

FRANCHISE DISCLOSURE DOCUMENT



Superior Walls of America, Ltd.

A Pennsylvania Corporation
937 East Earl Road
New Holland, PA 17557
(800) 452-9255
www.superiorwalls.com

The licensee will operate a “Superior Walls” business to sell, manufacture, transport and install (in the case of Manufacturing License Model licensees, sell as part of their own building projects and developments) precast concrete, below-grade and/or above-grade walls and wall-related products using the Superior Walls System and Proprietary Marks (the “**Superior Walls Licensed Business**”).

The total investment necessary to begin operation of a Superior Walls Licensed Business is between \$1,054,500 and \$1,968,000 for the Regular License Model (including approximately \$325,000 to \$475,000 that must be paid to the franchisor or affiliate) and between \$1,039,500 and \$1,953,000 for the Manufacturing License Model (including approximately \$325,000 to \$475,000 that must be paid to the franchisor or affiliate).

This Disclosure Document summarizes certain provisions of your License Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed license sale. **Note, however, that no governmental 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 availability of disclosures in different formats, contact Marcus Blomeier at Superior Walls of America, Ltd., 937 East Earl Road, New Holland, Pennsylvania; (800) 452-9255.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. 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: April 26, 2023

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, Exhibit E. |
| 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 F 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 Superior Walls 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 Superior Walls franchisee? | Item 20, Exhibit E lists current and former franchisees. You can contact them to ask about their experiences. |
| What else should I know? | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Pennsylvania. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Pennsylvania than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES | 1 |
| ITEM 2 BUSINESS EXPERIENCE..... | 3 |
| ITEM 3 LITIGATION..... | 4 |
| ITEM 4 BANKRUPTCY | 5 |
| ITEM 5 INITIAL FEES | 5 |
| ITEM 6 OTHER FEES | 6 |
| ITEM 7 INITIAL INVESTMENT | 9 |
| ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES..... | 13 |
| ITEM 9 FRANCHISEE’S OBLIGATIONS | 15 |
| ITEM 10 FINANCING | 17 |
| ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING | 17 |
| ITEM 12 TERRITORY | 23 |
| ITEM 13 TRADEMARKS | 28 |
| ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION | 30 |
| ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE LICENSED BUSINESS..... | 32 |
| ITEM 16 RESTRICTIONS ON WHAT YOU MAY SELL | 33 |
| ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION | 34 |
| ITEM 18 PUBLIC FIGURES | 37 |
| ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS..... | 37 |
| ITEM 20 OUTLETS AND LICENSEE INFORMATION..... | 42 |
| ITEM 21 FINANCIAL STATEMENTS | 45 |
| ITEM 22 CONTRACTS | 45 |
| ITEM 23 RECEIPTS | 45 |

EXHIBITS

- | | |
|---|---------------------------------|
| A. List of State Administrators | F. Financial Statements |
| B. Agents for Service of Process | G. Table of Contents to Manuals |
| C-1. License Agreement | H. State-Specific Disclosures |
| C-2. Manufacturing License Model Addendum | I. State-Specific Amendments |
| D. Sample General Release | J. State Effective Dates |
| E. List of Current and Former Licensees | K. Receipts |

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “**SWA**”, “**we**”, or “**us**” refers to Superior Walls of America, Ltd. “**You**” refers to the licensee who enters into a License Agreement to operate a Superior Walls Licensed Business, which may be a person, corporation, partnership, or limited liability company.

The Licensor

SWA is a Pennsylvania corporation, incorporated on September 19, 1985, with its principal place of business located at 937 East Earl Road, New Holland, PA 17557. SWA is currently doing business under the name “Superior Walls,” its corporate name, and no other name. SWA’s predecessor was a partnership under the name of Superior Walls Co., which operated from July 1983 to the date of SWA’s incorporation, at 545 East 28th Division Highway, Lititz, PA 17543. SWA does not currently have and never has had affiliates offering franchises or licenses in this or any other line of business or providing products or services to SWA licensees.

While neither SWA nor its predecessor conducted a Superior Walls business of the type to be operated by you, some of SWA’s officers and directors did so from 1982 until 1987, and again from 2007 to 2011 when they bought and operated an existing licensed operation in Springfield, IL. SWA has entered into various types of manufacturing agreements since January 1986. For a brief period in 1989 and 1990, SWA offered franchises, but then ceased to do so until March 1999, when it again commenced offering franchises for a franchised business under the Regular License Model (as defined below). In 2008, SWA changed its franchise offering to the offering of license agreements rather than franchise agreements. SWA started offering the licenses for Licensed Businesses under the Micro License Model and the Manufacturing License Model (both as defined below) in December 2010. In 2014, SWA discontinued offering the Micro License Model.

SWA has never offered for sale or sold franchises or licenses in any other line of business. SWA’s predecessor never offered for sale or sold franchises or licenses of the type to be operated by you or in any other line of business.

Our agents for service of process are listed in **Exhibit B**.

Our Parent

We do not have a parent company.

Our Affiliates

We do not have any affiliates that offer franchises or licenses in any line of business or provide products or services to the licensees of SWA.

The License System

SWA has developed and continues to develop a distinctive system (the “**System**”) relating to the establishment and operation of Licensed Businesses (as defined below), which sell, manufacture, transport and install (in the case of Manufacturing License Model licensees, sell as part of their building projects and developments) SWA-authorized precast concrete, below-grade and above-grade walls, which are manufactured and produced with proprietary Superior Walls Forms and Form Components (as defined below) and bear the Proprietary Marks (as defined below), as well as SWA-authorized wall-related products sold under the Proprietary Marks (those walls and products, collectively, the “**Superior Walls Products**”). The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the mark “SUPERIOR WALLS” (and design), all as are now designated or may hereafter be designated by SWA for use in connection with the System (the “**Proprietary Marks**”).

The Licensed Business

Under a License Agreement (attached to this Disclosure Document as **Exhibit C-1**), you will operate a Superior Walls Licensed Business, which business sells, manufactures, transports and installs Superior Walls Products (the “**Regular License Model**”). If you sign a License Agreement with the Manufacturing License Model Addendum (attached to this Disclosure Document as **Exhibit C-2**), you will operate a Superior Walls Licensed Business, which business manufactures and installs Superior Walls Products for residential and non-residential projects built by you (the “**Manufacturing License Model**”). In this Disclosure Document, the term “Licensed Business” refers to a Licensed Business under the Regular License Model or under the Manufacturing License Model.

You must operate the Licensed Business only at the approved site described in the License Agreement (the “**Approved Location**”). If you operate a Licensed Business under the Regular License Model, you will be granted an area of primary responsibility (“**Area of Primary Responsibility**”). The specific boundaries of your Area of Primary Responsibility will be described in the License Agreement. If you operate a Licensed Business under the Manufacturing License Model, you will not have any “Area of Primary Responsibility.”

We have also offered license agreements to existing licensees who operate existing Superior Walls businesses. The license agreements offered to those existing licensees may include terms that are not in, or different from those included in, your License Agreement.

Competition

The products and services available from a Licensed Business are used primarily by builders and contractors of new residential construction and other similar construction. Your competitors would include builders and contractors who install concrete block, poured concrete, or other non-precast walls, and other precast wall manufacturers and installers and any of their licensees, distributors and installers.

