrom, available for inspection by prospective franchisees, to substantiate information contained in Franchisor's disclosure documents for prospective franchisees regarding the subject matter of such reports or

information, as the same pertain to the Franchise or the System in general. Franchisor may also share such personal information where needed with Franchisor's professional advisors, lenders or affiliates or under agreements with third parties relating to the Franchise or the System. Franchisor may give access to or transfer Franchisor's files containing such personal information to a prospective purchaser or purchaser of the franchise system. Franchisee is responsible to obtain any required consents from its owners and management employees as may be necessary for it to comply with these provisions.

10. ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

10.1. Brand Funds. Franchisor shall have the right to establish, at any time, the Brand Fund as described in this **Section 10**.

10.2. Brand Fund Contributions and Local Marketing Expenditures. Beginning the calendar month prior to when Franchisee opens and commences operations of the Franchise through the first five calendar months after opening, Franchisee must spend a minimum of $2,500 per month on advertising and promoting the Franchise within the Territory (the "Opening Advertising"). In addition to the Opening Advertising, immediately upon opening and commencing operations, Franchisee shall, during each calendar month, spend on advertising and promotion the greater of $2,000 or 5% of Franchisee's Gross Sales to advertise and to promote the Franchise through methods, media and advertising approved by Franchisor (together, "Local Marketing"). If Franchisee has more than one Territory, the total combined Local Marketing minimum spending requirement for up to 4 contiguous Territories shall be equal to the then-current Local Marketing minimum spending requirement for one Territory. Franchisor shall have the right to designate in writing from time to time how, and in what proportions, Franchisee is to allocate its Local Marketing. Additionally, Franchisee shall contribute (i) 1% of Gross Sales to the Brand Fund ("Brand Fund") as may be established pursuant to Section 10.3. The Brand Fund contribution may be increased to 2% upon notice to Franchisee.

10.2.1.1. Franchisor shall provide Franchisee with not less than 60 days prior written notice of any change in the required Local Marketing (which will not exceed 5% of Gross Sales). Franchisor shall not increase required Brand Fund contributions to an amount exceeding 2% of Gross Sales.

10.2.1.2. Franchisee shall pay required Brand Fund Contributions in the manner required under **Section 4** (or as otherwise provided in this **Section 10**).

10.2.1.3. For all company-owned Franchises, Franchisor shall contribute to the Brand Fund on the same basis as franchisees.

10.3. Brand Fund. Although it is under no obligation to do so, Franchisor may at any time establish a Brand Fund, as follows:

10.3.1. Franchisor or its designee shall have the right to direct all advertising programs, as well as all aspects thereof, including without limitation, the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition, acceptance, perception of, and use of the System; and that Franchisor and its designee are not obligated, in administering the Brand Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Fund. Franchisor may engage the services of a franchise sales organization for development of the franchise system, and Franchisee specifically acknowledges and agrees that such franchise sales organization may be compensated out of the Brand Fund in exchange for services and products that, while not intended solely to market the sale of franchises, benefit the franchise system through franchise development and brand marketing.

10.3.2. The Brand Fund, all contributions thereto, and any earnings thereon, shall be used exclusively (except as otherwise provided in this **Section 10.3**) to meet any and all costs of maintaining, administering, directing, conducting, creating and/or otherwise preparing advertising, marketing, public relations and/or promotional programs and materials, research and design relating to branding and implementation of re-branding programs and strategies, and any other activities which Franchisor believes will enhance the image of the System, including, without limitation, the costs of: preparing and/or conducting media advertising campaigns; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; purchasing promotional items; developing new or modified trade dress and marks; point-of-purchase (POP) materials; design and photographs; purchasing media space or time (including all associated fees and expenses); administering regional and multi-regional marketing and advertising programs; market research; developing and implementing customer loyalty programs; the creative development of, and actual production associated with, premium items, give-aways, promotions, contests, public relation events, and charitable or non-profit events; developing, implementing and maintaining an electronic commerce website and/or related strategies; maintaining and developing one or more websites devoted to the System, the Marks and/or the "Koala" brand; providing promotional and other marketing materials and services to the Franchises operated under the System; and the salaries of Franchisor's employees to the extent such employees provide services in conjunction with System marketing activities. The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by Franchisor, which products, services, or improvements Franchisor shall have the right to determine what will promote general public awareness and favorable support for the System.

10.3.3. Franchisee shall contribute to the Brand Fund in the manner specified by Franchisor. All sums paid by Franchisee to the Brand Fund shall be maintained in an account separate from Franchisor's other monies. The Brand Fund will not be used to defray the general operating expenses of Franchisor except that Franchisor shall have the right to charge the Brand Fund for such reasonable administrative costs and overhead as Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Fund and advertising programs for franchisees and the System. The Brand Fund and its earnings shall not otherwise inure to the benefit of Franchisor.

10.3.4. The Brand Fund is not intended to be, nor will it be deemed to be a trust, and Franchisor does not assume any fiduciary obligation to Franchisee for maintaining, directing or administering the Brand Fund or for any other reason. A statement of the operations of the Brand Fund as shown on the books of Franchisor shall be prepared annually by Franchisor and shall be made available to Franchisee on an annual basis upon Franchisee's written request.

10.3.5. Although the Brand Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the Brand Fund. The Brand Fund shall not be terminated, however, until all monies in the Brand Fund have been expended for advertising and/or promotional purposes. If Franchisor terminates the Brand Fund, Franchisor shall have the right to require Franchisee to spend an amount equal to previous Brand Fund contribution amount on Local Marketing and allocate such spending as directed by Franchisor.

10.4. Promotional Materials and Marketing Assistance. Franchisor shall make available to Franchisee from time to time, at Franchisee's expense, advertising plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point of purchase materials, special promotions, direct mail materials, community relations programs, and similar advertising and promotional materials for use in advertising and promotion. Franchisor may provide periodic marketing assistance to Franchisee.

10.5. Approvals. For all proposed advertising, marketing, and promotional plans, Franchisee shall submit samples of such plans and materials to Franchisor (by means described in **Section 20**), for Franchisor's review and prior written approval (except with respect to prices to be charged by Franchisee). If written approval is not received by Franchisee from Franchisor within 30 days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have disapproved them. Franchisee acknowledges and agrees that any and all copyright in and to advertising and promotional materials developed by or on behalf of Franchisee shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision.

10.6. Minimum Requirements Only. Franchisee understands and acknowledges that the required Local Marketing and Brand Fund contributions are minimum

requirements only, and that Franchisee may, and is encouraged by Franchisor to expend additional funds for local advertising and promotion of a local nature which will focus on disseminating advertising directly related to the Franchise.

10.7. Websites; Internet Use. Franchisee shall not, without Franchisor's prior written approval, offer, promote, or sell any products or services, or make any use of the Marks, through the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce (as defined below) and co-branding arrangements. Any website shall be deemed "advertising" under this Agreement and will be subject to (among other things) Franchisor's approval under **Section 10.6**. Franchisor has the right to control or designate the manner of Franchisee's use of all URLs, domain names, website addresses, metatags, links, key words, e-mail addresses and any other means of electronic identification or origin ("**e-names**"). Franchisor also has the right to designate, approve, control or limit all aspects of Franchisee's use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, home pages, bulletin boards, chat rooms, social networking sites, linking, framing, online purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware (collectively, "**e-commerce**"). Franchisee agrees to follow all of Franchisor's policies and procedures related to the use and regulation of e-commerce. Franchisee agrees to be bound by any terms of use, privacy policy and copyright notice and takedown policies and the like that Franchisor establishes from time to time. Franchisor may require Franchisee, at Franchisee's expense, to coordinate its e-commerce activities with Franchisor, other Franchises, suppliers and/or affiliates. Other than any e-mail or any similar account provided to Franchisee by Franchisor, if any, Franchisee shall not establish any e-mail account using the Marks or similar names or marks. Franchisee agrees to use any e-mail or any similar account provided to Franchisee by Franchisor solely for business purposes. Franchisee shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the Koala Website. Franchisee may not establish or participate in any Koala related blog or other discussion forum. Franchisee recognizes and agrees that Franchisor and its affiliates own all rights, title and interest in and to any and all websites and e-names that Franchisor commissions or utilizes, or requires or permits Franchisee to utilize, in connection with the System, which bear the Marks or any derivative of the Marks. Franchisee also recognizes and agrees that Franchisor and/or its affiliates own all rights, title and interest in and to any and all data or other information collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such data or other information also constitutes Franchisor's confidential information subject to **Article 8.**

10.8. Limitations on Associations with the Marks. Franchisee acknowledges and agrees that certain associations between Franchisee and/or the Franchise, and/or the Marks and/or the System, and/or businesses operating under or products sold under the Marks or the Koala brand names on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, the reputation of Franchisor, the System, the Koala brand, or the good will associated with the Marks. Accordingly, Franchisee shall not, without the prior written approval of Franchisor, engage in any activities with, or donate any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity, if such action is taken, or may be perceived by the public to be taken, in the name of, in connection with, or in association with Franchisee, the Marks, the Franchise, the Franchisor, or the System.

11. INSURANCE

11.1. Insurance Requirements. Prior to the commencement of any activities or operations pursuant to this Agreement, Franchisee shall procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement), at Franchisee's expense, the following insurance policy or policies in connection with the Franchise or other facilities on the premises, or by reason of the construction, operation, or occupancy of the Franchise or other facilities on premises. Such policy or policies shall be written by an insurance company or companies acceptable to Franchisor, having a rating of at least "A-7" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that Franchisor reasonably designates if A.M. Best Company no longer publishes the Key Rating Guide) and licensed to do business in the state in which the Franchise is located. Such policy or policies shall be in accordance with standards and specifications set forth in the Manuals or otherwise in writing and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Manuals or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances), the following:

11.1.1. Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of not less than $1,000,000 per occurrence.

11.1.2. If any vehicles are used for business purposes, business automobile liability insurance, including a combined single bodily injury and property damage coverage for all owned, nonowned, and hired vehicles, with limits of liability not less than $1,000,000 per occurrence for both bodily injury and property damage.

11.1.3. Statutory workers' compensation insurance and employer's liability insurance for a minimum limit of at least $500,000, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Franchise is located.

11.1.4. Commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages to not less than $2,000,000 total limit of liability.

11.1.5. Property insurance providing coverage for direct physical loss or damage to real and personal property for all-risk perils, including the perils of flood and earthquake.

11.1.6. Any other insurance coverage that is required by federal, state, or municipal law.

11.2. Referenced in Manuals. All policies listed in **Section 11.1** (unless otherwise noted below) shall contain such endorsements as shall, from time to time, be provided in the Manuals.

11.3. Policy Cancellation. In the event of cancellation, material change, or nonrenewal of any policy, 60 days' advance written notice must be provided to Franchisor in the manner provided in **Article 20**. Franchisee shall arrange for a copy of such notification to be sent to Franchisor by the insurance company.

11.4. Construction and Remodeling Insurance. In connection with all significant construction, reconstruction, or remodeling of the Franchise during the term of this Agreement, Franchisee will cause the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in the Manuals, all written by insurance or bonding companies approved by Franchisor, having a rating as set forth in **Section 11.1**.

11.5. No Waiver of Obligations. Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in **Section 17.4.**

11.6. Franchisor to be Additional Insured. All insurance policies shall list Franchisor, its parent Outdoor Living Brands Holdco, LLC and their affiliates, officers, directors, employees, and agents as additional insureds.

11.7. Certificates of Insurance. At least 30 days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least 30 days prior to the expiration of any such policy, Franchisee shall deliver to Franchisor, certificates of insurance evidencing the proper coverage with limits not less than those required hereunder. All certificates shall expressly provide that no less than

30 days' prior written notice shall be given Franchisor in the event of material alteration to, cancellation, or nonrenewal of the coverages evidenced by such certificates. Further certificates evidencing the insurance required by **Section 11.1** shall name Franchisor, and each of its affiliates, directors, agents, and employees as additional insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by Franchisee of any policy provisions for which such certificates evidence coverage. In the event that Franchisee fails to provide evidence reasonably satisfactory to Franchisor of the insurance policies required by this **Article 11**, Franchisor may, but is not required to, obtain such required policies on Franchisee's behalf, and Franchisee agrees that it will promptly reimburse Franchisor for all costs related to obtaining such policies upon notice from Franchisor.

11.8. Proof of Insurance. In addition to its obligations under **Section 11.7**, on the first anniversary of the Effective Date, and on each subsequent anniversary thereof during the term of this Agreement and any renewal hereof, Franchisee shall provide Franchisor with proof of insurance evidencing the proper coverage with limits not less than those required hereunder, in such form as Franchisor may reasonably require.

11.9. Policy Limit Changes. Franchisor shall have the right, from time to time, to make such changes in minimum policy limits and endorsements as it may determine; provided, however, all changes shall apply, generally, to all franchisees of Franchisor who are similarly situated.

12. TRANSFER OF INTEREST

12.1. Franchisor Transfers. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations under this Agreement, or any interests in the assets of Franchisor, or any ownership or equity interests in Franchisor, to any person or entity, and any assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment.

12.2. Principals. If Franchisee is an entity, each person or entity that is an owner of, or has an ownership interest in, Franchisee (each, a "**Principal**"), and the interest of each Principal in Franchisee, is identified on the Summary Page. Franchisee represents and warrants that its owners are as set forth on the Summary Page attached to this Agreement, and covenants that it will not permit the identity of such owners, or their respective interests in Franchisee, to change without complying with this Agreement. Franchisor shall have the right to designate any person or entity which owns a direct or indirect interest in Franchisee as a Principal, and the Summary Page shall be so amended automatically upon notice thereof to Franchisee.

12.3. Franchisee Transfers. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and its Principals, and that Franchisor has granted this License in reliance on Franchisee's

or Franchisee's Principals' business skill, financial capacity, and personal character. Accordingly:

12.3.1. Franchisee shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber: (a) this Agreement or any of the rights and obligations of Franchisee under this Agreement; or (b) any material asset of Franchisee or the Franchise; provided, however, that Franchisee may grant a security interest in, or otherwise encumber certain assets of the Franchise, excluding the Franchise Agreement, in connection with Franchisee obtaining financing for the development and/or operation of the Franchise or equipment leasing, if such financing satisfies the requirements of Franchisor, which may include, without limitation, execution of agreements by Franchisor, Franchisee, and/or such Principal, and any secured creditor of Franchisee, in a form satisfactory to Franchisor, acknowledging such creditor's obligations to be bound by the terms of this **Article 12**.

12.3.2. If Franchisee is a corporation or limited liability company, Franchisee shall not, without the prior written consent of Franchisor, issue any voting securities or securities convertible into voting securities, and the recipient of any such securities shall become a Principal under this Agreement, if so designated by Franchisor.

12.3.3. If Franchisee is a partnership or limited partnership, the partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner shall automatically be deemed a Principal of Franchisee.

12.3.4. A Principal shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber any interest of a Principal in Franchisee.

12.4. Conditions for Approval. Franchisor shall not unreasonably withhold any consent required by **Section 12.3**; provided, that if Franchisee proposes to transfer its obligations hereunder or any interest in any material asset, or if a Principal proposes to transfer any direct or indirect interest in Franchisee, or if Franchisee or any Principal proposes to undertake any transfer that is subject to **Section 12.3**, Franchisor shall have the right to require any or all of the following as conditions of its approval (except as provided in **Section 12.9**):

12.4.1. The transferor shall have executed a general release (which shall include a release from the transferor, Franchisee, Principals, and guarantors of Franchisee), in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, successors, and assigns, and their respective directors, officers, owners, members, managers, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between

Franchisee and Franchisor or its affiliates, and federal, state, and local laws and rules.

12.4.2. The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee; and, the Principal shall guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor.

12.4.3. Prior to, and after the transfer, Franchisee's new Principals shall meet Franchisor's educational, managerial, and business standards; each shall possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchise, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchise.

12.4.4. If a proposed transfer would result in a change in control of Franchisee, at Franchisor's option, Franchisee (or transferee) shall execute, for a term ending on the expiration date of this Agreement the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher royalty and advertising fees.

12.4.5. If a proposed transfer would result in a change in control of Franchisee, and if so requested by Franchisor, Franchisee, at its expense, shall upgrade the Franchise to conform to the then current standards and specifications of new Franchises then being established in the System, and shall complete the upgrading and other requirements set forth in **Sections 5.1.6** and **5.2.5** within the time period specified by Franchisor.

12.4.6. All monetary obligations of Franchisee hereunder shall be paid in full on a current basis, and Franchisee must not be otherwise in default of any of its obligations hereunder including, without limitation, its reporting obligations.

12.4.7. The transferor shall remain liable for all of the obligations to Franchisor in connection with the Franchise that arose prior to the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability.

12.4.8. At Franchisee's expense, the transferee's Operations Manager and other employees designated by Franchisor shall successfully complete (to Franchisor's satisfaction) all training programs required by Franchisor upon such terms and conditions as Franchisor may reasonably require (and while Franchisor

will not charge a fee for attendance at such training programs, the transferee shall be responsible for the salary and all expenses of the person who attends training).

12.4.9. If a proposed transfer would result in a change in control of Franchisee, and to compensate Franchisor for Franchisor's legal, accounting, training, and other expenses incurred in connection with the transfer, Franchisee shall pay Franchisor a non-refundable transfer fee in an amount equal to the greater of $10,000 or 20% of the then-current franchise fee applicable to the Territory. One-half of the transfer fee shall be paid at the time Franchisee submits its request to Franchisor for consideration of the proposed transfer, and such amount shall be non-refundable. The balance of the transfer fee shall be paid at the time the transfer is consummated or closes. In addition, in the event a proposed transfer is not consummated or closed, for any reason except for disapproval by Franchisor, Franchisee or the proposed transferee shall reimburse Franchisor for all of its costs and expenses incurred in connection with its evaluation of the proposed transfer, including, without limitation, attorneys' and accountants' fees, background checks, site evaluation, and training, if applicable, to the extent the portion of the transfer fee paid when the transfer approval request was made does not cover those costs and expenses.

12.4.10. If the proposed transfer will result in a change in control of Franchisee, the terms of the proposed transfer will not adversely impact the continued operations of the Franchise, as determined in Franchisor's sole discretion.

12.4.11. The transferor must acknowledge and agree that the transferor shall remain bound by the covenants contained in **Sections 15.2** and **15.3**.

12.4.12. Franchisee shall be solely responsible for paying any broker fees and/or commissions involved with the sale or transfer of the Franchise regardless of whether Franchisee directly engages such broker or if, at Franchisee's request, Franchisor engages such broker to assist with the sale or transfer of the Franchise.

12.5. Right of First Refusal.

12.5.1. If Franchisee or any Principal desires to accept any *bona fide* offer from a third party to purchase Franchisee, any material assets of Franchisee, or any direct or indirect interest in Franchisee, Franchisee or such Principal shall promptly notify Franchisor of such offer and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within 30 days after receipt of all such information, to send written notice (the "**Exercise Notice**") to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, the contract to purchase the Franchise (or interests or assets) shall be executed within 60 days after the Exercise Notice and the closing shall occur at the principal offices of Franchisor; provided, however, that in no event shall the closing

occur later than 90 days following the execution of the definitive purchase agreement.

12.5.2. Any material change in the terms of the *bona fide* offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Additionally, if Franchisor elects not to exercise its purchase right and Franchisee fails to complete the proposed sale within six months from the date Franchisor notifies Franchisee that Franchisor will not make the purchase, Franchisor shall again have the right of first refusal described in this **Section 12.5.** Failure of Franchisor to exercise the option afforded by this **Section 12.5** shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this **Section 12**, with respect to a proposed transfer, or a waiver of any subsequent offer.

12.5.3. In the event the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then an independent appraiser shall be promptly designated by Franchisor and another independent appraiser shall be promptly designated by Franchisee, which two appraisers shall, in turn, promptly designate a third appraiser; all three appraisers shall promptly confer and reach a single determination, which determination shall be binding upon Franchisor and Franchisee. The cost of any such appraisal shall be shared equally by Franchisor and Franchisee. If Franchisor elects to exercise its right under this **Section 12.5**, Franchisor shall have the right to set off all amounts due from Franchisee, and one-half of the cost of the appraisal, if any, against any payment to the seller.

12.6. Transfer Upon Death. Upon the death of a Principal, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party approved by Franchisor within 12 months after the death. If the distributee is not approved by Franchisor, then the distributee shall transfer the deceased's interest to a third party approved by Franchisor within 12 months after the deceased's death.