Regulatory Matters

Your Licensed Business will be subject to various federal, state, and local laws and regulations, including licensing, building codes, zoning, land use, construction, environmental, health, sanitation, safety, fire, and employment, as well as other laws and regulations generally applicable to businesses.

ITEM 2 BUSINESS EXPERIENCE

Director - Melvin M. Zimmerman

Mr. Zimmerman is the founder and former Chief Executive Officer of SWA and continues in his capacity as a Director of SWA, located in New Holland, PA, a position he has held since 1987.

Director - Glenn H. Gingrich

Mr. Gingrich is the former Secretary/Treasurer of SWA and continues in his capacity as a Director of SWA, located in New Holland, PA, a position he has held since 1987. He is also the President of Glenn H. Gingrich, Inc., a builder and developer in New Holland, PA, a position he has held since 1975.

Chairman of the Board of Directors - G. Bruce Gingrich

Mr. Gingrich has been Chairman of the Board of Directors of SWA, located in New Holland, PA, since January 2021. Prior to that, he had been a Director since December 2019. He is also a Senior Designer and General Manager of Glenn H. Gingrich, Inc., a builder and developer in New Holland, PA, a position he has held since 1987.

Secretary and Director - Dennis S. Zimmerman

Mr. Zimmerman has been the Secretary and a Director of SWA, located in New Holland, PA, since January 2021. Prior to that, he was a Director since December 2019. He is also the owner of ZimBuild Construction, Inc. in Lititz, PA, a position he has held since 2003.

Director - Galen Eby

Mr. Eby has been a Director of SWA, located in New Holland, PA, since August 2021. Mr. Eby has been self-employed as a consultant in New Holland, PA, since May 2020. From January 2016 to May 2020, Mr. Eby was the Director of Operations for US LBM Holdings, LLC, located in Buffalo Grove, IL.

Director - Lin Sensenig

Mr. Sensenig has been a Director of SWA, located in New Holland, PA, since September 2021. He is also President of Houck Group, Inc., located in Harrisburg, PA, a position he has held since February 2016.

Chief Executive Officer – Andrew S. Zimmerman

Mr. Zimmerman has been the CEO of SWA, located in New Holland, PA, since July of 2022. From November 2020 to July 2022, Mr. Zimmerman was self-employed as a consultant in Ephrata, PA. From September 2019 to November 2020, Mr. Zimmerman was the General Manager of Twin Pines Ford, located in Ephrata, PA, and from January 2017 to September 2019, he was self-employed as a consultant in Narvon, PA.

Chief Financial Officer and Vice President/Treasurer - Keith N. Weller

Mr. Weller has been the Chief Financial Officer and Vice President/Treasurer of SWA, located in New Holland, PA, since January 2021. Prior to that, he had been the Vice President and Chief Financial Officer since May 2015.

Vice President of Business Development - Marcus A. Blomeier

Mr. Blomeier has been the Vice President of Business Development of SWA, located in New Holland, PA, since August 2022. Prior to that, Mr. Blomeier was the Director of Operations since May 2015.

Corporate Controller - Elizabeth D. McQuiston

Ms. McQuiston has been Corporate Controller of SWA, located in New Holland, PA, since March 2008.

**ITEM 3
LITIGATION**

Pending Litigation

Advanced Concrete Systems, Inc. and Superior Walls of East Tennessee, Inc. v. Superior Walls of America, Ltd., Case Number 2017-CV-8245-CV, pending in the Court of Common Pleas, Dauphin County, Pennsylvania. On November 28, 2017, Advanced Concrete Systems, Inc. (“ACS”), a Superior Walls licensee, filed a lawsuit against Superior Walls of America, Ltd. (“SWA”), alleging violations of the parties’ license agreement. ACS alleges that SWA breached the license agreement by requiring ACS and the other licensees to purchase Dow products at commercially unreasonable prices and by preventing ACS and the other licensees from obtaining the best products and service at the best prices available in the marketplace. ACS seeks (1) a declaration that the breaches relieve ACS from its continuing obligations under the license agreement; (2) an injunction enjoining SWA from entering into a new contract with Dow,

receiving any rebates on Dow product purchases made by ACS, and requiring ACS to purchase Dow products under any contract between SWA and Dow; and (3) damages for the amounts allegedly overpaid to SWA by ACS due to the allegedly commercially unreasonable prices for Dow products and/or SWA's refusal to approve alternative suppliers and for ACS's alleged lost profits on sales that would have been made had ACS received commercially reasonable pricing. On April 23, 2019, after SWA had filed an answer denying the claims, ACS filed an amended complaint, adding Superior Walls of East Tennessee, Inc. ("SWET"), another Superior Walls licensee, as a plaintiff and adding a claim that SWA fraudulently induced ACS's and SWET's entry into 2008 settlement agreements, the license agreements and the renewal of the license agreements. On August 12, 2022, ACS and SWET filed a motion for leave to file a second amended complaint, seeking to expand the claims related to alleged commercially unreasonable prices to include other products, including galvanized stud facing and forms and form components. SWA opposed the motion. On January 30, 2023, the Court granted the motion and on February 21, 2023, ACS and SWET filed the second amended complaint. Discovery is ongoing. SWA intends to vigorously defend against the claims. Other than the above action, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial License Fee

When you sign a License Agreement for a Licensed Business you must pay us the initial license fee, which is \$125,000 for the Regular License Model or Manufacturing License Model. The initial license fee is earned and non-refundable in consideration of administrative and other expenses we incur in entering into the License Agreement, for our lost or deferred opportunity to enter into a License Agreement with others, and for the initial training and certification of your employees and supervision of form set-up. In 2022, we did not receive any initial license fees.

Initial Equipment Package

In addition, prior to the commencement of manufacturing operations, you must purchase an initial equipment package. The package consists of Superior Walls Forms and Form Components (as defined below at Item 8). The Superior Walls Forms and Form Components must be purchased from us or our designee. The number of Superior Walls Forms and Form Components you actually purchase will vary depending on our recommendations, the market conditions and anticipated demand in your area, and the intended start-up size of the Licensed Business. Typically, the price for the initial package of Superior Walls Forms and Form Components is approximately \$200,000 to \$350,000 for a Licensed Business under both the Regular License Model and the Manufacturing License Model.

**ITEM 6
OTHER FEES**

| NAME OF FEE | AMOUNT | DUE DATE | REMARKS |
|---------------------------|---|---|------------|
| Royalty | Regular License Model: 4% of Gross Sales of Superior Walls Products installed in the preceding calendar month | Reported and paid monthly by the 10th day of the next month | See Note 1 |
| | Manufacturing License Model: Varies; currently \$4 times the total number of linear feet of Superior Walls Products installed in the preceding calendar month | | |
| Additional Training Fee | SWA's then-current daily rate for such training (currently US \$1,200/day per instructor; International \$1,500/day per instructor) | In advance or upon invoice | See Note 2 |
| Overdue Payments Fee | Interest on the overdue amount, at 18% per annum | Upon accrual | See Note 3 |
| Transfer Fee | \$10,000 | Prior to transfer | |
| Renewal Fee | \$10,000 | Prior to renewal | |
| Audit Expenses | Cost of audit | Within 5 days after receipt of notice from SWA | See Note 4 |
| Software-Related Expenses | Cost of software | As incurred | See Note 5 |
| Indemnification | Will vary with circumstances | As incurred | See Note 6 |
| Insurance Cost and Fee | Cost of insurance | As incurred | See Note 7 |
| Inspection Agency Fee | Will vary first year. Thereafter, approximately \$6,590 per year | As incurred | See Note 8 |

NOTES

Note 1. Royalty.

Regular License Model

“Gross Sales” means all revenue (whether or not received in full at the time of sale) for the sale of Superior Walls Products and all other products or services that you have installed that are part of the System or are sold under the Proprietary Marks, and for transportation and installation of Superior Walls Products, whether for cash or credit, and regardless of collection in the case of credit. Gross Sales does not include any sales taxes, or other taxes, collected from customers by you and paid directly to the appropriate taxing authority. For the purpose of royalty calculation, “use taxes” are not considered to be “sales taxes.” Gross Sales also does not include transportation costs from another licensed business, so long as there is no common ownership between the licensees or businesses involved. You must pay all royalty payments by the tenth day of each month, calculated on the Gross Sales for the preceding calendar month, submitted to SWA together with any required reports or statements.

Manufacturing License Model

The base amount of \$4 will be adjusted annually based on the Consumer Price Index percentage increase in the “housing” category over the prior year. You will be required to maintain and submit documentation and monthly payments to SWA reflecting, on a per project basis, the amount of linear feet of Superior Walls Products installed on each project and development.

Note 2. Additional Training. SWA’s current additional training fee is \$1,200/day per instructor domestically and \$1,500/day per instructor internationally and is subject to change. If you request additional training or training for additional personnel, SWA will seek to provide such training, at a location it designates, subject to the reasonable availability of its personnel. SWA may require you to pay SWA for the cost of such training, and you must pay the reasonable travel, lodging, meals and other expenses of SWA’s training staff. Such additional training is at your option, provided you have in your employ at all times at least two individuals certified by SWA as having successfully met SWA’s Certification program in manufacturing and at least two individuals certified by SWA as having successfully met SWA’s Certification program in installation.

Note 3. Overdue Payments Fee. All late payments of any amounts due to SWA will bear interest from the date due until fully paid, at the rate of 18% per annum, or the maximum rate permitted by law (whichever is less). If royalty fees, or other monetary obligations that are then past due, have not been received by the 20th day of the month, we may use the required authorization of automatic payment from your bank account for payment of the amounts then past due.

Note 4. Audit Expenses. You must maintain appropriate books and records in a manner that clearly and accurately shows Gross Sales. We have the right to inspect, examine and copy your books, records, accounts and tax returns. In the event that an inspection reveals that the Gross Sales reported by you for any period of twelve consecutive months are below your actual Gross Sales for that period by 3% or more, you must pay to SWA, within five days after receipt of notice

from SWA, the amount understated, interest on that amount from the date due until paid, at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less, and any and all costs and expenses in connection with the inspection or audit. Such costs and expenses could include the cost of travel, lodging and wages of SWA's personnel conducting the inspection or audit and/or any costs incurred or fees charged by SWA's representatives conducting the inspection or audit, as well as any reasonable accounting and legal costs. If audited Gross Sales are less than 3% variance from your reported Gross Sales, there will be no audit expense to you.

Note 5. Software-Related Expenses. The purchase of all the software is currently optional. In the future, we may require you to use certain software programs for the Licensed Business. If we require you to use certain software programs, we may require you to purchase the software programs from (and only from) us and we may be the only approved supplier of those software programs. We may, however, as is our absolute right, allow you to purchase those software programs from another approved supplier. You must purchase the required software programs at such prices as we (or, if applicable, the approved supplier) may establish. You must also execute our (or, if applicable, the approved supplier's) then-standard software license agreement to utilize the software programs.

Note 6. Indemnification. You must indemnify and defend SWA and hold harmless SWA and its affiliates, and SWA's and its affiliates' respective directors, officers, employees, agents, shareholders and representatives harmless from and against all legal complaints, losses and expenses, as stated in the License Agreement. You must name SWA as an additional insured on your insurance policies. You will be responsible for any losses and expenses incurred by or on behalf of SWA that are not covered by your policy.

Note 7. Insurance Cost and Fee. You must purchase and maintain in full force and effect at all times during the term of the License Agreement, the types and limits of insurance coverage described in the License Agreement. You are required to purchase and maintain the following type and limits of insurance coverage: (1) Commercial (broad form comprehensive) general liability coverage, including contractual liability (broad form) coverage in an amount not less than \$2,000,000 per occurrence and aggregate for residential projects (and \$3,000,000 coverage per occurrence and aggregate for any commercial projects); such policy must not have a deductible or self-insured retention in excess of \$25,000; (2) Workers' Compensation, Employer's Liability Insurance, and Unemployment Insurance for your employees (in statutory or other required amounts); (3) Fire and Extended Coverage Insurance on your Licensed Business, vehicle(s) and property in an amount adequate to replace them in the event of an insured loss; (4) Business Interruption Insurance in sufficient amounts to cover the rent or mortgage payment of your Licensed Business, vehicle(s), maintenance of competent personnel and other fixed expenses; (5) Automobile Insurance in an amount not less than \$1,000,000 to cover personal injuries and/or personal damages, and the value of such vehicle; and (6) any other insurance of such type and in such amounts as are required by applicable law. You must provide SWA with copies of Certificates of Insurance indicating that Superior Walls of America is named and endorsed as additional insured on your policies.

Note 8. Inspection Agency Fee. You agree to bi-annual inspections of your manufacturing operations and the Superior Walls Products produced at your facility by a third-party inspection

company designated by us, to ensure compliance with model building codes and the standards and specifications of the System. You will be responsible for any and all fees charged by the inspection company for its provisions of these services and all other expenses incurred by you in connection with the inspections. The figure in the chart is an estimate of the annual cost of the inspections for manufacturers in the US and includes two third-party ICC-ES inspections at approximately \$3,295/each.

Unless otherwise indicated above, all fees listed above are imposed by and payable to SWA and are non-refundable.

**ITEM 7
INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Regular License Model and Manufacturing License Model

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|---|------------------------|--------------------------|--|--------------------------------------|
| Initial License Fee | \$125,000 | Lump sum | On or before signing License Agreement | SWA |
| Forms & Form Components purchased from SWA or its designee ¹ | \$200,000 to \$350,000 | Lump sum | As incurred; see Note 2 | SWA |
| Freight expense on equipment purchased from SWA ² | \$5,500 to \$21,000 | As arranged | As incurred | Vendor(s) |
| Materials and Supplies purchased from SWA or Approved Supplier ³ | \$250,000 to \$500,000 | As arranged | As incurred | SWA and/or Vendor(s) |
| Equipment leased from other vendors ⁴ | \$22,000 to \$39,000 | As arranged | As incurred | Vendor(s) |
| Travel & living expenses when training ⁵ | \$2,000 to \$8,000 | As incurred | As incurred | Airlines, hotels, restaurants, etc. |

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|--|--|--------------------------|------------------|--------------------------------------|
| Real estate and manufacturing facility – leasing ⁶ | \$20,000 to \$60,000 | Prior to opening | Prior to opening | Landlord |
| Real estate and manufacturing facility – improvements ⁷ | \$70,000 to \$180,000 | Prior to opening | Prior to opening | Vendor(s) |
| Materials and Supplies inventory ⁸ | \$90,000 to \$160,000 | As incurred | As incurred | Vendor(s) |
| Computer equipment/ Software ⁹ | \$5,000 to \$10,000 | As incurred | Prior to opening | Vendor(s) |
| Initial sales promotion and advertising ¹⁰ | \$15,000 (Regular License Model only) | As incurred | As incurred | Vendor(s) |
| Additional funds – 3 months ¹¹ | \$250,000 to \$500,000 | As incurred | As incurred | Vendor(s) |
| TOTAL | Regular License Model: \$1,054,500 to \$1,968,000 Manufacturing License Model: \$1,039,500 to \$1,953,000 | | | |

NOTES

Note 1. Equipment purchased from SWA. The figure in the chart of \$200,000 to \$350,000 is for the Superior Walls Forms and Form Components that must be purchased from us. The amount of equipment initially purchased will vary, depending primarily on the production volume you project.