12.7. Transfer Upon Permanent Disability. Upon the permanent disability of any Principal with a controlling interest in Franchisee, Franchisor shall have the right to require such interest to be transferred to a third party in accordance with the conditions described in this **Section 12** within six months after notice to Franchisee, provided that no transfer fee shall be due for a transfer pursuant to this **Section 12.7.** "**Permanent Disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six consecutive months, and from which condition recovery within six consecutive months from

the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this **Section 12.7** as of the date of refusal. The licensed practicing physician making such determination shall be chosen by the mutual agreement of a doctor selected by Franchisor and a doctor selected by Franchisee. Franchisor shall pay the cost of the required examination.

12.8. Notification Upon Death or Permanent Disability. Upon the death or permanent disability any Principal of Franchisee, such person or his representative shall promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as any *inter vivos* transfer.

12.9. Exceptions for Entity Formed Convenience of Ownership or Transfer to Family Member. Notwithstanding anything to the contrary in this **Section 12**, if Franchisee is an individual and seeks to transfer this Agreement to an entity formed for the convenience of ownership or if Franchisee seeks to transfer this Agreement to a spouse, adult sibling or adult child (subject to compliance with all other provisions of the Transfer), the conditions of **Sections 12.4.4** (signing a new franchise agreement), **12.4.5** (upgrading the Franchise), **12.4.8** (initial training of new Operations Manager), and **12.4.9** (transfer fee) shall not apply; provided that Franchisee (or their spouse, sibling or child as applicable above) owns 100% of the equity interest in the transferee entity, and the Franchisee and transferee personally guarantees, in a written guaranty satisfactory to Franchisor, the performance of the obligations of Franchisee under this Agreement.

12.10. No Waiver of Claims. Franchisor's consent to a transfer which is the subject of this **Section 12** shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

12.11. Insolvency. If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of Franchisee, Franchisee's obligations and/or rights hereunder, any material assets of Franchisee, or any indirect or direct interest in Franchisee shall be subject to all of the terms of this **Section 12**.

12.12. Securities Offerings. All materials for an offering of stock or partnership interests in Franchisee or any affiliate of Franchisee which are required by federal or state law shall be submitted to Franchisor for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No offering by Franchisee or any affiliate of Franchisee shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting,

issuance, or offering of the securities of Franchisee or Franchisee's affiliates; and Franchisor's review of any offering shall be limited solely to the relationship between Franchisor and Franchisee and affiliates, if applicable, and shall not constitute any opinion as to any legal requirement. Franchisor may, at its option, require the offering materials to contain a written statement prescribed by Franchisor concerning the limitations stated in the preceding sentence. Franchisee (and the offeror if not Franchisee), the Principals, and all other participants in the offering must fully indemnify Franchisor, its affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in connection with the offering and shall execute any and all documents required by Franchisor to endorse such indemnification. For each proposed offering, Franchisee shall pay Franchisor an amount as is necessary to reimburse Franchisor for its reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. Franchisee shall give Franchisor written notice at least 30 days before the date that any offering or other transaction described in this **Section 12.12** commences. Any such offering shall be subject to all of the other provisions of this **Article 12**; and further, without limiting the foregoing, it is agreed that any such offering shall be subject to Franchisor's approval as to the structure and voting control of the offeror (and Franchisee, if Franchisee is not the offeror) after the financing is completed.

13. DEFAULT AND TERMINATION

13.1. Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; or if Franchisee is adjudicated as bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for 30 days or longer (unless unappealed or a supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchise premises or equipment is instituted against Franchisee and not dismissed within 30 days; or if the real or personal property of Franchisee's Franchise shall be sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Termination Upon Notice Without Opportunity to Cure. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the delivery of written

notice to Franchisee by Franchisor (in the manner set forth under **Section 20**), upon the occurrence of any of the following events:

13.2.1. If Franchisee fails to open the Franchise as provided in **Section 5.5**;

13.2.2. If Franchisee or other designated employee fails to complete the initial training program pursuant to **Sections 3.2** and **5.6** of this Agreement;

13.2.3. If Franchisee at any time ceases to operate or otherwise abandons the Franchise for three consecutive business days, or loses the right to possession of the Franchise Location, any Koala Rig(s), or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchise is located;

13.2.4. If Franchisee or any Principal is convicted of a felony or engages in any other activity that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interest therein;

13.2.5. If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchise;

13.2.6. If Franchisee or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of **Section 12**;

13.2.7. If Franchisee or any Principal fails to comply with the covenants in **Section 15.2**;

13.2.8. If, contrary to the terms of **Sections 7** or **8**, Franchisee discloses or divulges confidential information provided to Franchisee by Franchisor;

13.2.9. If Franchisee knowingly maintains false books or records, or submits any false reports (including, but not limited to, information provided as part of Franchisee's application for this franchise) to Franchisor, underreports Gross Sales by more than 5% or more for any period;

13.2.10. Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of Franchisor's Manual, Confidential Information or Trade Secrets of Franchisor, including the Franchisee's disclosure of Confidential Information through Generative AI as described in **Section 3.7**.

13.2.11. If Franchisee commits three or more defaults under this Agreement in any 12-month period, whether or not each such default has been cured after notice;

13.2.12. If Franchisee or any Principal makes any unauthorized or improper use of the Marks or contests the validity of Franchisor's ownership of the Marks or its right to use and to license others to use the Marks;

13.2.13. Franchisee fails to satisfy the Minimum Performance Requirement and fails to cure such breach in accordance with Section 1.2.3 of this Agreement; and/or

13.2.14. If Franchisee or any Principal is in breach or default under any other agreement (whether existing as of the date of this Agreement or subsequently made) with Franchisor or any of its subsidiaries or Affiliates, and if such default is curable, fails to cure the default as required within the time permitted.

13.3. Termination With Opportunity to Cure. Except as otherwise provided in **Sections 13.1** and **13.2**, upon any other default by Franchisee of its obligations hereunder, Franchisor may terminate this Agreement only by giving written notice of termination (in the manner set forth under **Article 20**) setting forth the nature of such default to Franchisee at least 30 days prior to the effective date of termination (or, with respect to monetary defaults, five days); provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor, all within the 30 day period (or five day period with respect to monetary defaults). If any such default is not cured within the specified time, this Agreement may, upon Franchisor's election, be terminated without further notice to Franchisee effective immediately upon the expiration of the 30 day period (or five day period with respect to monetary defaults) or such longer period as applicable law may require.

13.4. Extended Notice of Termination. If any law applicable to this **Section 13**, requires a longer notice period prior to termination of this Agreement, or prior to a refusal to enter into a successor or renewal franchise, than is required hereunder, a different standard of "good cause", or the taking of some other action not required hereunder, the prior notice, "good cause" standard, and/or other action required by such law shall be substituted for the comparable provisions hereof.

13.5. Assignment Upon Bankruptcy. If, for any reason, this Agreement is not terminated pursuant to this **Article 13**, and this Agreement is assumed, or assignment of the same to any person or entity who has made a *bona fide* offer to accept an assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: (i) the name and address of the proposed assignee; and (ii) all of the terms and conditions of the proposed assignment and assumption, shall be given to Franchisor within 20 days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event, within 10 days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to

accept an assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions which may be payable by Franchisee out of the consideration to be paid by such assignee for the assignment of this Agreement. In the event Franchisor does not elect to exercise the options described in this **Section 13.5**, any transfer or assignment pursuant to the United States Bankruptcy Code shall be subject to the same terms and conditions of any other transfer or assignment set forth in **Article 12**.

13.6. Damages. In addition to any other claims Franchisor may have (other than claims for lost future Royalty Fees and Brand Fund Contributions), if Franchisor terminates this Agreement based on Franchisee's default or if Franchisee terminates this Agreement in violation of its terms, Franchisee must pay Franchisor liquidated damages calculated as follows: (a) the greater of (i) the average of Franchisee's monthly Royalty Fees and Brand Fund Contributions due for the last 12 months (or for such shorter period of time that the Franchise has been in operation) before termination, (ii) or the average monthly amount which would be due based on the minimum fees set forth in **Section 4.2** for a period 37+ months after the Effective Date, (b) multiplied by the lesser of 24 or the number of months remaining in the then-current term under **Section 2.1**, (c) discounted to present value using the then-current prime rate of interest quoted by Franchisor's principal commercial bank. The parties hereto agree that calculation of damages if Franchisor terminates due to default or if Franchisee terminates this Agreement in violation of its terms will be difficult to measure and quantify, and the damages described in this **Section 13.6** are a reasonable approximation of such damages, and are not a penalty.

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

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

14.1. Cease Operations. Franchisee shall immediately cease to operate the Franchise, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

14.2. Cease Use of Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, the mark "Koala Insulation" and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, the Koala Rigs, all signs, advertising materials, displays, stationery, forms, and any other articles that display the Marks.

14.3. Cancellation of Assumed Names. Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Koala Insulation" and all other Marks, and/or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with

evidence satisfactory to Franchisor of compliance with this obligation within five days after termination or expiration of this Agreement.

14.4. Assign Lease; Modification of Premises. Franchisor, or any affiliate of Franchisor, shall have the right and option, but not the obligation, in Franchisor's sole discretion, to acquire the Lease, or otherwise acquire the right to occupy the Franchise Location (if applicable). Franchisor may assign or delegate this right or option to any affiliate or designee of Franchisor, without notice to, or request for approval from, the landlord or lessor of the Franchise Location. If Franchisor or its assignee or delegatee does not elect or is unable to exercise any option it may have to acquire the Lease, or otherwise acquire the right to occupy the Franchise Location, Franchisee shall make such modifications or alterations to the Franchise Location operated hereunder immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Franchises, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. If Franchisee fails or refuses to comply with the requirements of this **Section 14.4**, Franchisor (or its designee) shall have the right to enter upon the premises of the Franchise, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

14.5. Telephone, Etc. Franchisee shall cease use of, and if Franchisor requests, shall transfer to Franchisor, all telephone numbers, customer lists, and any domain names, websites, email addresses, and any other identifiers, whether or not authorized by Franchisor, used by Franchisee while operating the Franchise.

14.6. No Confusion. Franchisee agrees, if it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to utilize any designation of origin, description, trademark, service mark, or representation which suggests or represents a present or past association or connection with Franchisor, the System, or the Marks.

14.7. Pay Monies Owed. Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries and affiliates (regardless of whether those obligations arise under this Agreement or otherwise). In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default.

14.8. Damages and Costs. Franchisee shall pay Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this **Section 14**.

14.9. Return of Manuals. Franchisee shall immediately deliver to Franchisor the Manuals and all other manuals, records, and instructions containing confidential information (including without limitation any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor.

14.10. Option to Purchase Furnishings and Equipment. Franchisor shall have the option to purchase from Franchisee any or all of the Koala Rigs and other vehicles, furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchise, at the lesser of the fair market value or Franchisee's book value. Franchisor shall have 30 days from the expiration or termination of this Agreement to notify Franchisee that Franchisor will exercise its option under this Section 14.10, and another 60 days from such notice to complete such purchase. The book value of any such item shall be determined based upon a five-year straight-line depreciation of original costs. For equipment that is five or more years old, the parties agree that fair market value shall be deemed to be 10% of the equipment's original cost. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee as well as all amounts due to Franchisor's affiliates from Franchisee. Franchisee shall take all actions as necessary to ensure that any items purchased by Franchisor shall be free of all liens or other encumbrances at the time Franchisee sells such items to Franchisor.

14.11. Right to Enter and Operate. In order to preserve the goodwill of the System following termination, Franchisor (or its designee) shall have the right to enter the Franchise Location (if applicable) (without liability to Franchisee, Franchisee's Principals, or otherwise) or to take possession of the Koala Vehicle(s) used by Franchisee for the purpose of continuing the Franchise's operation and maintaining the goodwill of the business.

14.12. Close Vendor Accounts. Franchisee must close all accounts with vendors which were opened in connection with the opening and operation of the Franchise. Franchisor has the right to notify Franchisee's vendors that this Agreement has expired or been terminated and to require them to close Franchisee's accounts, if Franchisee fails to do so.

14.13. Security Interest. For the purpose of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property related to the operation of the Franchise of any nature now owned or hereinafter acquired by Franchisee, including, but not limited to, all signs, logos bearing any of the Marks, inventory, equipment, Koala Rigs(s), trade fixtures, furnishings and accounts, together with the proceeds therefrom (the **"Security Agreement"**). Any event of default by Franchisee under this Agreement shall be deemed a breach of the Security Agreement. In the event that this Agreement expires or is terminated for any reason whatsoever and Franchisor is the lender under any loan agreement ("**Loan**") or the holder of any promissory note ("**Note**") from Franchisee, such Loan or Note shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and

interest so loaned and secured. Franchisee covenants to execute and deliver to Franchisor any and all instruments Franchisor may reasonably request from time to time in order to perfect the security interest granted herein, including, without limitation, the appropriate UCC-1 Financing Statements.

15. COVENANTS

15.1. Full Time and Best Efforts. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or its Operating Principal if Franchisee is an entity) (or an Operations Manager who will assume primary responsibility for the franchise operations and shall have been previously approved in writing by Franchisor) and a Salesperson shall devote full time, energy, and best efforts to the management and operation of the Franchise.

15.2. In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or entity:

15.2.1. Divert or attempt to divert any business or customer of the Franchise or of any Franchise using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks and the System.

15.2.2. Unless released in writing by the employer, (a) employ or seek to employ any person who (i) is at that time employed by Franchisor, or (ii) who was, within six months prior to his/her employ by Franchisee, or any person acting for, on behalf of, or at the directions of Franchisee employed by Franchisor, or (b) otherwise directly or indirectly induce such person to leave his or her employment.

15.2.3. Except as otherwise approved in writing by Franchisor, own, maintain, operate, engage in, or have any interest in any "**Competitive Business**" in any location, which shall mean a business which offers insulation evaluation, installation or removal, energy efficiency evaluations and improvements, and related services.

15.3. Post-Term Covenants. Franchisee covenants that, except as otherwise approved in writing by Franchisor, it shall not, for a continuous uninterrupted period of two years from the date of: (a) a transfer permitted under **Section 12**; (b) expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the

enforcement of this **Section 15.3**; either directly or indirectly (through, on behalf of, or in conjunction with any persons or entity), own, maintain, operate, engage in, or have any interest in any Competitive Business which is, or is intended to be, located: (a) at the Approved Location; (b) within the Territory; (c) within a 25-mile radius of the Territory; or (d) within a 25-mile radius of the territory of any other Franchises or company or affiliate-owned Koala Insulation business in operation as of the time that the obligations under this **Section 15.3** commence.

15.4. Publicly-Held Corporations. **Section 15.3** shall not apply to ownership by Franchisee of less than 5% beneficial interest in the outstanding equity securities of any Publicly Held Corporation. As used in this Agreement, the term "**Publicly Held Corporation**" shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

15.5. Individual Covenants. Franchisee shall require and obtain execution of covenants similar to those set forth in **Section 8 and** this **Article 15** (as modified to apply to an individual) from any or all of Franchisee's Principals, the Operations Manager, any replacement Operations Manager and other highly trained personnel as designated by Franchisor. The covenants required by this **Section 15.5** shall be in the form provided in **Exhibit D** to this Agreement.

15.6. Severability. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this **Section 15** is held to be unenforceable or unreasonable by any court, it is the intent of the parties that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Franchisor.

15.7. Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right to reduce the scope of any covenant set forth in **Sections 15.2** and **15.3** in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified.

15.8. Enforcement of Claims. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this **Section 15**. Franchisee agrees to pay all costs and expenses (including without limitation reasonable attorneys' fees and all other costs) incurred by Franchisor in connection with the enforcement of this **Section 15**.

15.9. Irreparable Injury. Franchisee acknowledges that Franchisee's violation of the terms of this **Section 15** would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this **Section 15**.

16. TAXES, PERMITS, AND INDEBTEDNESS

16.1. Taxes. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, income, unemployment, and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the business franchised under this Agreement. Franchisee shall pay Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

16.2. Tax Disputes. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchise, or any improvements thereon.

16.3. Compliance With Laws. Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

16.4. Notification of Claims. Franchisee shall notify Franchisor in writing within three days of receipt of notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within three days occurrence of any accident or injury which may adversely affect the operation of the Franchise or the financial condition of Franchisee, or give rise to liability or a claim against Franchisee or Franchisor.

17. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

17.1. Independent Contractors. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Franchisee shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

17.2. Identification as Independent Contractor. At all times during the term of this Agreement and any extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor.

17.3. No Agency. It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its conduct of the Franchise or for any claim or judgment arising therefrom against Franchisee or Franchisor.

17.4. Indemnification and Advancement. Franchisee shall immediately and unconditionally advance costs and expenses, indemnify and hold Franchisor and its affiliates, and their respective officers, directors, members, managers, employees, and agents harmless against any and all claims, obligations, and damages (as well as the costs, including attorneys' fees, of defending against them) arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchise or Franchisee's breach of this Agreement, including, without limitation, those alleged to be caused by Franchisor's negligence or breach of this Agreement, but not including those claims, obligations, and damages that are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court with competent jurisdiction. In addition to the above and without regard to the final ruling on any matter, Franchisee and its respective Principals hereby agree to immediately and unconditionally advance, or pay directly to designated parties, any amounts which are incurred in connection with any claim against Franchisor or its affiliates, and their respective officers, directors, members, managers, employees, and agents arising from or relating to, directly or indirectly, Franchisee's operation of the Franchise or Franchisee's breach of this Agreement without regard to any defenses based on errors, omissions or conduct of Franchisor or its members, managers, shareholders, directors, affiliates or agents. If Franchisor incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving Franchisee in which Franchisor is not a party, Franchisee shall reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. If Franchisor incurs any cost, loss, or damage as a result of any actions or Franchisee's omissions of or the omissions of Franchisee's employees, including any that relate to any party making a finding of any joint employer status, then in addition to all other rights and remedies available to Franchisor, Franchisee will fully indemnify Franchisor for such loss. Franchisee acknowledges and agrees that Franchisee's indemnification and hold harmless obligations under this **Section 17.4** shall survive the termination or expiration of this Agreement.

18. FORCE MAJEURE

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: (a) acts of God; (b) acts of war, terrorism, or insurrection; (c) strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; (d) the inability of Franchisor and/or its affiliates or suppliers to

manufacture, purchase, and/or cause delivery of any products used in the operation of the Franchise; and (e) legislative changes and/or governmental orders affecting the sale of the products from Franchises. The inability of either party to obtain and/or remit funds shall be considered within control of such party.

19. APPROVALS AND WAIVERS

19.1. Approvals. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

19.2. No Warranties. Franchisee acknowledges and agrees that Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

19.3. Waivers. No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Franchisee, or as to subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement.

20. NOTICES

Any notice of default and all notices or other communications required or permitted to be given or made pursuant to any of the provisions of this Agreement shall be deemed to have been duly given or made for all purposes if made in writing and (a) hand delivered, (b) sent by a nationally recognized overnight courier, or (c) sent by electronic mail, as follows:

KOALA INSULATION FRANCHISOR, LLC
445 West Drive
Melbourne, Florida 32904
Attention: General Counsel
Email: Legal@EmpowerFranchising.com

With a copy to:

Lathrop GPM, LLP
80 South 8th Street
3100 IDS Center
Minneapolis, Minnesota 55402
Attention: Elizabeth Dillon
Elizabeth.Dillon@lathropgpm.com

Either party may change its mailing address by giving notice to the other party. Notices will be deemed received the same day when delivered personally or upon actual or attempted delivery when sent by registered or certified mail or overnight delivery service.

21. ENTIRE AGREEMENT AND AMENDMENT

This Agreement and all exhibits to this Agreement, constitute the entire agreement between the parties. This Agreement supersedes any and all prior negotiations, understandings representations and agreements. No representations have induced You to execute this Agreement with Franchisor. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require You to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) (the "FDD") that Franchisor delivered to You or Your representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

You acknowledge that you are entering into this Agreement as a result of your own independent investigation and not as a result of any representations (with the exception of those representations made in the FDD) made by Franchisor, its members, managers, officers, directors, employees, agents, representatives or independent contractors that are contrary to the terms set forth in this Agreement. You acknowledge that the FDD you received contained a copy of this Franchise Agreement and that you reviewed the FDD and Franchise Agreement at least fourteen (14) days (or such other time as applicable law requires) before you signed this Agreement. You further understand acknowledge and agree that any information you obtain from any Franchisor's franchisee, including relating to their sales, profit, cash flows, and/or expenses, does not constitute information obtained from Franchisor, nor does Franchisor make any representation as to the accuracy of any such information.