Note 2. Freight expense on equipment purchased from SWA. The Superior Walls Forms and Form Components purchased from SWA are shipped F.O.B. New Holland, Pennsylvania. The figure in the chart is an estimate of the freight costs incurred to ship the Forms and Form Components for a typical Licensed Business from New Holland to a Licensee’s Approved

Location. Your actual cost will vary depending on the amount of Forms and Form Components you purchase from us and the distance of your Approved Location from New Holland, Pennsylvania. The estimate in the chart assumes you will use commercial carriers to ship the Forms and Form Components. If you have the necessary vehicles, however, you are free to make use of them to transport the Forms and Form Components to your Approved Location yourself.

Note 3. Materials and Supplies purchased from SWA or Other Approved Suppliers. This estimate is for the initial Materials and Supplies that must be purchased from SWA or another Approved Supplier. The actual equipment purchased will vary depending on a number of factors, primarily your projected initial production volume. We anticipate it will include Materials and Supplies used in the production of Superior Walls, and any needed vehicles (other than those you lease), trailers, a forklift, a concrete compression tester, manufacturing and installation equipment, welding equipment, tools, and office furniture, equipment, and supplies.

Note 4. Equipment leased from other vendors. This estimate is for the two tractors and one set crane that we anticipate you will need to lease. The actual equipment leased will vary depending on a number of factors. The initial expenditures for a lease generally include at least one month's lease payment and a security deposit. The estimate in the chart is for a period of three months, and includes one month's security deposit. All of the costs of leasing are your responsibility. Expenditures for the leasing will vary from area to area and cannot be estimated with any accuracy. In our experience, the lease cost for each tractor may vary from a low of \$1,200 per month to a high of \$2,300 per month and the lease cost for a set crane may vary from a low of \$3,000 per month to a high of \$5,000 per month.

Note 5. Travel and living expenses when training. This estimate includes the costs for the training sessions (approximately 9 days total) for your representatives at our facilities. Additional trainees and/or any additional training requested by you may result in additional expenses.

Note 6. Real estate and manufacturing facility -- leasing. If you do not already own an adequate facility, you will need to lease, purchase, or build a manufacturing plant in which to locate the Licensed Business. Typical Superior Walls plants have 30,000 square feet or more, are located in industrial-zoned areas conveniently located to major transportation access roads, and are centrally located in order to best serve their targeted market area. The estimate in the chart assumes that your facility will be leased and is for a period of three months (and includes one month's security deposit). All of the costs of the facility are your responsibility. Expenditures for the real estate and any necessary construction will vary greatly from area to area and cannot be estimated with any accuracy. In our experience, rents may vary from a low of \$5,000 per month to a high of \$15,000 or more per month. The initial expenditures for a lease generally include at least one month's rent and utility and security deposits of varying amounts. The costs to purchase an existing facility and/or the land on which to locate your facility, and the costs to make any necessary improvements and modifications will vary depending on several factors, including the location and intended size of the Licensed Business, but can be expected to be at least \$500,000 to \$1,000,000. The costs of lease and purchase will vary with local market conditions.

Note 7. Real estate and manufacturing facility -- improvements. If your manufacturing facility is not adequate as leased or purchased, you will need to make any necessary improvements and

modifications. The extent of such improvements will vary depending on several factors, including the size and condition of the manufacturing facility as leased or purchased. The figure in the chart is an estimate of the cost of improvements up to and including the estimated cost of purchase and installation of two overhead cranes and of improvements to the electric, heating, plumbing, and other systems at the facility. All these costs will vary with local market conditions.

Note 8. Materials and Supplies inventory. This estimate is for the miscellaneous materials and supplies necessary for start-up and three months of operation of your Licensed Business. The estimated expenditures will vary depending on your projected volume of production. These materials and supplies include basic lumber, re-bar, insulation, miscellaneous manufacturing and installation supplies, cleaning supplies, office supplies, sales literature and brochures, etc. Also included are estimated expenditures for three months of concrete, which will vary depending on the number and size of the jobs you actually perform during your first three months of operations, and on the cost of concrete in your local market.

Note 9. Computer equipment/Software. Although we do not have any requirements for any particular computer system, you may wish to obtain and install at your expense a computer system for your Licensed Business. This estimate in the chart is our estimate for your cost to purchase such a computer system, including computer hardware, software, printer(s), modem(s), and computer-related peripheral equipment. The costs of the computer equipment, including software, will vary depending on several factors, but can be expected to be at least \$5,000 to \$10,000.

Note 10. Initial sales, promotion and advertising. To ensure that potential customers of Superior Walls products are aware of your business and knowledgeable about your products and services, Licensees under the Regular License Model must employ sales people and conduct an initial sales, advertising and promotion program for the Licensed Business. You will be required to expend a minimum of \$15,000 in connection with this program. Licensees of the Manufacturing License Model will not incur these fees.

Note 11. Additional funds -- 3 months. This estimated range is based on a period of three months, running from the signing of your License Agreement. It is intended to include payroll, receivables, insurance, utilities, and other administrative expenses. It also includes the estimated fees and costs incurred in retaining a third-party inspection company, designated by us, to conduct an initial certification, any required re-certifications or addendums, and quarterly inspections of your manufacturing operations and the Superior Walls Products produced at your facility to ensure compliance with model building codes and System specifications.

* * *

This estimated total range is based on our experience and information shared with us by our licensees over the years. All costs listed above are estimates only. Actual costs will vary for each Licensee depending on a number of factors, including the size and location of the Licensed Business, equipment and fixture expenditures, real estate requirements, insurance premiums, initial plant capacity, beginning inventory, and the existence of suitable facilities for the Licensed Business. We highly recommend that you contact current license owners to inquire about their experiences and costs in business start-up when doing your due diligence on a Superior Walls

Licensed Business. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. As described above in Note 6, the listed estimate for real estate and facility costs assumes that you will lease your facility. If you purchase your facility, your total initial investment will vary with the purchase price.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You are required to purchase your Superior Walls forms and form components (“**Superior Walls Forms and Form Components**”) from us, or a designee that we identify. A current list of the Superior Walls Forms and Form Components will be provided in our Materials and Supplies & Forms and Form Components catalog, which may be amended and supplemented by us from time to time as is our absolute right. The catalog will be made available to you. The Superior Walls Forms and Form Components are custom-made manufacturing components designed specifically for the Superior Walls manufacturing process and are essential for manufacturing the product according to the specifications and standards of the System. The purchase price for the Superior Walls Forms and Form Components, whether sold by us or a designee, will be set periodically by us. After your initial purchase of Superior Walls Forms and Form Components from SWA, you are not prohibited from buying the Superior Walls Forms and Form Components, which were manufactured by us or our designee, from other Superior Walls licensees. The Superior Walls Forms and Form Components are to be used only for the manufacture of Superior Walls Products.

You are required to purchase the materials and supplies used in the manufacture of Superior Walls Products (“**Materials and Supplies**”), which we have designated as “approved-only” in the Manuals, only from approved suppliers, of which SWA may be one or the only one. A current list of Materials and Supplies will be provided in our Materials and Supplies & Forms and Form Components catalog, which may be amended and supplemented by us from time to time as is our absolute right. The catalog will be made available to you. An “**Approved Supplier**” is a supplier that has been approved by us in writing. SWA is currently an approved supplier for some of the Materials and Supplies, but it is not the only approved supplier for any of the Materials and Supplies. None of our affiliates is currently an approved supplier of any Materials and Supplies.

In the event you desire for SWA to approve a supplier for Materials and Supplies, or if you wish to become an Approved Supplier of certain “approved-only” Materials and Supplies, you must comply with our procedures for submission of a proposed supplier for approval by us as an approved supplier. Although the License Agreement does not obligate SWA to respond within a particular time frame to a request by you for approval of a proposed supplier, SWA will respond to such request within a reasonable time (which normally will not exceed thirty (30) days). As described in more detail below, we will not unreasonably withhold approval of any supplier proposed by you (including the approval of yourself as an Approved Supplier of certain “approved-only” Materials and Supplies) to become a supplier of Materials and Supplies to you or the system as a whole. We generally approve suppliers who can demonstrate to our continuing reasonable satisfaction their ability to meet our reasonable standards and specifications, and who possess adequate quality controls and capacity to supply your needs promptly and reliably.

We will not require you to purchase any Materials and Supplies from or through SWA, our affiliates or our designees, unless we are the only approved supplier and no other supplier entitled to be approved by us according to our procedures has been proposed by you or another licensee. (Note that “designees,” as used in this Disclosure Document, does not include “approved suppliers.”) Some of our officers own an interest in SWA; none of our officers owns an interest in any other approved supplier.

SWA may from time to time revoke its approval, of particular Materials and Supplies and/or of an Approved Supplier when SWA determines, as is its absolute right, that such Materials and Supplies and/or Approved Supplier no longer meet SWA’s standards. Upon receipt of written notice of such revocation, you will cease to sell or use any disapproved Materials and Supplies and cease to purchase any Materials and Supplies from any disapproved supplier. The reasonable grounds for us to withhold or rescind approval of a supplier of Materials and Supplies include, without limitation, and as determined by SWA as is its absolute right: (1) reasonable threat to life, health or safety; (2) an inability of the supplier to meet reasonable quality standards and specifications established by SWA for the Materials and Supplies it proposes to supply; (3) the financial condition of the supplier; and (4) whether the supplier is, or has become, a direct competitor of the Superior Walls System.

Unless otherwise authorized by SWA in writing, all products manufactured under the System and Proprietary Marks must be produced from the Superior Walls Forms and Form Components and the Materials and Supplies. You are required to operate the Licensed Business in accordance with the methods and procedures prescribed by SWA in the Manuals, and to equip the Licensed Business in accordance with our manufacturing, installation and service quality standards and specifications and to adequately serve market demand and meet and satisfy customer installation and delivery requirements for Superior Walls Products. SWA does not require that you purchase any particular computer systems (hardware or software) for the operation of your Licensed Business. Based on its experience, SWA has developed certain specifications and standards for the Materials and Supplies used in the manufacture of Superior Walls Products. SWA will provide the specifications and standards to you in connection with the execution of the License Agreement. If we change specifications in the future, we will provide the updated specifications to you. All Superior Walls Products offered, sold or used by you, and the Materials and Supplies used in connection with the Superior Walls Products, must meet our then-current standards and specifications, as established in the Manuals or otherwise in writing.

SWA derives revenue from its licensees’ purchases of products and services to the extent that they purchased such items from SWA. In the year ending December 31, 2022, SWA’s total revenues were \$12,822,603 and its revenues from the required purchases by its licensees was \$6,122,277 or 47.7% of its total revenues. Under the License Agreement, you will be required to purchase Superior Walls Forms and Form Components from SWA, or its designee, but (unless SWA is the only approved supplier of certain Materials and Supplies) you will not be required to purchase Materials and Supplies from SWA, or its designee. SWA may choose to offer Materials and Supplies for sale to licensees (and, as described above, you must purchase the Materials and Supplies from approved suppliers). The Superior Walls Forms and Form Components that you are required to purchase from SWA, or its designee, are items that are purchased at the start-up of the Licensed Business, as the business expands and grows, or as equipment may need to be

replaced or modified over the life of the Agreement. SWA estimates that your required purchases will be approximately 40-45% of all of your purchases of goods and services to establish, and approximately 15%-20% of all of your purchases of goods and services to operate, the Licensed Business. In deriving these percentages, we have included as required purchases all the Forms and Form Components, Materials and Supplies and all other items which have required specifications.

SWA does not currently have any agreement with any supplier providing for any payment to SWA in consideration of purchases made by licensees from that supplier.

SWA has an agreement with a third-party inspection company for the provision of quarterly inspection services for SWA licensees. You will be responsible for all fees charged by the inspection company for its provision of inspection services. SWA receives no payments, rebates, or other benefits from this company as a result of its provision of inspection services to you.

SWA does not provide material benefits to licensees based on their direct purchases from approved suppliers. There are currently no purchasing or distribution cooperatives related to SWA licensees. We do not currently negotiate purchase arrangements with suppliers, including price terms, for the benefit of licensees.

If you operate a Licensed Business under the Regular License Model, and if you desire to contract with or hire any person or entity at any time to provide for the subcontracted sales and/or installation of Superior Walls Products, you must submit the name of such person or entity to SWA for approval. After SWA’s approval and prior to submitting any sales or installations by such person or entity, you must enter into the appropriate SWA Consent Agreement (Exhibits F, G, H and I of the License Agreement) with SWA and with that person or entity. If you operate a Licensed Business under the Manufacturing License Model, you must only use your own employees and are not allowed to subcontract, except for transportation of the Superior Walls Products.