22. SEVERABILITY AND CONSTRUCTION

22.1. Severability. If any of the provisions of this Agreement may be construed in more than one way, one of which would render the provision illegal or otherwise voidable or unenforceable, such provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to its fair meaning and not strictly against any party. In the event any court or other government authority shall determine any provision in this Agreement is not enforceable as written, the parties agree that the provision shall be amended so that it is enforceable to the fullest extent permissible under the laws and public policies of the jurisdiction in which enforcement is sought and affords the parties the same basic rights and obligations and has the same economic effect. If any provision in this Agreement is held invalid or otherwise unenforceable by any court or other government authority or in any arbitration proceeding, such findings shall not invalidate the remainder of this Agreement unless in the reasonable opinion of Franchisor the effect of such determination has the effect of frustrating the purpose of this Agreement, whereupon Franchisor shall have the right by notice in writing to the other party to immediately terminate this Agreement.

22.2. No Other Rights. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or entity other than Franchisee, Franchisor, and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, permitted by **Article 12**), any rights or remedies under or by reason of this Agreement.

22.3. Enforceability of Covenants. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

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

22.5. Importance of Timely Performance. Time is of the essence in this Agreement.

22.6. Survival of Provisions. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

22.7. Additional Terms; Inconsistent Terms. The parties may provide additional terms by including the terms on the Summary Page. To the extent that any provisions of the Summary Page are in direct conflict with the provisions of this Agreement, the provisions of the Summary Page shall control.

23. APPLICABLE LAW AND DISPUTE RESOLUTION

23.1. Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor and shall be interpreted and construed exclusively under the laws of the State of Florida, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Florida choice-of-law rules). Nothing in this **Section 23.1** is intended by the parties to subject this Agreement to any franchise, business opportunity, consumer protection, or similar law, rule, or regulation of the State of Florida to which this Agreement would not otherwise be subject.

23.2. Arbitration.

23.2.1. Disputes Subject to Arbitration. Except as expressly provided to the contrary in this Agreement, any controversy or claim arising out of or relating to this Agreement or the relationship of the parties shall be settled by arbitration administered by the American Arbitration Association (the **"AAA"**) in accordance with its Commercial Arbitration Rules. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. Any dispute as to whether this arbitration clause applies or whether any particular claim is subject to arbitration shall be decided by arbitration in accordance with this Article 23.

23.2.2. Arbitration Claims. The parties agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. The parties further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is waived and forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either party. The parties agree that arbitration will be conducted on an individual basis, that neither party shall pursue class claims nor multi-plaintiff actions, and that an arbitration proceeding between Franchisor and its affiliates, or any of them, on the one hand, and Franchisee and its affiliates and any of their respective officers, directors, managers, agents, representatives, employees, successors and assigns, on the other hand, may not be consolidated with any other arbitration proceeding to which Franchisor and/or its affiliates are a party. Notwithstanding the foregoing, if any court determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding. For purposes of this Section, Franchisor and its affiliates includes their respective shareholders, partners, members and other

owners, officers, directors, managers, agents, representatives, employees, successors and assigns.

23.2.3. Location. The place of arbitration shall be the AAA office located nearest to Franchisor's principal place of business on the date the arbitration action is filed.

23.2.4. Confidentiality. All documents, information, and results pertaining to any arbitration will be confidential, except as required by law or as required for Franchisor to comply with laws and regulations applicable to the sale of franchises.

23.2.5. Performance During Arbitration. Franchisor and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration process.

23.3. Venue. For any matter which is not subject to the arbitration provisions of **Section 23.2**, each party hereto consents to personal jurisdiction in the federal or state courts located in the county in which Franchisor's principal place of business is located at the time that the action commences. Franchisee and its Principals hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

23.4. No Exclusive Remedies. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

23.5. Injunctive Relief. Notwithstanding anything contained herein, Franchisor reserves the right to seek and obtain temporary restraining orders or other emergency temporary or preliminary equitable injunctive relief and file actions to collect royalties and other amounts owed by Franchisee to Franchisor (collection actions) from federal or state courts located in the state in which the Franchise is located. The parties acknowledge and agree that the rights of Franchisor under this Agreement with respect to the use of the Marks and the System and the enforcement of the in-term and post-term noncompetition covenants of Franchisor are of a specialized and unique nature and that immediate and irreparable damage will result to Franchisor if Franchisee fails or refuses to perform obligations under this Agreement, and, notwithstanding any election by Franchisor to claim damages from Franchisee as a result of such failure or refusal, Franchisor may, in addition to any other remedies and damages available, seek an injunction in any court of competent jurisdiction to restrain such failure or refusal.

23.6. Waiver of Jury Trial. Franchisor and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding.

23.7. Limitation of Actions. Any and all claims and actions arising out of or relating to this agreement, the relationship of Franchisee and franchisor, or Franchisee's operation of the Franchise (including any defenses or any claims of set-off or recoupment) must be brought or asserted before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (c) two years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred. Claims of franchisor attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification shall be subject only to the applicable state or federal statute of limitations.

23.8. Limitation on Damages. Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it. In any action arising out of or relating to this Agreement or the relationship of the parties, in no event shall Franchisor be liable to Franchisee for more than the total Initial Franchise Fee.

23.9. Costs and Attorneys' Fees. If either Franchisor or Franchisee seeks to enforce this Agreement in an arbitration or a judicial or other proceeding, the prevailing party shall be entitled to recover its reasonable costs and expenses (including attorneys' fees, attorneys' assistants' fees, accountants' fees, expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel, room and board, salaries and benefits of those employees participating in such proceeding) incurred in connection with such judicial or other proceeding.

24. ACKNOWLEDGMENTS

24.1. Acknowledgments. Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of Franchisee and, if an entity, its owners as independent businesspersons. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received from Franchisor or any employee, representative or other party purporting to act on Franchisee's behalf, any warranty, promise or guarantee, express or implied, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement.

24.2. Receipt of Documents. Franchisee acknowledges that it received a copy of this Agreement, the exhibit(s) hereto, and agreements relating hereto, if any, with all of the blank lines therein filled in, prior to the date on which this Agreement was executed, and with sufficient time within which to review this Agreement, with advisors of its choosing. Franchisee further acknowledges that it received the

franchise disclosure document required by the Federal Trade Commission's Franchise Rule at least 14 days prior to the date on which this Agreement was executed.

24.3. Representations and Warranties. Franchisee and its Principals represent and warrant to Franchisor that: (a) neither Franchisee nor any of its Principals have made any untrue statement of any material fact nor omitted to state any material fact in obtaining the rights granted herein; (b) neither Franchisee nor any of its Principals have any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as otherwise completely and accurately disclosed in its franchise application materials; and (c) Franchisee and its Principals have a legal right to own and operate the Franchise. Franchisee recognizes that Franchisor approved Franchisee in reliance on all of the statements Franchisee and its Principals have made in connection therewith, and that Franchisee has a continuing obligation to advise Franchisor of any material changes in these statements and representations made to Franchisor in this Agreement or in the franchise application.

24.4. Compliance with Executive Order 13224. Under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (**"Order"**), Franchisor 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 represents and warrants to us that, as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in you, controlled by you, or under common control with Franchisee is designated under the Order as a person with whom business may not be transacted by Franchisor, and that Franchisee: (a) does not, and hereafter will not, engage in any terrorist activity; (b) are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (c) 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.

24.5. No Other Obligations. Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

24.6. No Other Representations. Franchisee acknowledges Franchisor has not (and shall not be deemed to have) given any representation, promise, or guarantee of Franchisee's success.

24.7. Business Judgment. Franchisee understands and agrees that Franchisor may operate and change the System and its business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever Franchisor has expressly reserved in this Agreement or is deemed to have a right and/or discretion

to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests, including without limitation Franchisor's judgment of what is in the best interests of the franchise network, at the time Franchisor's decision is made or its right or discretion is exercised, without regard to whether: (a) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (c) Franchisor's decision or the action it takes applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or (d) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

24.8. Consultation. Franchisee acknowledges that it has read and understands this Agreement, the exhibits hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors (including attorneys) of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement on the day and year first above written.

KOALA INSULATION FRANCHISOR, LLC

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

FRANCHISEE:

_____

_____
Individually
Date: _____

OR:
(if a corporation or partnership)

_____
Company Name

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

EXHIBIT A TO THE FRANCHISE AGREEMENT

TRADEMARKS

Mark	Registration Number	Registration Date
KOALA INSULATION	6006546	March 10, 2020
	6007883	March 10, 2020
	6173027	October 13, 2020
Delivering Efficiency. Improving Comfort.	6079379	March 31, 2020

EXHIBIT B TO THE FRANCHISE AGREEMENT

LEASE RIDER TO LEASE AGREEMENT DATED _____

BY AND BETWEEN

_____, AS "LANDLORD"

AND

_____, AS "TENANT" FOR THE DEMISED PREMISES ("PREMISES") DESCRIBED THEREIN

This Rider and the provisions hereof are hereby incorporated into the body of the lease to which this Rider is attached (the "Lease"), and the provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Rider and the provisions of the Lease, this Rider shall govern and control.

1. Consent to Collateral Assignment to Franchisor. If Franchisor takes possession of the Premises and confirms to Landlord that Franchisor has assumed the Lease as tenant thereunder, Landlord will recognize Franchisor as tenant under the Lease. Landlord agrees that in such event Franchisor may further assign the Lease to or enter into a sublease with a person or entity who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Landlord and that, upon that assignment, Franchisor will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the Premises as a Franchise.

2. Use of Premises. Without limitation of uses permitted under the Lease, but in expansion thereof, the Premises may be used for the purpose of operation of a Koala Insulation Franchise offering insulation installation, removal, evaluation and related services.

3. Compliance of Premises With Applicable Law. Landlord represents and warrants that as of the date hereof the Premises are in compliance with all applicable law.

4. Notice and Cure Rights to Franchisor. Prior to exercising any remedies under the Lease (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default thereunder by Tenant, and commencing upon receipt thereof by Franchisor, Franchisor shall have the same length cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have a cure period of less than (i) 10 days after Franchisor's receipt of such notice as to monetary defaults or (ii) 30 days after Franchisor's receipt of such notice as to non-monetary defaults. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

KOALA INSULATION FRANCHISOR, LLC
445 West Drive
Melbourne, Florida 32904
Attention: General Counsel

5. Non-disturbance from Mortgage Lenders. It is a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under the Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations under the Lease beyond any applicable grace or cure period provided therein.

CHECK THE FOLLOWING PARAGRAPH THAT APPLIES. CHECK ONLY ONE. IF NONE IS CHECKED, THEN CLAUSE a) BELOW WILL BE APPLICABLE, AND CLAUSE b) BELOW WILL BE DEEMED DELETED

a) ☐ Landlord represents and warrants that on the date hereof no mortgage, deed of trust, deed to secure debt or similar encumbrance encumbers the Premises.

b) ☐ A mortgage, deed of trust or deed to secure debt currently encumbers the Premises. It is a condition precedent to Tenant's obligations under the Lease that the holder of such encumbrance enter into a written recordable form subordination and non-disturbance agreement with Tenant, in a form reasonably acceptable to Tenant, as described above.

6. Third Party Beneficiary. For so long as Franchisor holds a collateral assignment of the Lease, Franchisor is a third party beneficiary of the Lease.

7. Franchisor Right to Enter. Upon the expiration or earlier termination of the Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises for the purpose of removing all signs and other material bearing the Koala name or trademarks, service marks or other commercial symbols of Franchisor.

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

LANDLORD: _____ **TENANT:** _____

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

EXHIBIT C-1 TO THE FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to KOALA INSULATION FRANCHISOR, LLC, a Delaware limited liability company ("Franchisor") to execute the Franchise Agreement between Franchisor and _____, a [STATE] [ENTITY TYPE] ("Franchisee"), dated _____, 20____ (the "Agreement"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Franchisee's monetary and other obligations under the Agreement will be punctually paid and performed.

Each of the undersigned has had the opportunity to review the Agreement, and understands his or her obligations hereunder and thereunder.

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in Sections 8, 12, 14, 15 and 17.4 of the Agreement, and acknowledge and agree that this Guarantee does not grant the undersigned any right to use the "Koala" marks or system licensed to Franchisee under the Agreement. Each of the undersigned represents that he or she has received a copy of the Franchise Agreement and understands his or her obligations hereunder and thereunder.

Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

If Franchisor is required to enforce this Guarantee in a judicial or arbitration proceeding, and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court

costs, other litigation expenses, travel and room and board expenses, salaries and benefits of those of Franchisor's employee's participating in such proceeding, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Sections 22 and 23 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of Florida. In the event of any conflict of law, the laws of the State of Florida shall prevail (without regard to, and without giving effect to, the application of Florida conflict of law rules). Jurisdiction and venue shall be in the state or federal courts located nearest Franchisor's principal place of business at the time that the action is commenced, and the undersigned hereby waives any objection to such jurisdiction and venue. The arbitration provisions of Section 23 of the Agreement shall apply to this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTOR(S)

Signed:_____
(In his/her individual capacity)

Name: _____
Address: _____

EXHIBIT C-2 TO THE FRANCHISE AGREEMENT

LIMITED GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement(s) executed between _____ ("Franchisee" or the "Franchise"), and KOALA INSULATION FRANCHISOR, LLC ("Franchisor") on _____, _____ ("Limited Guarantor") hereby personally and unconditionally agrees to the following in this Limited Guaranty and Assumption of Franchisee's Obligations ("Limited Guaranty"):

1. **Representation of Limited or Non-Ownership of Franchise.** Limited Guarantor hereby represents that he or she is either:

   a. a spouse of an owner of the Franchise with no ownership interest in the Franchise; or

   b. an owner with less than 5% ownership of the Franchise who is not a spouse of any other owner of the Franchise.

Franchisor has expressly relied upon the above representation in determining that Limited Guarantor is not required to sign Attachment C-1 (Guaranty and Assumption of Franchisee's Obligations).

2. **Assumption of Obligations**. Limited Guarantor hereby acknowledges the existence of the Franchise Agreement and expressly agrees to be bound by and comply with all confidentiality and restrictive covenant provisions contained in the Franchise Agreement, including but not limited to Section 8 of the Franchise Agreement entitled "CONFIDENTIAL INFORMATION" and Section 15 of the Franchise Agreement entitled "COVENANTS." Such obligations include but are not limited to:

   a. Non-disclosure of proprietary or confidential information of the Franchisor, its affiliates, and the Franchisor's System;

   b. Non-competition and non-solicitation obligations;

   c. Any other restrictions relating to the use, dissemination, or exploitation of the Franchisor's confidential information, trade secrets, or intellectual property; and

   d. Post-termination confidentiality restrictions

3. **Limited Personal and Individual Guaranty**. Limited Guarantor irrevocably and unconditionally guarantees to Franchisor the full and prompt performance, observance, and compliance by himself or herself with the confidentiality and restrictive covenant provisions of the Franchise Agreement, as if Limited Guarantor were an original party thereto. This guaranty is personal, continuing, and applies regardless of any amendment, renewal, extension, or assignment of the Franchise Agreement. This Limited Guaranty expressly excludes all monetary obligations, including but not limited to, the Initial Franchise Fee, Royalty Fees, marketing fees, technology fees, audit deficiencies, payments for goods or services, indemnification obligations, reimbursements, and all other monetary liabilities.

4. **Waivers.** Limited Guarantor knowingly waives:

a. Notice of acceptance of this Limited Guaranty;

b. Notice of any demand made on Franchisee;

c. Notice of any default by Franchisee of its non-monetary obligations;

d. Any requirement that Franchisor enforce the Agreement first against Franchisee or any other Guarantor or Limited Guarantor; and

e. Any other legal or equitable defenses not prohibited by applicable law.

5. **No Ownership Rights; Effect of Future Ownership**. Nothing in this Limited Guaranty shall be construed as granting any ownership right, authority, or control in the Franchise to a Limited Guarantor who does not currently hold any ownership interest or who owns less than 5% of the Franchise. If at any time any Limited Guarantor seeks, applies for, acquires, or otherwise obtains an ownership interest of 5% or more in the Franchise, then as a condition to obtaining such ownership interest, Limited Guarantor agrees to:

a. Execute Franchisor's full personal guaranty in the form of Attachment C-1 or any successor form then in use; and

b. Personally guarantee all obligations of Franchisee, including all monetary obligations.

Failure to execute such full personal guaranty shall constitute grounds for Franchisor to withhold its approval of the ownership transfer and/or grounds for Default under the Franchise Agreement.

6. **Community Property States**. If the Limited Guarantor is a spouse of an owner of the Franchise, and resides in, or the marital relationship with the owner of the Franchise is subject to, a community property jurisdiction, the Limited Guarantor acknowledges, agrees, and confirms the following:

a. Community property laws may otherwise impute ownership or impose obligations on marital property;

b. This Guaranty applies to his or her separate obligations as stated herein, regardless of community property principles; and

c. The representation of non-ownership in Section 1 of this Attachment is accurate notwithstanding community property laws, and agrees to take all steps required to prevent community property characterization from conflicting with this Limited Guaranty or the Franchise Agreement(s).

7. **Beneficial Interest**. Limited Guarantor acknowledges and agrees that his or her beneficial interest in the Franchise, by virtue of his or her (1) marriage to an owner of the

Franchise or (2) less than 5% ownership interest in the Franchise, serves as sufficient and valuable consideration for this Agreement and the obligations undertaken herein.

8. **Enforcement.** Franchisor shall have the right to enforce this Limited Guaranty directly against the Franchise, any owner of the Franchise, or the Limited Guarantor, including seeking injunctive relief, damages, or any other remedies available at law or in equity, in the event of any breach by Limited Guarantor of the confidentiality, restrictive covenant, and enforcement provisions of the Franchise Agreement.

9. **Survival**. Limited Guarantor's obligations under Sections 2, 3, 4, 5, 6, and 8 survive termination or expiration of the Franchise Agreement(s) for the periods specified therein.

10. **Governing Law and Remedies**. This Limited Guaranty is governed by the same substantive law and dispute resolution provisions applicable to the Franchise Agreement. Franchisor shall be entitled to pursue all equitable remedies available under the Franchise Agreement, including injunctive relief without the requirement of posting a bond.

IN WITNESS WHEREOF, each of the undersigned has signed this Limited Guaranty as of the date of the Agreement.

LIMITED GUARANTOR:

Signed: _____
(In his/her individual capacity)

Name: _____
Address: _____

Signed: _____
(In his/her individual capacity)

Name: _____
Address:_____

EXHIBIT D TO THE FRANCHISE AGREEMENT

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

THIS AGREEMENT ("**Agreement**") is made this_____day of _____, 20____, by and between _____ (the "**Franchisee**"), and _____, who is a principal, manager, supervisor, member, partner, or a person in a managerial position with, Franchisee (the "**Member**").

BACKGROUND:

A. Koala Insulation Franchisor, LLC, a Delaware limited liability company ("**Franchisor**") owns a format and system (the "**System**") relating to the establishment, development and operation of an insulation and related services business that operate under the name "Koala Insulation" (or other names designated by Franchisor, the "**Marks**") and such additional or alternate services and/or products as Franchisor may designate from time to time (each a "**Franchise**").

B. Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a Franchise (the "**Franchise**") and to produce and distribute products and services approved by Franchisor and use the Marks in connection therewith under the terms and conditions of the Franchise Agreement;

C. The Member, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Confidential Information. Member shall not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity, persons, partnership, entity, association, or corporation any confidential information, knowledge, or knowhow concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of Franchisee's operation under the terms of the Franchise Agreement. Any and all information, knowledge, knowhow, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.

2. Covenants Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of its position with Franchisee, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of Member's employment with, or ownership interest in, Franchisee, and except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Divert or attempt to divert any business or customer of the Franchise or of any other System franchisee or unit operated by Franchisor (or an affiliate of Franchisor) to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and/or the System;

(ii) Employ or seek to employ any person who is at that time employed by Franchisor or Franchisee, or otherwise directly or indirectly induce such person to leave his or her employment; or

(iii) Own, maintain, operate, engage in, be employed by, or have any interest in any business which offers insulation evaluation, insulation removal, insulation installation or related services.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any business which offers insulation evaluation, insulation removal, insulation installation or related services and which business is, or is intended to be, located: (i) at the Franchise location; (ii) within the Territory of the Franchise, which Territory includes the areas defined by the Summary Page of the Franchise Agreement and any amendments thereto; (iii) within a 25-mile radius of the Territory; or (iv) within a 25-mile radius of the territory any other System franchisee or Koala Insulation business owned by Franchisor or its affiliate at the time that the obligations under this **Section 2(c)** commence;

(d) As used in this Agreement, the term **"Post-Term Period"** shall mean a continuous uninterrupted period of two years from the date of: (a) a transfer permitted under **Section 12** of the Franchise Agreement with respect to Member; and/or (b) termination of Member's employment with, and/or ownership interest in, Franchisee.

3. Injunctive Relief. Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. Severability. All agreements and covenants contained herein are severable. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by any court, then it is the intent of the parties that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Franchisor.

5. Delay. No delay or failure by Franchisor or the Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. Third-Party Beneficiary. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

IN WITNESS WHEREOF, Franchisee and the Member attest that each has read and understands the terms of this Agreement and voluntarily signed this Agreement on this _____ day of _____, 20_____.

FRANCHISEE:

_____

Name: _____

Signature: _____

Title: _____

MEMBER:

_____

MEMBER:

Name: _____

Signature: _____

EXHIBIT E TO THE FRANCHISE AGREEMENT

EQUIPMENT SALES AGREEMENT

THIS EQUIPMENT SALES AGREEMENT is made on _____, 20_____, by KOALA INSULATION FRANCHISOR, LLC, a Delaware limited liability company (hereinafter known as "Seller") and [Franchisee], a _____ (hereinafter known as "Buyer"). Buyer and Seller shall collectively be known herein as "the Parties".

BACKGROUND

WHEREAS, Seller desires to sell the equipment described below, known herein as the "Acquired Equipment", under the terms and conditions set forth below;

WHEREAS, Buyer desires to purchase the Acquired Equipment offered for sale by Seller under the terms and conditions set forth below; and, therefore,

TERMS AND CONDITIONS

IN CONSIDERATION of the mutual promises and other valuable consideration exchanged by the Parties as set forth herein, the Parties, intending to be legally bound, hereby agree as follows:

1. Description of Acquired Equipment.

The following vehicle (and all equipment within or attached to such vehicle):

1 – Spray Foam Rig

1 – Blow-In Rig

2. Purchase Price. The total purchase price to be paid by Buyer to Seller for the Acquired Equipment is _____ ("Purchase Price").

Payment is to be made by Buyer to Seller in cash, by certified funds, financed under the terms of a commercial finance agreement, or through another instrument acceptable to Seller. Buyer must receive permission in advance from Seller for use of a non-certified funds in payment of the Purchase Price.

3. Delivery of Acquired Equipment and Conveyance of Title.

(a). Delivery of Acquired Vehicle. Seller shall deliver the Acquired Equipment, and Buyer shall take possession of same, at Seller's premises or other premises as designated by Seller (either in person or through a third party) on or before that date that is within 10 days of the date hereof ("Delivery Date"). If delivery is to be made at a date after the execution of this contract, it is Seller's duty to ensure that the Acquired Equipment is delivered in the same condition as when last inspected by the Buyer (or, if no Buyer inspection, the execution date of this agreement). It is Buyer's duty, either in person or through a third party to appear at Seller's premises during standard business hours on or before the Delivery Date to remove the Acquired Equipment from Seller's premises. However, if Buyer fails to appear at Seller's premises on or before the Delivery Date to accept possession of the Acquired Equipment, then risk of loss passes to the Buyer on the Delivery Date.

(b). Conveyance of Title. Seller shall convey title to Buyer upon delivery of the equipment to Buyer, which shall not occur until payment is made in full. Seller agrees and

covenants to execute all documents presented by Buyer which are necessary to finalize transfer of title and registration upon the Acquired Equipment to Buyer.

4. Representations, Warranties, and Disclosures.

(a) Warranties.

THIS EQUIPMENT IS SOLD "AS IS", AND SELLER DOES NOT IN ANY WAY, OTHER THAN PARAGRAPH A §§ 1-7 ABOVE, EXPRESSLY OR IMPLIEDLY, GIVE ANY WARRANTIES TO BUYER. SELLER EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE.

_____
Buyer Initials

(b) Odometer Declaration. Seller hereby states that the odometer in the Acquired Equipment (if such equipment has an odometer) now reads as indicated above and, to the best of Seller's knowledge, it reflects the actual mileage of the equipment described herein.

(c) Buyer Representation. The individual signing this agreement on behalf of Buyer hereby represents to Seller that he or she has the power and authority to do so on behalf of Buyer.

5. Buyer's Responsibility – Insurance, Tags and Inspections. Buyer acknowledges that unless prohibited by applicable law, any insurance coverage, license, tags, plates or registration maintained by Seller on the Acquired Equipment shall be canceled upon delivery of the Acquired Equipment to, and the acceptance of, by Buyer. Buyer shall inspect and test all equipment and vehicles delivered under this agreement including the inspection of all workmanship performed by installation contractors, vehicle outfitters and other parties that performed any work on the conveyed equipment and vehicle. Buyer accepts full responsibility for the condition, effectiveness, appropriateness, and use of the conveyed equipment and vehicle. Buyer must inform Seller of any discovered problems or inspection failure prior to taking delivery of vehicle, and provide Seller at least 7 days to cure any flaw, at Seller's own expense. Upon acceptance of delivery, Buyer acknowledges compliance with these requirements and waives all rights of claim against Seller and agrees to indemnify Seller against all claims resulting from the ownership or use of conveyed equipment and vehicles. Buyer agrees to ensure through due diligence and through its own inspection, assisted by professionals as it sees fit, that all equipment and vehicles comply with all applicable laws, regulations and rules including any weight and engineering requirements.

_____
Buyer's Initials

6. Continuation of Representations and Warranties. All representations and warranties contained in this Agreement (if any) shall continue in full force and effect after execution of this agreement. If either party later learns that a warranty or representation that it made is untrue, it is under a duty to promptly disclose this information to the other party in writing. No representation or warranty contained herein shall be deemed to have been waived or impaired by any investigation made by or knowledge of the other party to this Agreement.

7. Indemnification of Attorneys' Fees and out-of-pocket costs. Should any party materially breach this agreement (including representations and warranties made to the other

side), the non-breaching party shall be indemnified by the breaching party for its reasonable attorneys' fees and out-of-pocket costs which in any way relate to, or were precipitated by, the breach of this contract (including the breach of representations or warranties). This provision shall not limit in any way the remedies either party may have otherwise possessed in law or equity relative to a breach of this contract. The term "out- of-pocket costs", as used in this contract, shall not include lost profits.

8. Severability. In the event any provision of this Agreement is deemed to be void, invalid, or unenforceable, that provision shall be severed from the remainder of this Agreement so as not to cause the invalidity or unenforceability of the remainder of this Agreement. All remaining provisions of this Agreement shall then continue in full force and effect. If any provision shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope and breadth permitted by law.

9. Modification. Except as otherwise provided in this document, this agreement may be modified, superseded, or voided only upon the written and signed agreement of the Parties. Further, the physical destruction or loss of this document shall not be construed as a modification or termination of the agreement contained herein.

10. Acknowledgements. Each party acknowledges that he or she has had an adequate opportunity to read and study this Agreement, to consider it, to consult with attorneys if he or she has so desired.

11. Exclusive Jurisdiction for Suit in Case of Breach. The Parties, by entering into this agreement, submit to jurisdiction in Melbourne, Florida for adjudication of any disputes and/or claims between the parties under this agreement. Furthermore, the parties hereby agree that the courts which have jurisdiction over Melbourne, Florida shall have **exclusive** jurisdiction over any disputes between the parties relative to this agreement, whether said disputes sound in contract, tort, or other areas of the law.

12. State Law. This Agreement shall be interpreted under, and governed by, the laws of the State of Florida.

IN WITNESS WHEREOF and acknowledging acceptance and agreement of the foregoing, Seller and Buyer affix their signatures hereto.

SELLER

By: _____
Name: _____ Authorized Officer for Seller
Date: _____, 20____

BUYER

By: _____
Name: _____ Authorized Officer for Buyer
Date: _____, 20____

EXHIBIT C
FINANCIAL STATEMENTS AND GUARANTEE OF PERFORMANCE

OUTDOOR LIVING BRANDS HOLDCO, LLC

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025, 2024, AND 2023

with
INDEPENDENT AUDITORS' REPORT

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SMITH+HOWARD PC

INDEPENDENT AUDITORS' REPORT

To the Member
Outdoor Living Brands Holdco, LLC

Opinion

We have audited the accompanying consolidated financial statements of Outdoor Living Brands Holdco, LLC (the "Company"), which comprise the consolidated balance sheets as of September 30, 2025, 2024, and 2023, and the related consolidated statements of income, member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2025, 2024 and 2023, and the results of its operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP; 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter – Related Party Transactions

As discussed in Notes 2, 7 and 8, the Company has significant transactions with related parties.

Smith and Howard PC

Atlanta, GA
December 4, 2025

OUTDOOR LIVING BRANDS HOLDCO, LLC
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2025, 2024, AND 2023

ASSETS

	2025	2024	2023
Current Assets			
Cash	$ 883,365	$ 2,941,232	$ 1,737,401
Royalties and accounts receivable, net	8,097,908	10,215,595	8,416,631
Rebates receivable, net	2,491,384	1,889,160	1,815,484
Notes receivable	1,667,392	97,904	24,492
Inventory	2,608,655	3,461,346	3,215,098
Prepaid expenses and other	1,150,423	854,615	2,211,505
Total Current Assets	16,899,127	19,459,852	17,420,611
Property and Equipment, Net	3,706,431	3,998,259	3,511,245
Other Assets			
Notes receivable, net of current portion	393,019	623,693	293,452
Intangibles, net	228,737,872	237,978,533	246,073,099
Right-of-use assets	3,716,959	4,548,121	2,972,324
Other assets	32,819	37,688	28,923
	232,880,669	243,188,035	249,367,798
	$ 253,486,227	$ 266,646,146	$ 270,299,654

LIABILITIES AND MEMBER'S EQUITY

Liabilities			
Accounts payable and accrued expenses	$ 6,868,078	$ 7,890,614	$ 7,737,340
Contract liability - deferred revenue on franchise sales	552,417	936,343	2,189,795
Contract liability - customer deposits	1,069,213	1,016,629	1,518,782
Operating lease liabilities, current portion	958,853	965,045	664,894
Total Current Liabilities	9,448,561	10,808,631	12,110,811
Long-Term Liabilities			
Operating lease liabilities, net of current portion	3,885,721	4,676,367	3,117,530
Due to affiliated companies	563,592	6,475,895	4,757,068
Note payable	525,000	525,000	525,000
Total Long-Term Liabilities	4,974,313	11,677,262	8,399,598
Noncontrolling Interest (Deficit)	(649,584)	(296,513)	(119,883)
Member's Equity	239,712,937	244,456,766	249,909,128
	$ 253,486,227	$ 266,646,146	$ 270,299,654

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

OUTDOOR LIVING BRANDS HOLDCO, LLC
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDING SEPTEMBER 30, 2025, 2024, AND 2023

	2025	2024	2023
Revenue			
Fencing and rail revenues	$ 20,139,626	$ 24,961,275	$ 23,390,797
Franchise royalties and fees	35,709,934	31,551,158	21,471,627
Product sales	10,599,822	11,624,045	9,875,832
Residential and commercial roofing	5,198,132	5,849,769	4,131,506
Window and door installation	5,106,207	3,448,901	1,058,329
Franchise fees	6,701,688	12,430,539	10,807,586
Ancillary	8,976,331	7,854,946	5,721,908
Advertising fund contributions	4,348,344	4,525,890	3,075,049
	96,780,084	102,246,523	79,532,634
Cost of Product Sales	26,429,517	26,068,176	24,051,826
Operating Expenses	42,386,403	45,261,207	37,487,987
Income from Operations	27,964,164	30,917,140	17,992,821
Other Income (Expense)			
Depreciation and amortization	(11,188,384)	(10,773,355)	(7,910,727)
Other income	124,800	315,233	(161,414)
	(11,063,584)	(10,458,122)	(8,072,141)
Net Income Before Noncontrolling Interest	16,900,580	20,459,018	9,920,680
Loss Attributable to Noncontrolling Interest	353,071	176,630	120,083
Net Income Attributable to Outdoor Living Brands Holdco, LLC	$ 17,253,651	$ 20,635,648	$ 10,040,763

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

OUTDOOR LIVING BRANDS HOLDCO, LLC
CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY
YEARS ENDING SEPTEMBER 30, 2025, 2024, AND 2023

	Consolidated Member's Equity	Noncontrolling Interest	Total Equity
Balance, September 30, 2022	$ 160,435,047	$ -	$ 160,435,047
Net Income (Loss)	10,040,763	(120,083)	9,920,680
Distributions to Member	(17,682,672)	-	(17,682,672)
Contributions from Member	97,115,990	200	97,116,190
Balance, September 30, 2023	249,909,128	(119,883)	249,789,245
Net Income (Loss)	20,635,648	(176,630)	20,459,018
Distributions to Member	(26,088,010)	-	(26,088,010)
Balance, September 30, 2024	244,456,766	(296,513)	244,160,253
Net Income (Loss)	17,253,651	(353,071)	16,900,580
Distributions to Member	(21,997,480)	-	(21,997,480)
Balance, September 30, 2025	$ 239,712,937	$ (649,584)	$ 239,063,353

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

OUTDOOR LIVING BRANDS HOLDCO, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDING SEPTEMBER 30, 2025, 2024, AND 2023

	2025	2024	2023
Cash Flows from Operating Activities:			
Net income	$ 16,900,580	$ 20,459,018	$ 9,920,680
Adjustments to reconcile net income			
to net cash provided by operating activities:			
Bad debt expense	1,409,117	300,531	59,046
Depreciation and amortization	11,188,384	10,773,355	7,910,727
Lease expense	1,119,537	940,945	519,344
Operating lease payments	(1,085,213)	(657,754)	(265,181)
Changes in assets and liabilities:			
Royalties and accounts receivable	708,570	(2,099,495)	(729,389)
Rebates receivable	(602,224)	(73,676)	(1,815,484)
Notes receivable	(1,338,814)	(403,653)	113,076
Inventory	852,691	(246,248)	(1,043,705)
Prepaid expenses and other assets	(290,939)	1,348,125	192,280
Accounts payable and accrued expenses	(1,022,536)	153,274	2,121,617
Deferred revenues on franchise sales	(383,926)	(1,253,452)	(824,331)
Customer deposits	52,584	(502,153)	706,594
Net Cash Provided by Operating Activities	27,507,811	28,738,817	16,865,274
Cash Flows from Investing Activities:			
Purchases of property and equipment	(744,856)	(1,054,507)	(1,494,918)
Internally developed software additions	(911,039)	(715,046)	(318,010)
Net cash received from acquisition of Koala and Wallaby	-	-	33,145
Net cash received from acquisition of Canopy	-	-	641
Cash paid for Bumble Bee of LA	-	(421,250)	-
Acquisition of Junk Junk Baby	-	-	(125,000)
Net advances from (repayments to) affiliated companies	(5,912,303)	743,827	2,966,646
Net Cash Provided (Required) by Investing Activities	(7,568,198)	(1,446,976)	1,062,504
Cash Flows from Financing Activities:			
Net distributions to Member	(21,997,480)	(26,088,010)	(17,682,672)
Net Cash Required by Financing Activities	(21,997,480)	(26,088,010)	(17,682,672)
Net Change in Cash	(2,057,867)	1,203,831	245,106
Cash, Beginning of Year	2,941,232	1,737,401	1,492,295
Cash, End of Year	$ 883,365	$ 2,941,232	$ 1,737,401

Schedule of Non-Cash Operating, Investing, and Financing Activities:

As further discussed in Note 8, during 2023, the Company financed business acquisitions through member contributions approximating $93,200,000.

As further discussed in Note 9 effective October 1, 2022, the Company adopted Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). Adoption of this ASU resulted in the Company recording right-of-use (“ROU”) assets of approximately $3,398,000 and corresponding operating lease liabilities of approximately $3,954,000 at the date of adoption. The difference in ROU asset and operating lease liability at inception is due to a deferred rent and certain tenant allowances of approximately $556,000 at October 1, 2022 which has been netted against the ROU asset. During 2024, the Company obtained additional ROU assets through operating leases of approximately $484,000.

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

OUTDOOR LIVING BRANDS HOLDCO, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025, 2024, AND 2023

NOTE 1 – DESCRIPTION OF BUSINESS

Outdoor Living Brands (“OLB”) Holdco, LLC ("OLB Holdco" or “the Company”), is located in Virginia, operates multiple franchise brands serving the outdoor living product and service markets. Its customers are primarily located throughout the United States of America and Canada.

OLB includes nine franchise brands under the trade names Archadeck Outdoor Living, Outdoor Lighting Perspectives, Conserva Irrigation, Superior Fence and Rail, Wallaby Windows, Koala Insulation, Bumble Roofing, Canopy Lawn Care, and Junk Junk Baby! (referred to hereafter as, the “brands”). The brands sell franchises and provide support for franchisees using standardized products, services and procedures developed by the franchisor.

- Archadeck Outdoor Living franchises design, sell and construct decks, porches, screened rooms, sunrooms, outdoor kitchens, hardscaped patios and other custom outdoor living space projects.
- Outdoor Lighting Perspectives franchises provide outdoor lighting and holiday lighting design and installation and maintenance services for residential and commercial clients.
- Conserva Irrigation franchises provide upgrades, maintenance services, and installation of outdoor irrigation systems for residential and commercial clients.
- Superior Fence and Rail franchises sell and construct a variety of fences for residential and commercial clients.
- Wallaby Windows franchises sell and install a variety of windows and doors for residential and commercial clients.
- Koala Insulation franchises install, maintain, and clean insulation for residential clients and commercial clients.
- Bumble Roofing franchises provide roofing replacement, repair, and inspection services for residential clients and commercial clients.
- Canopy Lawn Care provides homeowners and business owners lawn care services.
- Junk Junk Baby! provides waste and “junk” removal services for residential clients and commercial clients.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Presentation

The accompanying consolidated financial statements include the accounts of OLB Holdco and its wholly-owned subsidiaries listed below:

- Archadeck Franchisor, LLC (“Archadeck”)
- OLB Supply Chain, LLC (“OLB Supply”)
- Conserva Irrigation Franchisor, LLC (“Conserva”)
- Outdoor Lighting Perspectives Franchisor, LLC (“OLP”)
- Superior Fence and Rail Franchisor, LLC (“SFR”) – Formed on December 15, 2021
- Superior Fence and Rail of North Florida, LLC (“SFR-NOFL”) – Acquired on December 15, 2021
- Koala Insulation, LLC (“Koala”) – Acquired on April 13, 2023 (Note 8).
- Wallaby Windows Franchisor, LLC (“Wallaby”) – Formed on April 13, 2023 (Note 8).
- Wallaby Windows of Melbourne, LLC (“Wallaby-Melbourne”) – Acquired on April 13, 2023 (Note 8).
- Bumble Roofing Franchisor, LLC (“Bumble”) – Formed on May 1, 2023 (Note 8).
- Bumble Roofing of LA, LLC – Acquired on May 1, 2023 (Note 8).
- Canopy Franchise Corporation (“Canopy”) – Acquired 60% on June 13, 2023 (Note 8).
- JJB Franchisor, LLC (“JJB”) – Formed to acquire Junk, Junk, Baby! Franchising, LLC and Junk, Junk Baby! IP, LLC on August 31, 2023. This entity was discontinued in 2024 (Note 8).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation and Presentation (Continued)

The accompanying consolidated financial statements present the operations, equity and cash flows of OLB Holdco and its wholly-owned subsidiaries as of and for the years ending September 30, 2025, 2024, and 2023. Intercompany transactions and balances have been eliminated in consolidation.

The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenues for the Company are disaggregated into the following revenue streams:

Fencing and Rail and Window and Door Installation Revenues

SFR-NOFL's fencing and rail contracts and Wallaby-Melbourne's door and window contracts generally include a single performance obligation for which revenue is recognized over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. These contracts are normally short term (less than one month) and seldom have multiple performance obligations or variable consideration. The contract liability "customer deposits" represents funds received from customers before the contract has commenced. Customers are billed upon contract completion. SFR-NOFL and Wallaby-Melbourne provides a labor warranty following completion of services performed under its contacts. Historically, warranty claims have not resulted in materials costs incurred.

Franchise Royalties and Advertising Fund Contributions

The Company collects royalties and advertising fund contributions ranging from 1.5% to 8% of a franchisee's monthly revenues. Royalties and advertising fund contributions are considered variable consideration. GAAP requires variable consideration that is to be recognized over the term of the franchise agreement to be estimated at the inception of the Franchise Agreement. Deferred revenue and a receivable would normally be recognized at the inception of the Franchise Agreement based on this estimate; however, given the nature of the business, the constraints associated with estimating these fees cannot be overcome in order to determine an estimate of the variable consideration that would not be likely to result in a significant reversal. Accordingly, as allowed by GAAP, these fees are recognized in the month in which services are performed for customers.

Product Sales

OLB Supply and Koala sell and distribute to its franchisees certain products and provides supporting services required for use in the operation of a franchise. The revenue from the sale of these products and ancillary services performed by the Franchisors is recognized at the point in time the products and services are delivered.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Residential and Commercial Roofing

Bumble-LA's residential roofing contracts generally include a single performance obligation for which revenue is recognized over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Residential roofing contracts are normally completed in one to five days. These contracts seldom have multiple performance obligations or variable consideration. The contract liability "customer deposits" represents funds received from customers before the residential roofing contract has commenced. Customers are billed upon contract completion.