ITEM 9 FRANCHISEE’S OBLIGATIONS

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

| Obligation | Section in License Agreement | Item in Disclosure Document |
|--|---|-----------------------------|
| a. Site selection and acquisition/lease | Sections 1.2 and 7.9, Manufacturing License Model Section 20 | Items 1, 7 and 11 |
| b. Pre-opening purchases/leases | Section 7, Manufacturing License Model Addendum Section 40 and 41 | Items 5, 6, 7, 8 and 11 |
| c. Site development and other pre-opening requirements | Section 6, 7 and 10 | Items 5, 6, 7, 8 and 11 |
| d. Initial and ongoing training | Section 6 | Items 6, 7 and 11 |

| Obligation | Section in License Agreement | Item in Disclosure Document |
|--|---|------------------------------------|
| e. Opening | Section 1.2 and 7.9 | Items 1, 7 and 11 |
| f. Fees | Sections 3, 4, 6, 7 and 10, Manufacturing License Model Addendum Sections 7 and 8 | Items 5, 6, and 7 |
| g. Compliance with standards and policies/Operating Manual | Sections 7 and 8 | Items 8 and 11 |
| h. Trademarks and proprietary information | Sections 7, 8, 9 and 11 and Exhibits N1 and N2 | Items 13 and 14 |
| i. Restrictions on products/services offered | Sections 5 and 7, Manufacturing License Model Addendum Sections 1, 5, 11, 13, 14, 15, 16, 17, 21, 22 and 23 | Items 8 and 16 |
| j. Warranty and customer service requirements | Section 7 | None |
| k. Territorial development and sales quotas | Sections 1 and 7, Manufacturing License Model Addendum Sections 1, 2, 3, 4, 5, 18 and 19 | Items 12 |
| l. Ongoing product/service purchases | Sections 5 and 7 | Item 8 |
| m. Maintenance, appearance and remodeling requirements | Sections 7, 11.2, and 17.3 | Item 17 |
| n. Insurance | Section 10 | Items 6 and 7 |
| o. Advertising | Section 5.6.3 and 7, Manufacturing License Model Addendum Sections 24, 25, 26, 27 and 28 | Items 7 and 11 |
| p. Indemnification | Section 17 | Item 6 |
| q. Owner's participation/management/staffing | Sections 7 and 15 | Item 15 |
| r. Records and reports | Sections 3 and 4 | Item 6 |
| s. Inspections and audits | Sections 4 and 7 | Item 6 |
| t. Transfer | Sections 12 | Items 17 |
| u. Renewal | Section 2 | Item 17 |
| v. Post-termination obligations | Sections 14 and 15; Manufacturing License Model Addendum Section 37 and 38 | Item 17 |
| w. Non-competition covenants | Sections 7, 14 and 15 and Exhibits N1 and N2, Manufacturing License Model Addendum Section 38 | Item 17 |
| x. Dispute resolution | Section 20 | Item 17 |

ITEM 10 FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligations of yours, or has any practice or intent to sell, assign or discount to a third party all or any part of any financing arrangement of yours.

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

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

PRE-OPENING, SITE-SELECTION AND OPENING OBLIGATIONS

Before you open your Licensed Business, we will provide the following types of assistance and services to you:

1. We will designate in the License Agreement your Approved Location and Area of Primary Responsibility (License Agreement - Sections 1.2 and 1.3); however, if you operate a Licensed Business under the Manufacturing License Model, you will not obtain an Area of Primary Responsibility. We do not select a site for your Licensed Business, nor do we approve a particular area in which you select a site;
2. We will provide to you, at no charge, a list of required and recommended items of equipment and supplies and sources of supply relating to the sale, manufacture, transportation and installation of Superior Walls Products (License Agreement – Section 5.1);
3. We will provide to you all specifications and requirements for the Materials and Supplies (License Agreement – Section 5.2);
4. We, or our designee, will sell to you the Superior Walls Forms and Form Components, which will be used only for the manufacture of Superior Walls Products (License Agreement – Section 5.3);
5. We will provide an initial training program, consisting of approximately 30 days of training, as described in more detail below (License Agreement – Sections 5.4 and 6);
6. We will loan to you, for use during the term of the License Agreement, one set of SWA's confidential operating manuals (License Agreement – Sections 5.5 and 8); and
7. If we require you to use certain software programs for the Licensed Business, we, or another Approved Supplier, will sell such software programs to you (License Agreement – Section 7.11).

CONTINUING OBLIGATIONS

We are required by the License Agreement to provide certain assistance and service to you during the operation of your Licensed Business under the License Agreement:

1. We will, from time to time, at your reasonable request, and without charge to you, advise and consult by telephone and/or mail, during our regular business hours, regarding the Superior Walls Products (License Agreement – Section 5.6.1);
2. We will, at your reasonable request and expense, and subject to the availability of our personnel, provide assistance and consultation to you at the Approved Location with respect to the Superior Walls Products (License Agreement – Section 5.6.2);
3. We will provide to you all specifications and requirements for the Materials and Supplies, which may be updated and supplemented from time to time by us as is our absolute right (License Agreement – Section 5.2);
4. We, or our designee, will sell to you the Superior Walls Forms and Form Components purchased by you (License Agreement – Section 5.3); and
5. We will take reasonable steps to enforce (at our expense) the provisions of our license agreements with other licensees which restrict the ability of those licensees from making any sales or soliciting business in your Area of Primary Responsibility without your express written approval. This duty does not include filing a legal action against any licensee. (License Agreement – Section 5.10) This does not apply if you operate a Licensed Business under the Manufacturing License Model, because you will not obtain an Area of Primary Responsibility.

OPENING

The typical length of time between the signing of the License Agreement and the opening of the Licensed Business is 180 days. Factors that can affect this time period are finding a location for the business, including your ability to obtain a lease (if you intend to lease an existing facility) or to build a facility (if you intend to construct a new facility). Also, the opening of the Licensed Business may be delayed by the search for, and hiring of, qualified employees.

ADVERTISING

General

We will provide you with Superior Walls advertising materials for your purchase and use, at your option and expense, and at our then-current rates or prices (License Agreement – Section 5.6.3).

Those advertising materials are created by outside advertising agencies. In addition, SWA currently obtains product exposure and lead generation from its web site (“www.superiorwalls.com”), industry websites, and numerous television programs.

Any advertising or promotional materials developed by you must be in such media and of such type and format as SWA may approve, must be conducted in a dignified manner, and must conform to the standards and requirements that SWA may specify. If you wish to make use of advertising and promotional plans or materials not developed by SWA, you must submit samples of all such advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer, or other media (including the Internet) to SWA, for SWA's prior approval (except with respect to prices to be charged). You may not use such plans or materials until they have been approved in writing by SWA. SWA reserves the right to approve or disapprove all advertising, promotional, and marketing materials as is its absolute right (License Agreement – Section 7.19)

Web Site

You must maintain an internet site to be used in connection with your Licensed Business. Upon SWA's advance written approval, you may create your own internet site or you may use a pre-existing web site of yours in connection with the Licensed Business. (License Agreement – Section 7.22). You must, at your expense, maintain the web site continuously throughout the term of your License Agreement. (See **Item 6** for additional information.)

In connection with the web site, you must comply with the following requirements, in addition to those SWA may designate in the Manuals or otherwise in writing: (1) You may add to your web site information regarding your Licensed Business, but the information, web materials, web pages, and web site content must be approved in advance in writing by SWA; (2) You must provide on your website all hyperlinks, including a hyperlink to the internet site maintained by SWA (the "Web Site"), or other links required by SWA. We will be the sole owner of the domain name and/or home page addresses for our Web Site, and SWA will be the sole owner of the copyrights for materials, and the trademarks of SWA, which appear on the Web Site; and (3) You may not use our Proprietary Marks (or anything confusingly similar in any e-mail address, domain name, or other identification of the Licensee or Licensed Business in any electronic medium, unless we approve the use in writing in advance. (License Agreement – Section 7.22).

Advertising Council; Advertising Fund; Regional or Local Cooperative

There is no advertising council composed of licensees.

There currently is no advertising fund or regional or local cooperative advertising program which is required to be provided by us or in which you are required to participate.