Bumble-LA's commercial roofing services are provided through discrete project agreements. The contracts are awarded on a competitively bid and negotiated basis. The Company's contracts generally include a single performance obligation for which revenue is recognized over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. For cost-plus fee contracts, the Company recognizes revenue when services are performed and contractually billable based upon the hours incurred and agreed-upon hourly rates as well as subcontractor costs and materials cost. Revenue on fixed-price contracts is recognized and invoiced over time using the cost-to-cost percentage-of-completion method.

Franchise Fees

Archadeck, Outdoor Lighting Perspectives, Conserva, SFR, Wallaby, Koala, Canopy, and Bumble, (the "Franchisors") sell franchises which grant franchisees a right to operate within a designated territory. These franchises are conveyed through a Franchise Agreement. The sale of the franchises is reflected within Franchise Fees in the accompanying consolidated statements of income. Following execution of the Franchise Agreement, the Franchisors agree to provide certain initial services, including advertising material, manuals, website development, training and on-site assistance. The value of the initial services provided exceeds the standalone value individual services performed by the Franchisors. Included in the accompanying consolidated balance sheets is a contract liability, "deferred revenue on franchise sales," which represents initial services that have not yet been completed for franchisees. Upon completion of these initial services, the franchise fees are recognized as revenue in the accompanying statements of income. In certain circumstances, the Franchisors finance the sale of Franchise Agreements.

Ancillary Revenues

Ancillary revenues consist of various fees and charges that supplement the Company's primary sources of income. These fees include training fees, drafting services, technology fees, rebate payments, and other miscellaneous fees and charges. The Company receives rebate payments from certain suppliers based on the aggregate purchases made by certain regional developers and unit franchisees from these suppliers. The rebate agreements are structured around achieving specific purchase volume targets by our network of franchisees. As these rebates are not directly linked to the Company's inventory or specific expenses, they have been classified as revenues in the consolidated financial statements. The Company recognizes rebate income when it is reasonably assured of receiving payment and the related performance conditions, as stipulated in the supplier agreements, have been satisfied. All other ancillary revenues are recognized when the services are rendered, and the fees are contractually due.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and receivables. The Company maintains cash balances at financial institutions that, at times, are in excess of federally insured limits. Management continually monitors receivable balances and believes that its exposure to receivable credit risk is limited. The Company performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's cash management strategy. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidated financial statements.

Property and Equipment

Property and equipment are recorded at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets (3-10 years). The cost and accumulated depreciation for property and equipment sold, retired, or otherwise disposed of are relieved from the accounts, and resulting gains and losses are recognized currently. Minor maintenance, repairs, and renewals are expensed as incurred.

Property and equipment consists of the following at September 30:

	2025	2024	2023
Leasehold improvements	$ 2,916,532	$ 2,766,838	$ 2,295,625
Furniture and fixtures	282,614	282,614	276,558
Office equipment	196,200	190,411	38,506
Vehicles and equipment	2,255,926	1,916,153	1,573,129
Computer equipment and software	203,172	162,420	143,479
Construction in progress	298,966	61,617	-
	6,153,410	5,380,053	4,327,297
Less: accumulated depreciation and amortization	(2,446,979)	(1,381,794)	(816,052)
	$ 3,706,431	$ 3,998,259	$ 3,511,245

Depreciation and amortization expense was $1,036,684, $567,492, and $567,376 for the years ending September 30, 2025, 2024, and 2023, respectively.

Intangible Assets

The Company's franchise agreements, certain internally developed software, trademarks, and goodwill were assigned fair values based upon appraisals obtained as part of the recapitalizations that occurred in previous years various business acquisitions further discussed in Note 8.

Additionally, the Company capitalizes certain costs incurred in connection with developing or obtaining internal-use software. Capitalized costs include direct external costs, internal payroll, and payroll-related costs for employees who are directly associated with and devote time to the project. Costs incurred during the preliminary project stage, as well as costs for maintenance and training, are expensed as incurred. Capitalization begins when the preliminary project stage is complete, management authorizes and commits to funding the project, it is probable that the project will be completed, and the software will be used for its intended function. Capitalization ceases when the project is substantially complete and ready for its intended use.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets (Continued)

The value associated with the franchise agreements, internally developed software, and trademarks are being amortized on a straight-line basis over 5-15 years.

The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life of the franchise agreements, trademarks, and internally developed software as well as whether changes have occurred to determine if all intangible assets are recoverable.

Goodwill is not amortized, but is tested for impairment using a fair value approach. If the fair value of the reporting unit is less than its carrying value, or if the fair value of the goodwill has been diminished, an impairment loss would be recorded to the extent of that difference. The Company tests for impairment as of September 30 annually. Goodwill will be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value or diminish the fair value of the goodwill. Management believes there has been no impairment of intangible assets during 2025, 2024, or 2023.

Intangible assets consists of the following at September 30:

	Estimated Useful Life	2025	2024	2023
Franchise agreements	7 years	$ 55,934,000	$ 55,934,000	$ 55,934,000
Internally developed software	5 years	8,408,104	7,650,056	6,935,010
Trademarks	15 years	3,761,000	3,761,000	3,761,000
		68,103,104	67,345,056	66,630,010
Less: accumulated amortization		(33,107,796)	(23,109,087)	(12,903,224)
		34,995,308	44,235,969	53,726,786
Goodwill	Indefinite	193,742,564	193,742,564	192,346,313
		$ 228,737,872	$ 237,978,533	$ 246,073,099

Approximate future intangible amortization expense for the years ending September 30 are as follows:

2026	$ 9,861,000
2027	8,697,000
2028	8,292,000
2029	4,306,000
2030	2,143,000
Thereafter	1,696,000
	$ 34,995,000

Intangible amortization expense was $10,151,700, $10,205,863, and $7,343,351 for the years ending September 30, 2025, 2024, and 2023, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company is a wholly owned subsidiary of Empower Brands Franchising, LLC ("Empower"). Empower is a wholly owned subsidiary of MidOcean BCAT Holdings, Inc. ("BCAT").

Accordingly, the Company's income or loss is presented without a provision or credit for federal and state income taxes. The Company's income or loss is allocated to Empower in accordance with the operating agreement. The Company annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Company takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In general, the Company is no longer subject to tax examinations for the tax years ending before September 30, 2022.

Noncontrolling Interest

As discussed further in Note 8, during 2023, the Company acquired a controlling interest in Canopy Lawn Care. The Company is entitled to 60% of the earnings (losses) of this entity. The remaining earnings (losses) of the entity that are not attributable to the Company are presented separately in the accompanying consolidated financial statements.

NOTE 3 – ROYALTIES AND ACCOUNTS RECEIVABLE, NET

Royalties and accounts receivable, net were comprised of the following at September 30:

	2025	2024	2023
Fencing and rail revenues	$ 1,739,372	$ 2,695,073	$ 2,497,559
Franchise royalties, fees, and advertising fund contributions	4,789,169	5,463,422	3,349,189
Product sales	1,192,334	1,226,498	1,474,348
Residential and commercial roofing	583,771	751,594	1,020,460
Window and door installation	188,470	296,521	393,787
Other	153,049	304,154	-
	8,646,165	10,737,262	8,735,343
Less: allowance for doubtful accounts	(548,257)	(521,667)	(318,712)
	$ 8,097,908	$ 10,215,595	$ 8,416,631

NOTE 4 – NOTES RECEIVABLE

As of September 30, 2025, 2024, and 2023, the Company held notes receivable totaling which primarily consist of amounts due from franchisees. These notes were issued in connection with initial franchise fee arrangements.

The notes generally bear interest at rates ranging from non-interest bearing to 14.73% and have original maturities between 1 to 5 years. Interest income is recognized using the effective interest method and is included in other income in the consolidated statements of operations.

The Company evaluates the collectability of notes receivable on an ongoing basis. An allowance for credit losses is established when, based on management's assessment, it is probable that the Company will not collect all amounts due according to the contractual terms. Notes receivable are collateralized by the underlying franchise agreements and, in certain cases, by personal guarantees or assets of the franchisee.

Notes receivable were comprised of the following at September 30:

	2025	2024	2023
Less than one year	$ 1,786,635	$ 97,904	$ 24,492
One to five years	393,019	623,693	293,452
	2,179,654	721,597	317,944
Less: allowance for doubtful accounts	(119,243)	-	-
	$ 2,060,411	$ 721,597	$ 317,944

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses were comprised of the following at September 30:

	2025	2024	2023
Accounts payable	$ 3,046,663	$ 2,557,614	$ 3,779,901
Accrued payroll, bonuses, and other personnel related expenses	1,245,520	1,421,800	1,453,037
Earnout provisions	1,329,256	1,838,485	2,267,663
Roofing estimated closed job costs	54,804	847,457	-
Other	1,191,835	1,225,258	236,739
	$ 6,868,078	$ 7,890,614	$ 7,737,340

NOTE 6 – NOTE PAYABLE

In conjunction with the equity purchase of Canopy further discussed in Note 8, Canopy entered into a note payable agreement with an entity that owns a minority interest in Canopy, in the principal amount of $525,000. The unpaid principal balance bears interest at a fixed rate of 10% compounded annually. All unpaid principal and interest is due in full on June 13, 2033, the maturity date. The note can be prepaid at any time before the maturity date with no penalty.

NOTE 7 – RELATED PARTY TRANSACTIONS AND GUARANTEES

The Company is party to management and consulting agreements with certain members of equity groups holding ownership units of Empower. Additionally, the Company's Board of Directors consists of members of management of certain of the equity groups holding ownership units in Empower. Consulting and board fees for the years ended September 30, 2025, 2024, and 2023 approximated $1,096,000, $969,000 and $568,000, respectively, included within operating expenses on the accompanying consolidated statements of income.

The Company periodically lends or borrows unsecured interest-bearing amounts with Empower and affiliate companies under common ownership of Empower. Because there are no specific repayment terms relative to amounts due from Empower and affiliates, management classifies these amounts as long-term.

Loan Guarantees

The Company and various other affiliates owned by Empower have guaranteed approximately $304,000,000 of credit facilities obtained by Empower. Total outstanding borrowings were approximately $287,000,000 at September 30, 2025.

In October 2025, Empower obtained additional borrowings of $52,000,000 which is guaranteed by the Company and the affiliates.

NOTE 8 – BUSINESS ACQUISITIONS

Wallaby Windows and Koala Insulation

On April 13, 2023, the Company acquired the assets of Wallaby, Wallaby-Melbourne, and Koala (collectively referred to as "Wallaby and Koala") for the purpose of adding window, door, and insulation brands to the existing portfolio.

After net working capital adjustments, the purchase price of Wallaby and Koala was approximately $93,203,000 which includes a $233,000 earnout provision subject to Wallaby and Koala maintaining certain system wide revenue thresholds and other metrics. The acquisition was funded by capital contributions from Empower consisting of units of ownership interest in BCAT valued at approximately $55,000,000, debt financing of approximately, $24,500,000 obtained by Empower, and cash.

The allocation of the purchase price was as follows:

Cash	$ 33,145
Royalties and accounts receivable, net	1,401,921
Inventory	1,220,640
Prepaid expenses and other	966,809
Property and equipment, net	631,169
Intangibles	93,505,648
Accounts payable and accrued expenses	(152,960)
Contract liability - deferred revenue on franchise sales	(1,394,476)
Due to affiliates	(3,008,785)
	$ 93,203,111

NOTE 8 – BUSINESS ACQUISITIONS (Continued)

Bumble-LA

On May 1, 2023, the Company acquired the assets Bumble-LA for the purpose of adding a roofing contractor brand to the existing portfolio. After net working capital adjustments, the purchase price of Bumble-LA was approximately $3,823,000 which includes an earnout provision of approximately $2,268,000, an estimate based on a percentage of the new formed franchisor's, Bumble, future franchise and royalties revenues. The acquisition was funded by capital contributions from Empower consisting of units of ownership interest in Bobcat Holdings valued at approximately $200,000 and cash. During 2024, additional consideration of $1,396,250 was paid to the former owner, which was comprised of $975,000 of ownership interest in Bobcat Holdings and $421,250 in cash. This payment was made within the measurement period of the acquisition, resulting in the recognition of additional goodwill.

The allocation of the purchase price was as follows:

Accounts receivable, net	$	799,823
Intangibles		7,018,268
Due to affiliates		(1,225,914)
Accounts payable and accrued expenses		(469,356)
Customer deposits		(31,850)
Earnout provision		(2,267,540)
	$	3,823,431

Canopy

On June 13, 2023, the Company entered into an equity purchase agreement with Canopy Franchise Corporation ("Canopy") to acquire 60% of Canopy's outstanding equity. In accordance with ASC 810, *Consolidation*, as the Company holds greater than 50% of the voting interest in Canopy, all of Canopy's assets, liabilities, and operations are reflected in the accompanying consolidated financial statements.

The allocation of the purchase price was as follows:

Cash	$	841
Intangibles		541,634
Accounts payable and accrued expenses		(17,275)
Note payable		(525,000)
	$	200

JJB

On August 31, 2023, the Company formed JJB Franchisor, LLC ("JJB") to acquire Junk, Junk, Baby! Franchising, LLC and Junk, Junk, Baby! IP, LLC. JJB's. No tangible assets were acquired nor liabilities assumed as a result of this acquisition. The full purchase price of $125,000 was allocated to Goodwill.

NOTE 9 – LEASES

The Company leases office and warehouse space under non-cancelable operating leases that mature at various dates through June 2033.

The Company adopted ASU 2016-02, *Leases*, on October 1, 2022 and has recorded ROU assets and liabilities which represent the present value of future lease payments using the risk free rate of return that corresponds to the lease length.

At September 30, 2025, the Company's operating lease liabilities were comprised of the following:

Gross operating lease liabilities	$	5,451,847
Less: present value discount		(607,273)
Present value of operating lease liabilities		4,844,574
Less: current portion of operating lease liabilities		(958,853)
Long-term operating lease liabilities	$	3,885,721

At September 30, 2025, the weighted average remaining lease term for all operating leases was 5.94 years and the weighted average discount rate was 3.94%.

The schedule below summarizes the future minimum annual lease payments for all leases for the years ending September 30:

2026	$	1,080,013
2027		851,825
2028		873,856
2029		896,475
2030		505,450
Thereafter		1,244,228
	$	5,451,847

NOTE 10 – RETIREMENT PLAN

The Company has a salary deferral plan under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to defer a portion of their compensation ranging from 1% to 15%. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds. The Company, at its option, may match a portion of the employees' contribution. The Company made contributions of approximately $392,000, $338,000, and $252,000 during the years ending September 30, 2025, 2024, and 2023, respectively.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 4, 2025, the date the consolidated financial statements were available to be issued.

GUARANTEE OF PERFORMANCE

For value received, Outdoor Living Brands HoldCo LLC, a Delaware limited liability company (the "Guarantor"), located at 2426 Old Brick Road, Glen Allen, Virginia 23060, absolutely and unconditionally guarantees to assume the duties and obligations of Koala Insulation Franchisor, LLC located at 445 West Drive, Melbourne, Florida 32904 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2026 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at ALPHARETTA, GA, on the 14TH day of JANUARY, 2026.

Guarantor:

OUTDOOR LIVING BRANDS HOLDCO LLC

By: _____
Name: Michael Borreca
Title: Senior Vice President, CFO

(KI)

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

OLB Holdco, LLC

Balance Sheet

UNAUDITED

Component		Nov-25
Cash and Cash Equivalents	$	3,285,117
Accounts Receivable, net	$	13,842,294
Notes Receivable, ST	$	24,492
Other Current Assets	$	5,090,210
Current Assets	**$**	**22,242,113**
Property, Plant, Equipment, Net	$	2,656,698
Intangibles, Net	$	248,063,130
Other Non-Current Assets	$	523,915
Non-Current Assets	**$**	**251,243,742**
Total Assets	**$**	**273,485,855**
Accounts Payable/Accrued Expenses	$	4,409,870
Deferred Revenue	$	2,928,335
Other Current Liabilities	$	492,418
Current Liabilities	**$**	**7,830,623**
Debt	$	-
Debt Issuance Costs	$	-
Other Long Term Liabilities	$	2,204,335
Long Term Liabilities	**$**	**2,204,335**
Total Liabilities	**$**	**10,034,958**
APIC/Retained Earnings	$	261,299,029
Net Income	$	2,151,868
Total Shareholder Equity	**$**	**263,450,898**
Total Liabilities & Equity	**$**	**273,485,856**

Empower Brands

Income Statement

UNAUDITED

November-25

	Year to Date	Trailing 12 Months
	2025	**2025**
Royalties	*$ 6,089,040*	*$ 36,738,844*
Company Operations Revenue	*$ 5,320,726*	*$ 32,461,759*
National Accounts Revenue	*$ 14,815*	*$ 148,475*
Supply Chain Revenue	*$ 1,617,195*	*$ 8,892,990*
Franchise Sales	*$ 353,750*	*$ 6,383,804*
Marketing Fund	*$ 704,404*	*$ 4,446,458*
Other Revenue	*$ 1,544,151*	*$ 10,101,599*
Discounts & Rebates	*$ (218,182)*	*$ (1,341,433)*
Total Revenue	**$ 15,425,899**	**$ 97,832,495**
Total Direct Cost	**$ 4,751,361**	**$ 28,169,635**
Gross Margin	**$ 10,674,538**	**$ 69,662,860**
Gross Margin %	*69.2%*	*71.2%*
Total SG&A	**$ 5,659,208**	**$ 35,709,607**
EBITDA	**$ 5,015,330**	**$ 33,953,253**
EBITDA %	*32.5%*	*34.7%*
Amortization & Depreciation	**$ 1,824,098**	**$ 11,245,524**
Operating Income	**$ 3,191,232**	**$ 22,707,729**
Operating Income %	*20.7%*	*23.2%*
Total Other Income/(Expense)	**$ (1,039,364)**	**$ (5,811,325)**
Net Income	**$ 2,151,868**	**$ 16,896,405**
Net Income %	*13.9%*	*17.3%*

EXHIBIT D
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EXHIBIT E
FRANCHISEE DISCLOSURE QUESTIONNAIRE

FRANCHISEE DISCLOSURE QUESTIONNAIRE

Koala Insulation Franchisor, LLC ("we", "us", or "our") and you are preparing to enter into a franchise agreement for the operation of a Koala Insulation Franchise. The purpose of this Questionnaire 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 and to be certain that you understand the limitations on legal claims you may make by reason of the purchase and operation of your franchise. Please review each of the following questions carefully and provide honest responses to each question.

This Questionnaire does not apply to franchisees who intend to operate the franchised business in the State of California. Do not complete this Questionnaire or respond to any of the questions contained in the Questionnaire if you intend to operate the franchised business in the State of California.

1.	Yes ____	No ____	Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
2.	Yes ____	No ____	Have you received and personally reviewed the Franchise Disclosure Document we provided
3.	Yes ____	No ____	Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4.	Yes ____	No ____	Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
5.	Yes ____	No ____	Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor or have you had the opportunity for such review and chosen not to engage such professionals?
6.	Yes ____	No ____	Have you discussed the benefits and risks of developing and operating a Koala Insulation Business with an existing Koala Insulation franchisee?
7.	Yes ____	No ____	Do you understand the risks of developing and operating a Koala Insulation Business?
8.	Yes ____	No ____	Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor, and supply costs, and other relevant factors?
9.	Yes ____	No ____	Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated, mediated, and/or arbitrated in Florida, if not resolved informally or by mediation?

10. Yes ____ No ____ Do you understand that you must satisfactorily complete the initial training course before we will allow your Business to open or consent to a transfer?

11. Yes ____ No ____ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Koala Insulation Business, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

12. Yes ____ No ____ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

13. Yes ____ No ____ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Koala Insulation Business will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

14. Yes ____ No ____ Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Koala Insulation Business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

15. Yes ____ No ____ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

EXPLANATION OF ANY NEGATIVE RESPONSE
(REFER TO QUESTION NUMBER)

Questionnaire Number	Explanation of Negative Response

Do not sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document. Sign and date this Questionnaire the same day you sign the Franchise Agreement and pay your franchise fee.

*Do not sign this Questionnaire if you are a Hawaii resident, or the franchise is to be located in Hawaii.

**Do not sign this Questionnaire if you are a Maryland resident, or the franchise is to be located in Maryland.

***Do not sign this Questionnaire if you are a Washington resident, or the franchise is to be located in Washington.

FRANCHISEE: _____

Signature: _____
Print Name: _____
Date: _____

EXHIBIT F

SAMPLE RELEASE AGREEMENT

[This is a sample release form that generally will be used with or incorporated into a separate agreement. This form is subject to change over time.]