COMPUTER SYSTEM AND REQUIRED SOFTWARE

Under the License Agreement, you are not required to purchase any particular computer systems for the operation of your Licensed Business. We do not require you to generate or store any particular type of data in a computer system; however, you may choose to store data pertaining to the Licensed Business (including data relating to or concerning your customers and transactions) if you utilize a computer system.

You may wish to obtain and install, at your expense, computer hardware, software, printer(s), modem(s), and computer-related peripheral equipment. If you choose to obtain such equipment, we estimate that your cost to purchase this equipment, including software, will vary depending on several factors, but can be expected to be at least \$5,000 to \$10,000. This amount includes 2 computers. The purchase of all the software is currently optional but SWA may in the future require you to use certain software programs for the Licensed Business. If you are required to use certain software programs in the future, SWA may require you to purchase the software from (and only from) us, and SWA may be the only Approved Supplier of those programs. SWA may, as is its absolute right, allow you to purchase the software programs from another Approved Supplier. You must purchase the software programs at the prices and terms as SWA (or, if applicable, the Approved Supplier) may establish and you must execute our (or, if applicable, the Approved Supplier's) standard software license agreement to utilize such software programs.

SWA, our affiliate, or the third party have no obligation to provide ongoing maintenance, upgrades, repairs or updates to your computer system. We do not require you to make any updates or upgrades to the computer system. If you choose to provide maintenance, make updates or upgrades, or utilize support contracts, we would estimate the annual cost to be approximately \$400 per user. We will not have independent access to the information that will be generated or stored on any cash register or computer system that you may choose to use.

MANUALS

We will loan to you, and will continue to loan to you during the term of the License Agreement, one set of the confidential System operating manuals and confidential documents, which currently include: (1) MAN 42-9000 Builder Guideline Booklet (62 Total Pages); (2) MAN 42-9003 Xi Production Manual (391 Total Pages); (3) DOC 42-2386 Xi Plus Production Manual Supplement (47 Total Pages); (4) MAN 42-9004 Quality Assurance Manual – Xi Wall System (96 Total Pages); (5) MAN 42-9024 Ui Production Manual (35 Total Pages); (6) MAN 42-9025 Ui QA Manual (73 Total Pages); (7) MAN 42-9008 Installation Manual (67 Total Pages); and (8) MAN 42-9013 Technical Guide (284 Total Pages); (9) DOC 42-2419 Materials and Supplies and Forms and Form Components Catalog – Xi Wall System (84 Total Pages); (10) DOC 42-2436 Materials and Supplies & Forms and Form Components Catalog – Xi Plus Wall System (82 Total Pages); (11) DOC 42-2446 Materials and Supplies & Forms and Form Component Catalog – Ui Wall System (42 Total Pages) (the “**Manuals**”). You (and your agents, independent contractors and employees) are required to treat the Manuals and the information contained therein as confidential, and you are to use reasonable efforts to maintain such information as secret and confidential. (License Agreement – Sections 5.5 and 8). See **Exhibit G** to this Disclosure Document for the table of contents of each of the Manuals.

TRAINING

You and your personnel must fully complete training and certification to our satisfaction prior to the commencement of operations of your Licensed Business. (License Agreement – Section 6.1). The job titles of the personnel from your Licensed Business required to attend each training session are listed below in the tables summarizing each training session.

The initial training and certification program consists of approximately 30 days of training. The training is usually carried out at our facility in New Holland, Pennsylvania or another facility we designate; however, we reserve the right to conduct training via Zoom or other web-based means. Although the program may be conducted as we see fit, it is customarily conducted as follows: three initial sessions (approximately 4 days total), three additional sessions (approximately 5 days total), two sessions (approximately 10-15 days total) at your Approved Location just prior to and during commencement of your operations, and two follow-up sessions (approximately 10 days total) at your Approved Location. The training program will consist of both classroom training (covering design, manufacturing, installation, management and sales/technical training) and “hands-on” training (covering manufacturing, installation and Superior Walls Forms and Form Components set-up). Some training may take place via web-based training programs rather than at our facility. The instructional material will include SWA’s Superior Walls business operations manual, Production Manual and Installation Manual.

The cost for the training program is included in the initial License fee. You are responsible for all of the travel, lodging, food, and incidental expenses incurred by your personnel in attending the training sessions. Additional training or refresher courses are not required; however, if additional training is needed (including set-up training for additional Superior Walls Forms purchased in the future or training of replacement employees in key positions), the fee currently is \$1200 per day per instructor in the US and \$1,500 per day per instructor internationally (and is subject to change), and you will also be responsible for all of the travel, lodging, meals, and other expenses of SWA’s training, and by your personnel in attending the training sessions, regardless of the location.

Trainers may include Mr. Steve Martin, SWA’s Director of Plant Operations, Mr. Ed Helderman, SWA’s Building Code Specialist, Mr. Andy Voytek, Certifications Program Manager, Mr. Adam Campbell, CAD Developer/Instructor, and Mr. Rob Keffer, Form Setup Instructor. Our current supervisor and instructors average 22 years of experience with SWA. The specific contents of your training program and the amount of time spent on each subject will vary depending on the prior experience of you and your personnel. The following table is a description of the training sessions typically conducted as of the date of this Disclosure Document and summarizes additional information on each training session, including required attendees. Each training day consists of approximately eight hours of training.

TRAINING PROGRAM

| SUBJECT | HOURS OF CLASSROOM TRAINING | HOURS OF ON THE JOB TRAINING | LOCATION | REQUIRED ATTENDEES |
|---|------------------------------------|-------------------------------------|-----------------------------------|---|
| Foundation for Success - Licensor – Licensee Relationship - License Agreement - Marketing - Business Planning - Plant Startup Schedule of Events – Startup Manual | 4 hours | 0 | Superior Walls New Holland, PA | Investor/Owners General Manager Plant Manager QA Manager Controller Sales Manager Seller Installer - GM |

| SUBJECT | HOURS OF CLASSROOM TRAINING | HOURS OF ON THE JOB TRAINING | LOCATION | REQUIRED ATTENDEES |
|--|-----------------------------|------------------------------|---|--|
| Technical Training - General Building Codes - Fire Separation & Egress - Soil Types - Footings & Drain Systems - Excavation - Load Considerations - Framing, Blocking & Bracing, Pouring the Floor - Design Considerations | 16 hours | 0 | Superior Walls New Holland, PA or a facility we designate | General Manager Operations Manager Plant Manager QA Manager Draftsperson Installation Manager Installation Coordinator Controller Sales Manager Sales Representative Seller Installer – GM Seller Installer – Sales Representative Seller Installer – Installation Manager Seller Installer – Drafting Personnel |
| Installation | 8 hours | 16 hours | Superior Walls New Holland, PA (or a facility we designate) and On The Job | General Manager Installation Manager Installation Coordinator Installation Technician Seller Installer – GM Seller Installer – Installation Manager Independent Installer – Installation Manager |
| Form Setup – Plant Organization | 0 | 40 hours | On the Job | Plant Manager QA Manager Production Supervisor |
| Production Training – Basic Training | 4 hours | 40-80 hours | On the Job | General Manager Plant Manager QA Manager Production Supervisor Production Employees Draftsperson |
| Production & Installation Training – Follow-up #1 | 0 | 40 hours | On the Job | General Manager Plant Manager QA Manager Production Supervisor Production Employees Draftsperson Installation Manager Installation Technician |
| Production & Installation Training – Follow-up #2 | 0 | 40 hours | On the Job | General Manager Plant Manager QA Manager Production Supervisor Production Employees Draftsperson Installation Manager Installation Technician |

ITEM 12 TERRITORY

If you will operate a Licensed Business under the Regular License Model, we will designate an Area of Primary Responsibility; however, SWA does not approve a specific location within your Area of Primary Responsibility for your Licensed Business. The specific boundaries of your Area of Primary Responsibility will be described in the License Agreement, and will consist of a designated county or counties. You cannot relocate the Licensed Business without the prior written approval of SWA; however, we will not withhold our approval unreasonably.