This Agreement ("Agreement") is entered into this _____ day of _____ 20_____ (the "Effective Date") between KOALA INSULATION FRANCHISOR, LLC ("Franchisor"), _____ ("Franchisee"), and _____ ("Guarantors").

BACKGROUND

A. Franchisor and Franchisee entered into a franchise agreement dated _____ (the "Franchise Agreement").

B. [NOTE: Describe the circumstances relating to the release.]

AGREEMENT

1. [Note terms and details of the Agreement]

2. Release.

a. Franchisee and Guarantors, each on behalf of themselves and their present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, shareholders, owners, heirs, successors, and assigns (collectively, "Franchisee Parties") hereby release, waive, and forever discharge Franchisor, and its present and former, direct and indirect, parents, predecessors, subsidiaries, affiliates, employees, officers, directors, shareholders, members, owners, agents, representatives, successors, and assigns (collectively, "Franchisor Parties") of and from any and all actions, causes of action, suits, losses, liabilities, rights, debts, dues, sums of money, accounts, reckonings, obligations, costs, expenses, liens, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands, of every kind and nature whatsoever, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law, or equity (collectively, "Claims"), which any of such Franchisee Parties ever had, now have, or hereafter can, shall, or may have against any of such Franchisor Parties for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of time through the Effective Date, including, without limitation, those arising out of or relating to the Franchise Agreement, the Franchised Business, the offer and sale of the Franchised Business, or the franchise relationship between any of the Franchisee Parties and any of the Franchisor Parties. Franchisee and Guarantors, on behalf of the Franchisee Parties, understand that they may later discover Claims or facts that may be different from, or in addition to, those that it or any other Franchisee Party now knows or believes to exist regarding the subject matter of the release contained in this Section 2, and which, if known at the time of signing this Agreement, may have materially affected this Agreement and its decision to enter into it and grant the release contained in this Section 2. Nevertheless, Franchisee and Guarantors, on behalf of themselves and the other Franchisee Parties, intend to fully, finally and forever settle and release all Claims that now exist, may exist, or previously existed, as set out in the release contained in this Section 2, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. The Franchisee Parties hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts.

b. Franchisee and Guarantors represent and warrant as follows: (i) none of them are aware of any Claim that is not covered by the release contained in this Section 2, (ii) none of them have assigned or transferred any of the Claims released herein to any person or entity and no person or entity has subrogated to or has any interest or rights in any Claims, and (iii) each of them has the full right, power, and authority to enter into this Agreement, to grant on behalf of itself and the other Franchisee Parties the releases contained herein, and to perform its obligations hereunder.

[**California-specific language**: Franchisee and Guarantors, on behalf of the Franchisee Parties, waive all rights and protections that they have or may have under Section 1542 of the California Civil Code. Section 1542 provides as follows:

> A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Franchisee and Guarantors, on behalf of the Franchisee Parties, acknowledge and agree that the foregoing waiver of Section 1542 is an essential, integral and material term of this release and that they have had adequate opportunity to gather all information necessary to enter into this Amendment and to grant the releases contained herein, and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Amendment.]

[*The following language is to be included if the Washington Franchise Investment Protection Act, RCW 19.100, applies*: The general release granted under this Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules thereunder.]

3. General. No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of _____ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

KOALA INSULATION FRANCHISOR, LLC

By:_____
Its:_____

FRANCHISEE:

_____

By:_____
Its:_____

GUARANTORS:

_____
_____, Individually

EXHIBIT G
PROMISSORY NOTE

[$AMOUNT] Date: [DATE]

FOR VALUE RECEIVED, the undersigned maker of this Note promises to pay to the order of [ENTITY NOTEHOLDER] located at 445 West Drive, Melbourne, Florida 32904, the principal sum of [AMOUNT] ($AMOUNT) in the currency of the United States of America together with interest from the date of this Note at the rate of [INTEREST RATE] (INTEREST RATE%) per annum.

1. On the [PAYMENT DATE], and on the [DAY/DATE OF MONTH] of each and every [WEEK/MONTH] thereafter, the sum of [$AMOUNT] will be due and payable in full.

2. On the [DATE OF FINAL PAYMENT], the then entire outstanding principal and interest balances owing under this Note, if not sooner paid, will be due and payable in full.

3. All payments shall be made by preauthorized Automated Clearinghouse transactions ("ACH") or by such other reasonable method as holder directs at a bank specified by maker in writing to the holder as specified above.

4. Any payment is late if not received by holder within 10 days after it is due. If a payment is late, holder may, in its sole discretion elect to;

A. Declare the entire unpaid principal and interest balances immediately due and payable; or

B. Accept the late payment along with a late charge in the amount of 10% of the amount of the late payment. The late charge will be for the purpose of compensating holder for additional expenses which it is recognized that holder will incur as a result of the late payment.

5. All payments, as of the date they are received, will first be credited to any late charges due; the balance, if any, will then be credited to the outstanding interest balance; and the balance, if any, will then be credited to the outstanding principal balance.

6. In the event holder elects under 4A above to demand payment in full of the entire unpaid balance, holder will first provide maker with written notice of its election, demanding payment in full within 10 days. In the event a default exists after the 10-day notice period has expired, maker promises and agrees:

A. That the entire outstanding principal and interest balances, including late charges, will bear interest from the original due date of the delinquent payment at the rate of 18% (default rate) per year (or if this rate exceeds the maximum permitted by law, then the interest rate will be the highest rate permitted by law); and

B. To pay holders actual attorneys' fees and costs incurred in collection efforts as a result of the default.

7. In the event a default exists after the 10-day notice period as provided above in paragraph 6, [ENTITY NOTEHOLDER] may in addition elect to terminate and cancel the

Franchise Agreement(s) between [ENTITY NOTEHOLDER] and maker described in paragraph 8 below in accordance with the provisions of that agreement(s).

8. This Note constitutes part performance of a certain written Franchise Agreement(s) between maker and [ENTITY NOTEHOLDER] dated [DATE OF FRANCHISE AGREEMENT(S)] and as such, will be read and interpreted in a manner consistent with the terms of said agreement. Default under the terms of this Note will be sufficient grounds for termination or cancellation of the Franchise Agreement(s) in accordance with the terms of the Franchise Agreement(s).

9. The makers and endorsers of this Note waive and excuse presentment for acceptance and payment, notice of dishonor, and protest of dishonor, and agree to any extension of time of payment and partial payments before, at or after maturity.

10. In the event of any sale, transfer assignment, encumbrance or other conveyance of the rights, duties or obligations of maker under the terms of the Franchise Agreement(s) between maker and [ENTITY NOTEHOLDER], the entire unpaid principal and interest balances of this Note as of the date of such sale, transfer, assignment, encumbrance or other conveyance will immediately become due and payable in full without any further notice or demand.

11. Maker may prepay this Note in whole or in part at any time or from time to time without penalty or premium by paying the principal amount to be prepaid together with accrued interest thereon the date of payment

12. All notices and other communications relating to this Note shall be in writing and shall be deemed given upon the first to occur of (x) deposit with the United States Postal Service or overnight courier service, properly addressed and postage prepaid; (y) transmittal by electronic communication (including email, internet or intranet websites, or facsimile properly addressed (with written acknowledgment from the intended recipient such as "return receipt requested" function, return e-mail, or other written acknowledgment); or (z) actual receipt by an employee or agent of the other party. Notices hereunder shall be sent to the following addresses, or to such other address as such party shall specify in writing:

(a) If to the Holder:

Address: 445 West Drive, Melbourne, Florida 32904
Attention: Controller
With a copy to: General Counsel

(b) If to the Maker:
Address: [FRANCHISEE ADDRESS]
Attention: [PERSON(S) TO RECEIVE NOTICE ON BEHALF OF FRANCHISE ENTITY]

13. This Note and any claim, controversy, dispute, or cause of action (whether in contract, tort, or otherwise) based on, arising out of, or relating to this Note and the transactions contemplated hereby shall be governed by and construed in accordance with the laws of the State of Florida.

14. Disputes.

(a) Submission to Jurisdiction.

(i) The maker irrevocably and unconditionally (A) agrees that any action, suit, or proceeding arising from or relating to this Note may be brought in the courts of the State of Florida nearest to Brevard County and (B) submits to the exclusive jurisdiction of such courts in any such action, suit, or proceeding. Final judgment against the maker in any such action, suit, or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(ii) Nothing in this Section 14(a) shall affect the right of the holder to bring any action, suit, or proceeding relating to this Note against the maker or its properties in the courts of any other jurisdiction.

(iii) Nothing in this Section 14(a) shall affect the right of the holder to serve process upon the maker in any manner authorized by the laws of any such jurisdiction.

(b) Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by law, (i) any objection that it may now or hereafter have to the laying of venue in any action, suit, or proceeding relating to this Note in any court referred to in Section 14(a), and (ii) the defense of inconvenient forum to the maintenance of such action, suit, or proceeding in any such court.

(c) Waiver of Jury Trial. THE MAKER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY.

15. This Note constitutes the entire contract between the maker and the holder with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect thereto.

16. No term of this Note may be waived, modified, or amended, except by an instrument in writing signed by the maker and the holder. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

17. No failure by the holder to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power. The rights, remedies, and powers herein provided are cumulative and not exclusive of any other rights, remedies, or powers provided by law.

18. If any term or provision of this Note is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note or render such term or provision invalid or unenforceable in any other jurisdiction.

19. This Note and any amendments, waivers, consents, or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all of which taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic ("pdf" or "tif" or any other electronic means that reproduces an

image of the actual executed signature page) format shall be as effective as delivery of a manually executed counterpart of this Note.

20. The words "execution," "signed," "signature," and words of similar import in this Note shall be deemed to include electronic and digital signatures and the keeping of records in electronic form, each of which shall be of the same effect, validity, and enforceability as manually executed signatures and paper-based recordkeeping systems, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 U.S.C. §§ 7001-7031), the Electronic Signatures and Records Act of 1999 (N.Y. State Tech. Law §§ 301-309), and any other similar state laws based on the Uniform Electronic Transactions Act.

_____

Maker, Individually, and on behalf of
[FRANCHISE ENTITY] as its
[MEMBER, MANAGER OR OTHER OFFICER CAPACITY]

Names of Maker(s): [NAME OF MAKER(S)]

Address of Maker(s): [NOTICE ADDRESS]

Telephone Number(s) of Maker: [TELEPHONE NUMBER]

HOLDER:

_____

By: _____
Name: _____
Title: _____

AMORTIZATION SCHEDULE
[INSERT AMORTIZATION SCHEDULE]

EXHIBIT H
STATE SPECIFIC ADDENDA AND RIDERS

MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Disclosure Document is amended as follows:

2. Item 17, "Renewal, Termination, Transfer, and Dispute Resolution," shall be supplemented by the addition of the following at the end of the Item:

> The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
>
> You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
>
> A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
>
> 3. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Exhibit E (Franchisee Disclosure Questionnaire) is hereby deleted.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement is amended as follows:

☐ Sections 2.2, 12, and 13 require Franchisee to sign a general release as a condition of renewal or transfer of the Franchise; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.

☐ Section 13.1, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

☐ Section 23.1 requires that the Franchise be governed by the laws of the State of Florida, however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.

☐ Sections 23.2 and 23.5 require litigation or arbitration to be conducted in the State of Florida; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.

☐ Any Section of the Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing the Franchise are not intended to, nor shall they act as a, release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

☐ Section 23.7 is amended to the extent that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

2. Any portion of the Franchise Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

4. Franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Section 21 of the Franchise Agreement, under the heading "Entire Agreement and Amendment," is modified by deleting the last paragraph in its entirety.

6. Section 24 of the Franchise Agreement, under the heading "Acknowledgments," is modified as described below.

a. Sections 24.1 and 24.2 are hereby deleted in their entirety.

b. Sections 24.6 and 24.8 are hereby deleted in their entirety.

7. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

9. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

KOALA INSULATION FRANCHISOR, LLC

By:_____
Name: _____
Title: _____

[FRANCHISEE ENTITY]

By:_____
Name: _____
Title: _____

EXHIBIT I
LIST OF FRANCHISEES AS OF 9/30/2025

Number of Territories	Koala Location Name	Owner(s)	Street Address	City	State	Zip	Phone Number	Email Address
2	KI of the Gulf Coast	Connor Curtis	82 Plantation Pointe Road	Fairhope	AL	36532	(251) 517-4122	Connor.curtis@koalainsulation.com
3	KI of Birmingham	Charles & Bethany Edgeworth	1404 Eden Ridge	Hoover	AL	35244	(205) 518-8900	bethany.edgeworth@koalainsulation.com
1	KI of Springdale	David Solomon	6506 West Pleasant Way	Rogers	AR	72758	(501) 773-4222	davidtsolomon79@gmail.com
1	KI of Arrowhead Ranch	David Olson & Lisa Olson	6917 West Villa Chula	Glendale	AZ	85310	(623) 570-4464	dave@olsonpropertiesaz.com lisa@olsonpropertiesaz.com
1	KI of Cave Creek	David Olson & Lisa Olson	6917 West Villa Chula	Glendale	AZ	85310	(623) 570-4464	dave@olsonpropertiesaz.com lisa@olsonpropertiesaz.com
1	KI of Sun City West	David Olson & Lisa Olson	6917 West Villa Chula	Glendale	AZ	85310	(623) 570-4464	dave@olsonpropertiesaz.com lisa@olsonpropertiesaz.com
3	KI of the East Valley	William Villani	829 North Aspen Drive	Chandler	AZ	85226	(480) 900-7274	bvillani@koalainsulation.com
1	KI of Santa Monica, CA	Renzo Andres Anfossi	1805 Warwick Avenue	Santa Monica	CA	90404	(917) 544-0677	ranfossi@koalainsulation.com
1	KI of Beverly Hills, CA	Renzo Andres Anfossi	1805 Warwick Avenue	Santa Monica	CA	90404	(917) 544-0677	ranfossi@koalainsulation.com
1	KI of Culver City, CA	Renzo Andres Anfossi	1805 Warwick Avenue	Santa Monica	CA	90404	(917) 544-0677	ranfossi@koalainsulation.com
1	KI of Venice Beach, CA	Renzo Andres Anfossi	1805 Warwick Avenue	Santa Monica	CA	90404	(917) 544-0677	ranfossi@koalainsulation.com
9	KI of Denver North	Tanner & Corrie Morley	17572 E. 98th Way	Commerce City	CO	80022	(720) 824-6030	cmorley@koalainsulation.com
4	KI of Boulder	Chris White & John Cunningham	605 E 70th Ave, Unit 7	Denver	CO	80229	(720) 738-7825	jcunningham@koalainsulation.com
3	KI of NoCo*	Justin Schuh	962 Logan Court	Loveland	CO	80538	(970) 320-3840	jschuh@koalainsulation.com
1	KI of East Colorado Springs, CO	Andres Ortega and Ann-Marie Ortega	7248 Jagged Tree Circle	Colorado Springs	CO	80927	(719) 406-6110	andres.ortega@koalainsulation.com
1	KI of Colorado Springs, CO	Andres Ortega and Ann-Marie Ortega	7248 Jagged Tree Circle	Colorado Springs	CO	80927	(719) 406-6110	andres.ortega@koalainsulation.com
1	KI of Southeast Colorado Springs, CO	Andres Ortega and Ann-Marie Ortega	7248 Jagged Tree Circle	Colorado Springs	CO	80927	(719) 406-6110	andres.ortega@koalainsulation.com
1	KI of Vail	Christopher White & John Cunningham	605 E. 70th Avenue, Unit 7	Denver	CO	80229	720-738-7825	cwhite@koalainsulation.com jcunningham@koalainsulation.com
2	KI of Eastern CT	Sean Faxon O'Brien	90 Progress Drive	Manchester	CT	06045	(860) 264-6976	sobrien@koalainsulation.com
3	KI of Central CT	Dian Pena & Graeme Pena	94 High Wood Drive	South Glastonbury	CT	06073	(860) 815-9355	dpena@koalainsulation.com
1	KI of Bridgeport, CT	Brian Lynch	9 Cypress Pond Road	Westport	CT	06880	(203) 922-2228	blynch@koalainsulation.com
1	KI of Waterbury, CT	Brian Lynch	9 Cypress Pond Road	Westport	CT	06880	(203) 922-2228	blynch@koalainsulation.com
1	KI of New Haven, CT	Brian Lynch	9 Cypress Pond Road	Westport	CT	06880	(203) 922-2228	blynch@koalainsulation.com
1	KI of Milford, CT	Brian Lynch	9 Cypress Pond Road	Westport	CT	06880	(203) 922-2228	blynch@koalainsulation.com
1	KI of Newark	Richard G. Hover	PO Box 46	Wilmington	DE	19899	302-723-7246	Hoverbuiltllc@gmail.com
10	KI of West Florida	Jeramie Snelling	304 S. Belcher Road, Ste A	Clearwater	FL	33765	(941) 500-4000	jsnelling@koalainsulation.com
4	KI of N. Broward & Boca	Sean & Yolande Mason	10971 NW 9 Manor	Coral Springs	FL	33071	(954) 323-8349	smason@koalainsulation.com
12	KI of Ft. Lauderdale	Danny & David Ludeman	4333 N. Ocean Blvd	Gulfstream	FL	33483	(954) 280-6003	dludeman@koalainsulation.com

Number of Territories	Koala Location Name	Owner(s)	Street Address	City	State	Zip	Phone Number	Email Address
4	KI of the Palm Beaches	Clint Cobia	308 Tequesta Dr., Suite 18	Jupiter	FL	33469	(561) 295-7302	ccobia@koalainsulation.com
4	KI of South Miami	Javier Guzman & Paul Mellet	2950 NE 188 St Apt 134	Miami	FL	33180	(305) 731-2001	Jguzman@koalainsulation.com
	KI of Jacksonville	Bruce and Karay Hamer	4628 Pecos Court	Saint Johns	FL	32259	(904) 679-6282	hamer@koalainsulation.com
1	KI of North Jacksonville	Bruce and Karay Hamer	4628 Pecos Court	Saint Johns	FL	32259	(904) 679-6282	hamer@koalainsulation.com
1	KI of Lakeside	Bruce and Karay Hamer	4628 Pecos Court	Saint Johns	FL	32259	(904) 679-6282	hamer@koalainsulation.com
1	KI of Urban Core	Bruce and Karay Hamer	4628 Pecos Court	Saint Johns	FL	32259	(904) 679-6282	hamer@koalainsulation.com
5	KI of Panama City, KI of Tallahassee & KI of Dothan	Jeff & Rhonda Woodward	8824 S. McCann Rd	Southport	FL	32409	(850) 387-0130	jwoodward@koalainsulation.com
4	KI of St. Petersburg	Matthew “Shane” Vogel	1588 76th Avenue North	St. Petersburg	FL	33702	(727) 416-6702	svogel@koalainsulation.com
5	KI of Tampa Central	Samuel Tenpenny	2927 W La Salle St, Tampa, FL 33607	Tampa	FL	33607	(813) 452-3665	stenpenny@koalainsulation.com
1	KI of Titusville, FL	Kevin Frank	2525 Galiano Avenue SW	Palm Bay	FL	32908	(732) 425-2811	kfrank@koalainsulation.com
1	KI of Rockledge, FL	Kevin Frank	2525 Galiano Avenue SW	Palm Bay	FL	32908	(732) 425-2811	kfrank@koalainsulation.com
1	KI of Palm Bay, FL	Kevin Frank	2525 Galiano Avenue SW	Palm Bay	FL	32908	(732) 425-2811	kfrank@koalainsulation.com
1	KI of Fort Pierce, FL	Kevin Frank	2525 Galiano Avenue SW	Palm Bay	FL	32908	(732) 425-2811	kfrank@koalainsulation.com
1	KI of Windmere/Hunters Creek, FL	Kevin Frank	2525 Galiano Avenue SW	Palm Bay	FL	32908	(732) 425-2811	kfrank@koalainsulation.com
1	KI of Orlando, FL	Kevin Frank	2525 Galiano Avenue SW	Palm Bay	FL	32908	(732) 425-2811	kfrank@koalainsulation.com
1	KI of SW Orlando, FL	Kevin Frank	2525 Galiano Avenue SW	Palm Bay	FL	32908	(732) 425-2811	kfrank@koalainsulation.com
1	KI of Clermont/Winter Garden, FL	Kevin Frank	2525 Galiano Avenue SW	Palm Bay	FL	32908	(732) 425-2811	kfrank@koalainsulation.com
1	KI of Pittsburg, PA	Martin Doody & Joshua Doody	6900 Country Lakes Circle	Sarasota	FL	34243	(724) 699-5416	mdoody@koalainsulation.com
1	KI of Dormont, PA	Martin Doody & Joshua Doody	6900 Country Lakes Circle	Sarasota	FL	34243	(724) 699-5416	mdoody@koalainsulation.com
1	KI of West Aliquippa, PA	Martin Doody & Joshua Doody	6900 Country Lakes Circle	Sarasota	FL	34243	(724) 699-5416	mdoody@koalainsulation.com
1	KI of Houston, PA	Martin Doody & Joshua Doody	6900 Country Lakes Circle	Sarasota	FL	34243	(724) 699-5416	mdoody@koalainsulation.com
4	KI of Central Atlanta	Stephen Sabol & Matthew Ryan McCann	1510 Vernon N Drive	Dunwoody	GA	30338	(404) 994-1287	rmccann@koalainsulation.com
6	KI of Nashville	Brandon Beachy	4087 Indian Town Road	Marietta	GA	30066	(615) 747-2960	bbeachy@koalainsulation.com
4	KI of Savannah & Charleston	Read Brennan	207 Schooner Drive	Savannah	GA	31410	(912) 373-7404	cchannell@koalainsulation.com
1	KI of South Atlanta	Austin Reiger	129 Circle H Road	Sharpsburg	GA	30277	(678) 456-3511	austin@koalainsulation.com
1	KI of Marietta	Ryan New	120 Forrest Lake Drive NW	Atlanta	GA	30327	(678) 722-3068	rnew@koalainsulation.com
1	KI of Woodstock	Ryan New	120 Forrest Lake Drive NW	Atlanta	GA	30327	(678) 722-3068	rnew@koalainsulation.com
1	KI of Sandy Springs, GA	Ryan New	120 Forrest Lake Drive NW	Atlanta	GA	30327	(678) 722-3068	rnew@koalainsulation.com
1	KI of Roswell, GA	Ryan New	120 Forrest Lake Drive NW	Atlanta	GA	30327	(678) 722-3068	rnew@koalainsulation.com

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1	KI of Alpharetta, GA	Ryan New	120 Forrest Lake Drive NW	Atlanta	GA	30327	(678) 722-3068	rnew@koalainsulation.com
1	KI of Smyrna, GA	Ryan New	120 Forrest Lake Drive NW	Atlanta	GA	30327	(678) 722-3068	rnew@koalainsulation.com
3	KI of Boise	Lucas & Mel Linnemeyer	7737 Katelca Drive	Middleton	ID	83644	(208) 901-8232	Lucas.l@koalainsulation.com
4	KI of Chicago - West	John Anthony	4728 Middaugh Ave	Downers Grove	IL	60515	(630) 574-9033	janthony@koalainsulation.com
7	KI of SW Chicago	Adam and Catherine Lester	7785 Wolf Road	La Grange	IL	60525	(708) 722-4535	alester@koalainsulation.com
1	KI of Ridgefield	Katrina & Darren Greca	27269 N Mack Drive	Wauconda	IL	60084	309-210-2904	dgreca@gmail.com
1	KI of Ivanhoe, IL	Katrina & Darren Greca	27269 N Mack Drive	Wauconda	IL	60084	309-210-2904	dgreca@gmail.com
1	KI of Barrington, IL	Katrina & Darren Greca	27269 N Mack Drive	Wauconda	IL	60084	309-210-2904	dgreca@gmail.com
4	KI of Ft. Wayne	Gregory Williams	15015 Firethrone Path	Fort Wayne	IN	46814	(260) 582-2240	gwilliams@koalainsulation.com
3	KI of Lexington	Matt Howard and Donald Lee Howard, III	300 West Vine St Suite 806	Lexington	KY	40507	(859) 977-9266	mhoward@koalainsulation.com
3	KI of Louisville	Paul & Johanna Maier	15 Huntington Court	Simpsonville	KY	40067	(502) 352-4022	pmaier@koalainsulation.com
5	KI of SE Arlington	Darren Gomez	20067 Hwy 40	Convington	LA	70435	(945) 205-0845	dgomez@koalainsulation.com
3	KI of Baton Rouge	Timothy Desselles	12404 Legacy Hills Drive	Geismar	LA	70734	(225) 457-1001	tdesselles@koalainsulation.com
1	KI of Washington DC - 1	Franklin Rielly	3117 Rolling Rd.	Chevy Chase	MD	20815	617-320-1143	reilly.franklin@gmail.com
1	KI of Washington DC – 2	Franklin Rielly	3117 Rolling Rd.	Chevy Chase	MD	20815	617-320-1143	reilly.franklin@gmail.com
1	KI of Washington DC - 3	Franklin Rielly	3117 Rolling Rd.	Chevy Chase	MD	20815	617-320-1143	reilly.franklin@gmail.com
5	KI of the Greater Baltimore Area	Ryan and Megan Lessans	1562 Cottage Lane	Towson	MD	21286	(667) 241-9099	rlessans@koalainsulation.com
4	KI of Grand Rapids	Kevin Jammer	1881 Sunny Creek Street SE	Kentwood	MI	49508	(616) 333-6667	kjammer@koalainsulation.com
2	KI of Traverse City	Jason Veneziani & Walter “Rob” Cone	4768 Juniper Drive	Kewadin	MI	49648	(231) 202-2233	wcone@koalainsulation.com
2	KI of Mid-Michigan	Vincent Gethings	915 Bayliss St	Midland	MI	48640	(989) 899-7955	vgethings@koalainsulation.com
1	KI of Ann Arbor	Gregory Mathews Yarrington	5450 Hellner Road	Ann Arbor	MI	48105	(734) 834-3455	gyarring@gmail.com
1	KI of Brighton	Gregory Mathews Yarrington	5450 Hellner Road	Ann Arbor	MI	48105	(734) 834-3455	gyarring@gmail.com
3	KI of St. Paul	Shawn Stegner	15648 Emerald Drive N, Unit 4	Hugo	MN	55038	(651) 272-2720	sstegner@koalainsulation.com
1	KI of Twin Cities West - Bloomington	Shawn Stegner	15648 Emedarld Drive N, Unit 4	Hugo	MN	55038	(651) 338-5918	shawnstegner@gmail.com
1	KI of Twin Cities West - Eden Prairie	Shawn Stegner	15648 Emedarld Drive N, Unit 4	Hugo	MN	55038	(651) 338-5918	shawnstegner@gmail.com
1	KI of Twin Cities West - Golden Valley	Shawn Stegner	15648 Emedarld Drive N, Unit 4	Hugo	MN	55038	(651) 338-5918	shawnstegner@gmail.com
1	KI of Twin Cities West - Maple Grove	Shawn Stegner	15648 Emedarld Drive N, Unit 4	Hugo	MN	55038	(651) 338-5918	shawnstegner@gmail.com
5	KI of Gateway West	Matt & Jill Kesler	3508 Canal Street	Charles	MO	63301	(314) 756-5661	jkesler@koalainsulation.com
	KI of South Kansas City	David Tiehen	11306 Summit Street	Kansas City	MO	64114	(816) 929-8255	dtiehen@koalainsulation.com

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4	KI of St. Louis	Mike and Jessi Gjordeni	11139 South Towne Sq, Suite A	St. Louis	MO	63123	(314) 279-5064	jessi.g@koalainsulation.com
1	KI of Kansas City, KS	David Tiehen	11306 Summit Street	Kansas City	MO	64114	(816) 929-8255	dtiehen@koalainsulation.com
1	KI of Olath, KS	David Tiehen	11306 Summit Street	Kansas City	MO	64114	(816) 929-8255	dtiehen@koalainsulation.com
1	KI of Platte Woods, MO	David Tiehen	11306 Summit Street	Kansas City	MO	64114	(816) 929-8255	dtiehen@koalainsulation.com
2	KI of Jackson*	Alfred B. Brady, IV	481 Kingsbridge Road	Madison	MS	39110	(601) 258-5686	bbrady@koalainsulation.com
2	KI of Hickory	Brent & Emily Heaberlin	1427 Doan Ogden Court	Hickory	NC	28602	(828) 382-9080	bheaberlin@koalainsulation.com
5	KI of Eastern Carolina	Gary Smeltzer, Jr. & Pam Simpson	2405 Wild Turkey Road	New Bern	NC	28562	(252) 477-7997	gsmeltzer@koalainsulation.com
1	KI of Huntersville, NC	James J. Fitzsimmons, Jr.	3111 Springbank Lane, Ste. G	Charlotte	NC	28226	(704) 558-3107	jfitzsimmons@koalainsulation.com
1	KI of Harrisburg, NC	James J. Fitzsimmons, Jr.	3111 Springbank Lane, Ste. G	Charlotte	NC	28226	(704) 558-3107	jfitzsimmons@koalainsulation.com
1	KI of Gastonia, NC	James J. Fitzsimmons, Jr.	3111 Springbank Lane, Ste. G	Charlotte	NC	28226	(704) 558-3107	jfitzsimmons@koalainsulation.com
1	KI of West Charlotte, NC	James J. Fitzsimmons, Jr.	3111 Springbank Lane, Ste. G	Charlotte	NC	28226	(704) 558-3107	jfitzsimmons@koalainsulation.com
1	KI of Charlotte, NC & Pineville, NC	James J. Fitzsimmons, Jr.	3111 Springbank Lane, Ste. G	Charlotte	NC	28226	(704) 558-3107	jfitzsimmons@koalainsulation.com
1	KI of Waxhaw, NC & Matthews, NC	James J. Fitzsimmons, Jr.	3111 Springbank Lane, Ste. G	Charlotte	NC	28226	(704) 558-3107	jfitzsimmons@koalainsulation.com
1	KI of Wilmington, NC	Gary Smeltzer, Jr.	2405 Wild Turkey Road	New Bern	NC	28562	(541) 331-0874	
1	KI of Eagle Island, NC	Gary Smeltzer, Jr.	2405 Wild Turkey Road	New Bern	NC	28562	(541) 331-0874	
1	KI of Surf City, NC	Gary Smeltzer, Jr.	2405 Wild Turkey Road	New Bern	NC	28562	(541) 331-0874	
1	KI of Cary	Drew Trefsgar and Madelyn Davis	1716 Bennett St	Raleigh	NC	27604	717-304-6351	dtrefsgar@gmail.com
1	KI of SW Raleigh	Drew Trefsgar and Madelyn Davis	1716 Bennett St	Raleigh	NC	27604	717-304-6351	dtrefsgar@gmail.com
4	KI of Omaha	Matt Seem	15969 Bauman Ave	Omaha	NE	68116	(402) 252-4747	mseem@koalainsulation.com
1	KI of Ankeny East Des Moines	Matt Seem	15969 Bauman Ave	Omaha	NE	68116	(402) 252-4747	mseem@koalainsulation.com
1	KI of Des Moines South	Matt Seem	15969 Bauman Ave	Omaha	NE	68116	(402) 252-4747	mseem@koalainsulation.com
1	KI of West Des Moines	Matt Seem	15969 Bauman Ave	Omaha	NE	68116	(402) 252-4747	mseem@koalainsulation.com
1	KI of Monmouth North	Eugene Napolitano	6 Calgary Circle	Morganville	NJ	07751	(917) 940-0803	genenapolitano8@gmail.com
1	KI of Monmouth East	Eugene Napolitano	6 Calgary Circle	Morganville	NJ	07751	(917) 940-0803	genenapolitano8@gmail.com
1	KI of Monmouth West	Eugene Napolitano	6 Calgary Circle	Morganville	NJ	07751	(917) 940-0803	genenapolitano8@gmail.com
1	KI of Trenton, NJ	Saravanababu Murugesan	4 Lockewood Lane	East Windsor	NJ	08520	(609) 207-2022	smuruges@gmail.com
1	KI of East Windsor, NR	Saravanababu Murugesan	4 Lockewood Lane	East Windsor	NJ	08520	(609) 207-2022	smuruges@gmail.com
1	KI of New Brunswick, NJ	Saravanababu Murugesan	4 Lockewood Lane	East Windsor	NJ	08520	(609) 207-2022	smuruges@gmail.com
5	KI of Albuquerque & Santa Fe	Pranav Patel, Akash Patel and Avinash Patel	541 Paisano St NE, Ste B	Albuquerque	NM	87123	(505) 219-1799	Pranav.p@koalainsulation.com
1	KI of Las Crucas, NM	Pranav Patel, Akash Patel & Avinash Patel	541 Paisano St NE, Ste B	Albuquerque	NM	87123	(505) 219-1799	Pranav.p@koalainsulation.com
1	KI of East Las Vegas	Lorenzo Harkins Brittnay Olimpieri	3212 Waterstone Avenue	Henderson	NV	89044	(702) 279-4858	lorenzoh@quickerhomesale.com; brittnee@jpminvesting.com

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1	KI of Henderson	Lorenzo Harkins Brittnay Olimpieri	3212 Waterstone Avenue	Henderson	NV	89044	(702) 279-4858	lorenzoh@quickerhomesale.com; brittnee@jpminvesting.com
1	KI of Paradise	Lorenzo Harkins Brittnay Olimpieri	3212 Waterstone Avenue	Henderson	NV	89044	(702) 279-4858	lorenzoh@quickerhomesale.com; brittnee@jpminvesting.com
1	KI of the Lakes	Lorenzo Harkins Brittnay Olimpieri	3212 Waterstone Avenue	Henderson	NV	89044	(702) 279-4858	lorenzoh@quickerhomesale.com; brittnee@jpminvesting.com
1	KI of Northern Westchester	Mike Harlow	6 Elizabeth Court	Briarcliff	NY	10510	(914) 241-3222	mharlow@koalainsulation.com
6	KI of the Sound Shore	Joseph J. Fleury	189 Larchmont Avenue	Larchmont	NY	10538	(914) 655-2023	jfleury@koalainsulation.com
1	KI of Everett	Michael Zumwalt & Elizabeth Zumwalt	4415 Karen Lynne Drive	Broadway Heights	OH	44147	(440) 390-0898	michaelzumwalt.mz@gmail.com elizabeth.zumwalt@aol.com
1	KI of Lakewood	Michael Zumwalt & Elizabeth Zumwalt	4415 Karen Lynne Drive	Broadway Heights	OH	44147	(440) 390-0898	michaelzumwalt.mz@gmail.com elizabeth.zumwalt@aol.com
1	KI of Seven Hills	Michael Zumwalt & Elizabeth Zumwalt	4415 Karen Lynne Drive	Broadway Heights	OH	44147	(440) 390-0898	michaelzumwalt.mz@gmail.com elizabeth.zumwalt@aol.com
1	KI of Strongsville	Michael Zumwalt & Elizabeth Zumwalt	4415 Karen Lynne Drive	Broadway Heights	OH	44147	(440) 390-0898	michaelzumwalt.mz@gmail.com elizabeth.zumwalt@aol.com
4	KI of Metro Oklahoma City	Andrew Edwards	2617 Pembroke Terrace	Oklahoma City	OK	73116	(405) 288-1519	aedwards@koalainsulation.com
4	KI of Tulsa	Stephen Gressett	11629 S. Hudson Court	Tulsa	OK	74137	(918) 791-3176	sgressett@koalainsulation.com
3	KI of West Portland	Ronald Cornelison	45195 SW Saddleback Drive	Gaston	OR	97119	(971) 314-9114	rcornelison@koalainsulation.com
4	KI of Chester County	Brian Drummond	103 Farmhouse Drive	Exton	PA	19341	(484) 727-8403	bdrummond@koalainsulation.com
4	KI of Doylestown	Gene Rahill	1457 Downing Drive	Hatfield	PA	19440	(267) 930-6801	grahill@koalainsulation.com
1	KI of Arlington Heights, IL	Michael Schoenfeld	228 Charles Ellis Drive	Newtown Square	PA	19073	646-734-3686	mschoenfeld@koalainsulation.com
1	KI of Deerfield, IL	Michael Schoenfeld	228 Charles Ellis Drive	Newtown Square	PA	19073	646-734-3686	mschoenfeld@koalainsulation.com
1	KI of Des Plains, IL	Michael Schoenfeld	228 Charles Ellis Drive	Newtown Square	PA	19073	646-734-3686	mschoenfeld@koalainsulation.com
1	KI of Bridgewater, NJ	Jonathan Brandon	149 Pinehurst Lane	Easton	PA	18042	(973) 548-9332	jbrandon@comcast.net
1	KI of Parsippany, NJ	Jonathan Brandon	149 Pinehurst Lane	Easton	PA	18042	(973) 548-9332	jbrandon@comcast.net
1	KI of Plainfield, NJ	Jonathan Brandon	149 Pinehurst Lane	Easton	PA	18042	(973) 548-9332	jbrandon@comcast.net
1	KI of Livingston, NJ	Jonathan Brandon	149 Pinehurst Lane	Easton	PA	18042	(973) 548-9332	jbrandon@comcast.net
1	KI of Morristown, NJ	Jonathan Brandon	149 Pinehurst Lane	Easton	PA	18042	(973) 548-9332	jbrandon@comcast.net
1	KI of *Voorhees, NJ	Daniel J. Cuneo and Lindsey M. Cuneo	6 Atkinson Lane	Newton	PA	18940	(856) 524-2568	Daniel - dancuneo@comcast.net Lindsey - lindseycuneo@hotmail.com
1	KI of *Cherry Hill, NJ	Daniel J. Cuneo and Lindsey M. Cuneo	6 Atkinson Lane	Newton	PA	18940	(856) 524-2568	Daniel - dancuneo@comcast.net Lindsey - lindseycuneo@hotmail.com
1	KI of *Mt. Holly, NJ	Daniel J. Cuneo and Lindsey M. Cuneo	6 Atkinson Lane	Newton	PA	18940	(856) 524-2568	Daniel - dancuneo@comcast.net Lindsey - lindseycuneo@hotmail.com
1	KI of *Bensalem, PA	Daniel J. Cuneo and Lindsey M. Cuneo	6 Atkinson Lane	Newton	PA	18940	(856) 524-2568	Daniel - dancuneo@comcast.net Lindsey - lindseycuneo@hotmail.com
2	KI of the Midlands*	Joe Lewis Thomas, Jr.	369 Steeple Chase Road	Aiken	SC	29803	(803) 728-6082	jthomas@koalainsulation.com
3	KI of Greenville	Uwe Neumann	228 Chancellors Park Court	Simpsonville	SC	29681	(864) 867-1779	uwe.neumann@koalainsulation.com
1	KI of Sioux Falls	Cameron & Heather Herlyn	200 E. Poplar Drive	Lennox	SD	57039	(605) 316-8080	cherlyn@koalainsulation.com
4	KI of the Midsouth*	Benjamin & Lauren Weir	8630 Woodlane Drive	Germantown	TN	38138	(901) 613-1421	bweir@koalainsulation.com
3	KI of Greater Knoxville*	Robert Rop	810 Pleasant Hill Road	Maryville	TN	37803	(407) 341-3952	rrop@koalainsulation.com

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2	KI of Chattanooga	Joseph & Donna Galbraith	1199 Claridge Court	Signal Mountain	TN	37377	(423) 225-7308	dgalbraith@koalainsulation.com
1	KI of Gainesboro, TN	John Villano	236 Rum Creek Lane	Sparta	TN	38583	(908) 892-4704	John.Villano@koalainsulation.com
1	KI of Gallatin, TN	John Villano	236 Rum Creek Lane	Sparta	TN	38583	(908) 892-4704	John.Villano@koalainsulation.com
1	KI of Denton	Jody Albert Harr	3043 Ivywood Place	Celina	TX	75009	(214) 803-9203	jodyharr75@gmail.com
1	KI of Flower Mound	Jody Albert Harr	3043 Ivywood Place	Celina	TX	75009	(214) 803-9204	jodyharr75@gmail.com
1	KI of Frisco	Jody Albert Harr	3043 Ivywood Place	Celina	TX	75009	(214) 803-9205	jodyharr75@gmail.com
1	KI of McKinney	Jody Albert Harr	3043 Ivywood Place	Celina	TX	75009	(214) 803-9206	jodyharr75@gmail.com
1	KI of The Colony	Jody Albert Harr	3043 Ivywood Place	Celina	TX	75009	(214) 803-9207	jodyharr75@gmail.com
1	KI of Wylie	Jody Albert Harr	3043 Ivywood Place	Celina	TX	75009	(214) 803-9208	jodyharr75@gmail.com
4	KI of Dallas	Stuart & Charlie Sikes	8414 Catawaba Rd.	Dallas	TX	75209	(214) 919-8641	ssikes@koalainsulation.com
6	KI of North Texas	Trent and Melissa Hunter	4401 Horsemint Cove	Forney	TX	75126	(469) 638-9544	mhunter@koalainsulation.com
4	KI of North Houston	Tyler & Franchesca Calhoun	9606 Woodlane Blvd	Magnolia	TX	77354	(281) 749-1794	tcalhoun@koalainsulation.com
7	KI of Pearland	Ryan and Amanda Adams	25153 Nutley Circle	Porter	TX	77365	(346) 230-0303	radams@koalainsulation.com
1	KI of Katy	Ryan and Amanda Adams	25153 Nutley Circle	Porter	TX	77365	(346) 230-0303	radams@koalainsulation.com
1	KI of Meadows Place	Ryan and Amanda Adams	25153 Nutley Circle	Porter	TX	77365	(346) 230-0303	radams@koalainsulation.com
1	KI of Pecan Grove	Ryan and Amanda Adams	25153 Nutley Circle	Porter	TX	77365	(346) 230-0303	radams@koalainsulation.com
1	KI of Rosenberg	Ryan and Amanda Adams	25153 Nutley Circle	Porter	TX	77365	(346) 230-0303	radams@koalainsulation.com
1	KI of the Big Country	Jacob Blair	434 County Road 208	Wingate	TX	79566	(325) 237-8980	jacob.blair@koalainsulation.com
1	KI of Cedar Valley, TX	Andrew Horvath	213 Northridge	New Braunfels	TX	78132	830-212-4050	ahorvath@koalainsulation.com
1	KI of Live Oak, TX	Andrew Horvath	213 Northridge	New Braunfels	TX	78132	830-212-4050	ahorvath@koalainsulation.com
1	KI of New Braunfels, TX	Andrew Horvath	213 Northridge	New Braunfels	TX	78132	830-212-4050	ahorvath@koalainsulation.com
1	KI of San Marcos, TX	Andrew Horvath	213 Northridge	New Braunfels	TX	78132	830-212-4050	ahorvath@koalainsulation.com
1	KI of Austin, TX	Andrew Horvath	213 Northridge	New Braunfels	TX	78132	830-212-4050	ahorvath@koalainsulation.com
1	KI of Elroy, TX	Andrew Horvath	213 Northridge	New Braunfels	TX	78132	830-212-4050	ahorvath@koalainsulation.com
1	KI of Rollingwood, TX	Andrew Horvath	213 Northridge	New Braunfels	TX	78132	830-212-4050	ahorvath@koalainsulation.com
1	KI of Bedford, TX	Stuart Sikes	8414 Catawaba Rd.	Dallas	TX	75209	(214) 919-8641	ssikes@koalainsulation.com
1	KI of Melody Hills, TX	Stuart Sikes	8414 Catawaba Rd.	Dallas	TX	75209	(214) 919-8641	ssikes@koalainsulation.com
1	KI of Lake Worth, TX	Stuart Sikes	8414 Catawaba Rd.	Dallas	TX	75209	(214) 919-8641	ssikes@koalainsulation.com
1	KI of Pantego, TX	Stuart Sikes	8414 Catawaba Rd.	Dallas	TX	75209	(214) 919-8641	ssikes@koalainsulation.com
1	KI of Grapevine, TX	Stuart Sikes	8414 Catawaba Rd.	Dallas	TX	75209	(214) 919-8641	ssikes@koalainsulation.com
1	KI of Keller, TX	Stuart Sikes	8414 Catawaba Rd.	Dallas	TX	75209	(214) 919-8641	ssikes@koalainsulation.com
4	KI of Richmond	Jeff Labrecque	2100 Old Castle Court	Midlothian	VA	23112	(804) 635-6252	jlabrecque@koalainsulation.com
1	KI of Appleton, WI	Brian Aho & Jamie Aho	2303 Hiwela Trail	Pickett	WI	54964	(906) 285-0230	baho@koalainsulation.com
1	KI of FondDeLac, WI	Brian Aho & Jamie Aho	2303 Hiwela Trail	Pickett	WI	54964	(906) 285-0230	baho@koalainsulation.com
1	KI of Green Bay, WI	Brian Aho & Jamie Aho	2303 Hiwela Trail	Pickett	WI	54964	(906) 285-0230	baho@koalainsulation.com

Number of Territories	Koala Location Name	Owner(s)	Street Address	City	State	Zip	Phone Number	Email Address
1	KI of Madison	Chad Schwenn, Trent Schwenn Troy Schwenn	4849 Autumn Leaf Court	Waunakee	WI	53597	608-576-6002 (Chad) 608-235-2369 (Trent) 608-235-3275 (Troy)	chadschwenn@gmail.com trent.schwenn@gmail.com troyschwenn7@gmail.com
1	KI of SE Madison	Chad Schwenn Trent Schwenn Troy Schwenn	4849 Autumn Leaf Court	Waunakee	WI	53597	608-576-6002 (Chad) 608-235-2369 (Trent) 608-235-3275 (Troy)	chadschwenn@gmail.com trent.schwenn@gmail.com troyschwenn7@gmail.com
1	KI of Casper	Joe & Tiffany McGuire	7750 Geary Dome Road	Evansville	WY	82636	(307) 205-7025	jmcguire@koalainsulation.com
1	KI of Georgetown, TX	Jorge Ricurate & Carolina Ballesteros	Cra 8 15-59 Villa 37	La Mina	Bogota	Columbia	(737) 400-5955	Jorge.r@koalainsulation.com

List of Franchisees who signed Franchise Agreements but not yet open as of September 30, 2025

Number of Territories	Koala Location Name	Owner(s)	Street Address	City	State	Zip	Phone Number	Email Address
1	KI of Bensalem, PA	Daniel J. Cuneo and Lindsey M. Cuneo	6 Atkinson Lane	Newton	PA	18940	(856) 524-2568	Daniel - dancuneo@comcast.net Lindsey - lindseycuneo@hotmail.com

FRANCHISEES THAT HAVE LEFT THE SYSTEM

Franchisees who had a business terminated, canceled, or not renewed, or otherwise ceased to do business during the fiscal year ended September 30, 2025, or who had not communicated with us within 10 weeks of the issuance date of this disclosure document.

# of Territories	Territory	Owner(s)	City	State	ZIP	Phone
1	KI of NW Arkansas – Springdale AR	Denver Foster	Fort Smith	AR	72916	(479) 351-0607
1	KI of NW Arkansas – Fayetteville, AR	Denver Foster	Fort Smith	AR	72916	(479) 351-0607
1	KI of NW Arkansas –Rogers, AR	Denver Foster	Fort Smith	AR	72916	(479) 351-0607
1	KI of Apache Junction	Alfonso Martinez Smith Maria Margarita Cortes Delvalle	San Tan Vallaey	AZ	85143	(815) 236-7905
1	KI of Queen Creek	Alfonso Martinez Smith Maria Margarita Cortes Delvalle	San Tan Vallaey	AZ	85143	(815) 236-905
1	KI of Mesa	Alfonso Martinez Smith Maria Margarita Cortes Delvalle	San Tan Vallaey	AZ	85143	(815) 236-7905
1	KI of Superstition Springs	Alfonso Martinez Smith Maria Margarita Cortes Delvalle	San Tan Vallaey	AZ	85143	(815) 236-7905
1	*KI of Castle Rock, CO	Sean Ring	Denver	CO	80210	(720) 308-2445
1	*KI of Highlands Ranch, CO	Sean Ring	Denver	CO	80210	(720) 308-2445
1	*KI of Eaglewood, CO	Sean Ring	Denver	CO	80210	(720) 308-2445
1	*KI of Columbine, CO	Sean Ring	Denver	CO	80210	(720) 308-2445
1	*KI of Centennial, CO	Sean Ring	Denver	CO	80210	(720) 308-2445
1	*KI of Newark	Mathew Baxter	Newark	DE	19702	(302) 563-8516
1	*KI of North Jacksonville, FL	Michael Blalock, Danna Blalock, Evan Blalock	Fernandina Beach	FL	32034	(904) 312-7500
1	*KI of Lakeside, FL	Michael Blalock, Danna Blalock, Evan Blalock	Fernandina Beach	FL	32034	(904) 312-7500
1	*KI of Urban Core, FL	Michael Blalock, Danna Blalock, Evan Blalock	Fernandina Beach	FL	32034	(904) 312-7500
1	KI of Pittsburg, PA	Martin Doody & Joshua Doody	Sarasota	FL	34243	(724) 699-5416
1	KI of Dormont, PA	Martin Doody & Joshua Doody	Sarasota	FL	34243	(724) 699-5416
1	KI of West Aliquippa, PA	Martin Doody & Joshua Doody	Sarasota	FL	34243	(724) 699-5416
1	KI of Houston, PA	Martin Doody & Joshua Doody	Sarasota	FL	34243	(724) 699-5416
1	KI of Macon	Rick Howard	Macon	GA	31210	(478) 845-5962
1	KI of Warner Robbins	Rick Howard	Macon	GA	31210	(478) 845-5962
1	KI of Athens	Stephen M. Crowell	Statham	GA	30666	706-372-4232
1	KI of Bethlehem	Stephen M. Crowell	Statham	GA	30666	706-372-4232
1	KI of Burley	Kim and Benjamin Bangerter	Burley	ID	83318	(801) 309-5761
1	KI of Pocatello	Kim and Benjamin Bangerter	Burley	ID	83318	(801) 309-5761
1	KI of Bountiful, UT	Paul & Erin Conley	Idaho Falls	ID	83404	(801) 704-1664
1	KI of Draper, UT	Paul & Erin Conley	Idaho Falls	ID	83404	(801) 704-1664
1	KI of Sandy, UT	Paul & Erin Conley	Idaho Falls	ID	83404	(801) 704-1664
1	KI of West Jordan, UT	Paul & Erin Conley	Idaho Falls	ID	83404	(801) 704-1664
1	KI of Carmel	Michael & Catherine Adler	Carmel	IN	46032	(317) 981-2326
1	KI of Fischers	Michael & Catherine Adler	Carmel	IN	46032	(317) 981-2326
1	KI of Lebanon	Michael & Catherine Adler	Carmel	IN	46032	(317) 981-2326
1	KI of Meridian Hills	Michael & Catherine Adler	Carmel	IN	46032	(317) 981-2326
1	KI of Berrien Springs	Matthew & Elanore King	Mishawaka	IN	46545	(574) 544-6433
1	KI of Elkhart	Matthew & Elanore King	Mishawaka	IN	46545	(574) 544-6433
1	KI of Granger	Matthew & Elanore King	Mishawaka	IN	46545	(574) 544-6433
1	KI of South Bend	Matthew & Elanore King	Mishawaka	IN	46545	(574) 544-6433
1	KI of Burleson, TX	Darren Gomez & Bryan Trogel	Covington	LA	70435	(504) 256-4536
1	KI of Duncanville, TX	Darren Gomez & Bryan Trogel	Covington	LA	70435	(504) 256-4536
1	KI of Edgecliff, TX	Darren Gomez & Bryan Trogel	Covington	LA	70435	(504) 256-4536

# of Territories	Territory	Owner(s)	City	State	ZIP	Phone
1	KI of Fort Worth, TX	Darren Gomez & Bryan Trogel	Covington	LA	70435	(504) 256-4536
1	KI of Kennedale, TX	Darren Gomez & Bryan Trogel	Covington	LA	70435	(504) 256-4536
1	KI of Southeast Arlington, TX	Darren Gomez & Bryan Trogel	Covington	LA	70435	(504) 256-4536
1	KI of Waxahachie, TX	Darren Gomez & Bryan Trogel	Covington	LA	70435	(504) 256-4536
1	KI of Weatherford, TX	Darren Gomez & Bryan Trogel	Covington	LA	70435	(504) 256-4536
1	KI of Frederick	John P. Kraynak	Boonsboro	MD	21713	(240) 692-6360
1	KI of Germantown	John P. Kraynak	Boonsboro	MD	21713	(240) 692-6360
1	KI of Manchester	John P. Kraynak	Boonsboro	MD	21713	(240) 692-6360
1	*KI of Brighton	Vincent Gethings	Midland	MI	48640	(989) 899-7955
1	KI of Burnsville	Patrick Flynn	Mendota Heights	MN	55118	(651) 661-7745
1	KI of Grove Heights	Patrick Flynn	Mendota Heights	MN	55118	(651) 661-7745
1	KI of Mendota	Patrick Flynn	Mendota Heights	MN	55118	(651) 661-7745
1	KI of Woodbury	Patrick Flynn	Mendota Heights	MN	55118	(651) 661-7745
1	*KI of Twin Cities West - Bloomington, MN	Patrick Flynn, Jeffrey L. Cragg and Matthew R. Birk	Mendota Heights	MN	55118	(952) 213-5227
1	*KI of Twin Cities West - Eden Prairie, MN	Patrick Flynn, Jeffrey L. Cragg and Matthew R. Birk	Mendota Heights	MN	55118	(952) 213-5227
1	*KI of Twin Cities West - Golden Valley, MN	Patrick Flynn, Jeffrey L. Cragg and Matthew R. Birk	Mendota Heights	MN	55118	(952) 213-5227
1	*KI of Twin Cities West - Maple Grove, MN	Patrick Flynn, Jeffrey L. Cragg and Matthew R. Birk	Mendota Heights	MN	55118	(952) 213-5227
1	KI of Twin City	Erik & Kendra Jo Broo	Chapel Hill	NC	27516	(336) 245-4562
1	KI of Cary	Rodger Lantz Grosse	Garner	NC	27529	(984) 212-8007
1	KI of Holly Springs	Rodger Lantz Grosse	Garner	NC	27529	(984) 212-8007
1	KI of Southwest Raleigh	Rodger Lantz Grosse	Garner	NC	27529	(984) 212-8007
1	KI of Southern Tier NY	Laura Melchalke & Darrin Sullivan	Corning	NY	14830	(607) 463-0616
1	KI of Franklin	Matthew Dias	Morrow	OH	45152	(513) 906-8636
1	KI of Highpoint	Matthew Dias	Morrow	OH	45152	(513) 906-8636
1	KI of Newton	Matthew Dias	Morrow	OH	45152	(513) 906-8636
1	KI of Pleasant Run	Matthew Dias	Morrow	OH	45152	(513) 906-8636
1	KI of Canton	Zachariah Bender	North Canton	OH	44720	(234) 203-7473
1	KI of Gahanna	Ryan Schertzer and Jessica Schertzer	Plain City	OH	43064	(614) 696-6458
1	KI of Maryville	Ryan Schertzer and Jessica Schertzer	Plain City	OH	43064	(614) 696-6458
1	KI of Obetz	Ryan Schertzer and Jessica Schertzer	Plain City	OH	43064	(614) 696-6458
1	KI of Whitehall	Ryan Schertzer and Jessica Schertzer	Plain City	OH	43064	(614) 696-6458
1	KI of Edmund	Andrew Edwards	Oklahoma City	OK	73116	(405) 288-1519
1	KI of North Oklahoma City	Andrew Edwards	Oklahoma City	OK	73116	(405) 288-1519
1	KI of Norman	Andrew Edwards	Oklahoma City	OK	73116	(405) 288-1519
1	KI of Yukon	Andrew Edwards	Oklahoma City	OK	73116	(405) 288-1519
1	KI of Brickerville	Salim Michel Makhlouf	Carlisle	PA	17013	(717) 229-7771
1	KI of Carlisle	Salim Michel Makhlouf	Carlisle	PA	17013	(717) 229-7771
1	KI of Elizabethtown	Salim Michel Makhlouf	Carlisle	PA	17013	(717) 229-7771
1	KI of Harrisburg	Salim Michel Makhlouf	Carlisle	PA	17013	(717) 229-7771
1	KI of Lancaster	Salim Michel Makhlouf	Carlisle	PA	17013	(717) 229-7771
1	KI of Balcones*	Brent Bartholomew	Austin	TX	78759	(512) 626-4501
1	*KI of The Colony	Trent and Melissa Hunter	Forney	TX	75126	(469) 638-9544
1	*KI of Denton	Trent and Melissa Hunter	Forney	TX	75126	(469) 638-9544
1	*KI of Flower Mound	Trent and Melissa Hunter	Forney	TX	75126	(469) 638-9544
1	*KI of Frisco	Trent and Melissa Hunter	Forney	TX	75126	(469) 638-9544
1	*KI of McKinney	Trent and Melissa Hunter	Forney	TX	75126	(469) 638-9544
1	*KI of Wylie	Trent and Melissa Hunter	Forney	TX	75126	(469) 638-9544
1	*KI of The Colony	Kevin Headrick	Friso	TX	75035	(972) 533-7070
1	*KI of Denton	Kevin Headrick	Friso	TX	75035	(972) 533-7070
1	*KI of Flower Mound	Kevin Headrick	Friso	TX	75035	(972) 533-7070
1	*KI of Frisco	Kevin Headrick	Friso	TX	75035	(972) 533-7070
1	*KI of McKinney	Kevin Headrick	Friso	TX	75035	(972) 533-7070
1	*KI of Wylie	Kevin Headrick	Friso	TX	75035	(972) 533-7070
1	KI of Crosby	Randall Rittgers, Sr	Kingwood	TX	77345	(281) 836-4201

# of Territories	Territory	Owner(s)	City	State	ZIP	Phone
1	KI of New Caney	Randall Rittgers, Sr	Kingwood	TX	77345	(281) 836-4201
1	*KI of Katy	Jimmy & Leslie Armentrout	Richmond	TX	77469	(832) 831-0067
1	*KI of Meadows Place	Jimmy & Leslie Armentrout	Richmond	TX	77469	(832) 831-0067
1	*KI of Pecan Grove	Jimmy & Leslie Armentrout	Richmond	TX	77469	(832) 831-0067
1	*KI of Rosenberg	Jimmy & Leslie Armentrout	Richmond	TX	77469	(832) 831-0067
1	KI of Addison	Lakhvir Sidhu	Southlake	TX	76092	(214) 997-1861
1	KI of Central DFW	Lakhvir Sidhu	Southlake	TX	76092	(214) 997-1861
1	KI of Central DFW	Lakhvir Sidhu	Southlake	TX	76092	(214) 997-1861
1	KI of Central DFW	Lakhvir Sidhu	Southlake	TX	76092	(214) 997-1861
1	KI of Central DFW	Lakhvir Sidhu	Southlake	TX	76092	(214) 997-1861
1	KI of Dublin, VA	Nathan Sample	Cloverdale	VA	24077	(276) 620-1324
1	KI of *Roanoke, VA	Nathan Sample	Cloverdale	VA	24077	(276) 620-1324
1	KI of Lynchburg, VA	Nathan Sample	Cloverdale	VA	24077	(276) 620-1324

***Transferred**

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Maryland	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.

Receipt

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Koala Insulation Franchisor, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Koala Insulation Franchisor, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A). The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Cory Lyons	445 West Drive, Melbourne, FL 32904	1-800-520-4953
Corey Schroeder	2426 Old Brick Road, Glen Allen, VA 23060	804-353-6999
Carson Suppé	2426 Old Brick Road, Glen Allen, VA 23060	804-353-6999
R. Scott Sutton	2426 Old Brick Road, Glen Allen, VA 23060	804-353-6999
Thomas Welter	2426 Old Brick Road, Glen Allen, VA 23060	800-722-4668
Alan Woods	2426 Old Brick Road, Glen Allen, VA 23060	804-353-6999
Scott Zide	2426 Old Brick Road, Glen Allen, VA 23060	804-353-6999

And/or the following individual(s):_____

Koala Insulation Franchisor, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in that particular state.

Issuance Date: January 23, 2026

I received a Disclosure Document dated January 23, 2026, that included the following Exhibits:

A. LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
B. FRANCHISE AGREEMENT
C. FINANCIAL STATEMENTS AND GUARANTEE OF PERFORMANCE
D. TABLE OF CONTENTS OF THE OPERATIONS MANUAL
E. FRANCHISEE DISCLOSURE QUESTIONNAIRE
F. RELEASE
G. PROMISSORY NOTE
H. STATE SPECIFIC ADDENDA AND RIDERS
I. LIST OF FRANCHISEES

Signature: _____

Date Received: _____

Signature: _____

Date Received: _____

Keep this copy for your records

Receipt

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Koala Insulation Franchisor, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

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Corey Schroeder	2426 Old Brick Road, Glen Allen, VA 23060	804-353-6999
Carson Suppé	2426 Old Brick Road, Glen Allen, VA 23060	804-353-6999
R. Scott Sutton	2426 Old Brick Road, Glen Allen, VA 23060	804-353-6999
Thomas Welter	2426 Old Brick Road, Glen Allen, VA 23060	800-722-4668
Alan Woods	2426 Old Brick Road, Glen Allen, VA 23060	804-353-6999
Scott Zide	2426 Old Brick Road, Glen Allen, VA 23060	804-353-6999

And/or the following individual(s):_____

Koala Insulation Franchisor, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in that particular state.

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A. LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
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I. LIST OF FRANCHISEES

Signature: _____

Date Received: _____

Signature: _____

Date Received: _____

Please sign and date both copies of this receipt and keep one copy (Copy for Prospective Franchisee) for your records. If the receipts are not signed using a software that automatically sends us an executed copy, then mail one copy to the address listed on the front page of this disclosure document or send to Scott Sutton by email to scott.sutton@EmpowerFranchising.com.