If you will operate a Licensed Business under the Manufacturing License Model, you will not obtain an Area of Primary Responsibility as described above and, despite any reference in this Disclosure Document to an Area of Primary Responsibility, you will not obtain one. You will not receive an exclusive territory under the Manufacturing License Model. Under the Manufacturing License Model, you may face competition from other licensees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We grant you certain territorial protections if you operate a Licensed Business under the Regular License Model, but you will not receive an exclusive territory under the Regular License Model. You may face competition from other licensees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, except as described below, during the term of the License Agreement, if you operate a Licensed Business under the Regular License Model, SWA will not itself establish or operate, or license any other person to establish or operate, a Superior Walls manufacturing facility under the System and Proprietary Marks at any location within your Area of Primary Responsibility.

Except as otherwise described below, during the term of the License Agreement, if you operate a Licensed Business under the Regular License Model, SWA will not, and will not authorize any other Superior Walls licensee to, sell or install Superior Walls Products under the System within your Area of Primary Responsibility.

In addition, if you operate a Licensed Business under the Regular License Model, SWA may, or may authorize another licensee to, offer and sell the Superior Walls Products to National or Regional Accounts, within and outside your Area of Primary Responsibility, regardless of proximity to your Approved Location, which are defined as companies, organizations, associations, governmental entities, or other persons doing business in at least two states, including, without limitation, retail customers such as hotel/motel chains, lumber yards, real estate management companies, real estate developers, theater chains, federal or state military bases, federal, state, or local governments or governmental agencies. SWA will afford you the opportunity to service a National or Regional Account doing business in your Area of Primary Responsibility for Superior Walls Products on the contractual terms and conditions agreed upon between SWA and such National or Regional Account. We will furnish to you written notice of, and the terms and conditions related to, any transaction with a National or Regional Account within your Area of Primary Responsibility. You will have fifteen (15) calendar days after receipt of such notice to notify us in writing whether you wish to sell the Superior Walls Products to such

National or Regional Account for transactions within your Area of Primary Responsibility on the terms and conditions described by us. If you (i) fail to respond in writing within the 15-day period, (ii) respond that you do not desire to service such National or Regional Account, (iii) are incapable of servicing such National or Regional Account on such terms and conditions for any reason, (iv) fail to agree to or comply with such terms and conditions, (v) are in default of any provision of your License Agreement or (vi) such National or Regional Account wishes not to be serviced by you, then you will be deemed to have forfeited the opportunity related to such National or Regional Account, and SWA shall have the right, or may authorize another licensee, to service the National or Regional Account for such transaction and all future transactions with such National or Regional Account within your Area of Primary Responsibility. You are not permitted to negotiate costs with a National or Regional Account under any circumstances or conditions. You are required to follow all additional terms, conditions, rules, regulations and procedures as designated in the Manuals related to National or Regional Accounts. You must acknowledge and agree that SWA, as is SWA's absolute right, may change the terms of the License Agreement (or in the Manuals) applicable to National or Regional Accounts from time to time.

You must acknowledge that SWA cannot guarantee that persons unauthorized by SWA will not attempt to, or will not, sell or install Superior Walls Products in your Area of Primary Responsibility.

Your license is limited to sales from, and products manufactured at, your Approved Location, and you may not, except with the express consent of SWA, which consent will not be unreasonably withheld, open or operate another outlet or change the location of your Licensed Business within your Area of Primary Responsibility. This restriction is to ensure that licensee locations are appropriately spaced and situated, and to permit SWA to offer a degree of territorial protection to licensees throughout the network. You may, however, with our prior written approval, open and operate one or more Superior Walls Satellites, in addition to your Approved Location. If you operate a Licensed Business under the Regular License Model, any Superior Walls Satellite(s) must be within your Area of Primary Responsibility. Any Superior Walls Satellite(s) must comply with all the provisions of the License Agreement. You are not guaranteed any right to sell or install Superior Wall Products outside your Area of Primary Responsibility, and your rights to sell or install Superior Walls Products outside your Area of Primary Responsibility are limited as described in the License Agreement and this Item 12.

If you operate a Licensed Business under the Manufacturing License Model, you are not permitted to install any Superior Walls Products, or establish or operate a Superior Walls Satellite, in any area of primary responsibility of another licensee, or a market area or area of primary responsibility for us, any affiliate of ours, or a third-party with which we have contracted for the sale of Superior Walls Products.

If you operate a Licensed Business under the Regular License Model, for each calendar year, beginning with the first full calendar year of the License Agreement (each such year defined as a "**Subject Year**"), you must meet your performance standard for that calendar year as specified in Exhibit J to the License Agreement (the "**Performance Standard**"). For each calendar year, the Performance Standard is derived from 3 factors: (1) the amount of your total Gross Sales; (2) the total linear feet of Superior Walls Products installed ("**Total Linear Feet Installed**"); and (3)

the total market share percentage as described below. The Market Share Percentage is defined as the quotient of (a) the number of projects installed by Licensee in Licensee's Area of Primary Responsibility during a Subject Year divided by (b) the number of single-family residential housing starts within Licensee's Area of Primary Responsibility for Subject Year as reported by the Census Bureau or by other reliable sources of information, expressed as a percentage. Within 150 days after the start of each Subject Year, you and SWA will mutually agree on the Performance Standard for that Subject Year. If you and SWA are unable to agree on the Performance Standard within the 150-day period, SWA may, as is its absolute right, upon written notice to you, to: (a) set the Performance Standard for that Subject Year at any level that SWA determines appropriate; (b) reduce your Area of Primary Responsibility; and/or (c) remove the territorial protection in your Area of Primary Responsibility that is described in the first sentence of the fourth paragraph of this Item 12. The Performance Standard is intended to be a reasonable and attainable performance objective that identifies the minimum acceptable annual performance.

If your performance on at least two of the Performance Standard elements (Gross Sales, Total Linear Feet Installed, Market Share Percentage) falls below the target for each of those elements in the Performance Standard for the Subject Year by more than 10%, SWA shall have the absolute right to send you written notice removing the territorial protection in your Area of Primary Responsibility that is described in the first sentence of the fourth paragraph of this Item 12 for sales and installations of Superior Walls Products. If your performance on at least two of the Performance Standard elements (Gross Sales, Total Linear Feet Installed, Market Share Percentage) falls below the target for each of those elements in the Performance Standard for the Subject Year by more than 20%, SWA shall have the absolute right to send you written notice (a) reducing your Area of Primary Responsibility and/or (b) removing the territorial protection in your Area of Primary Responsibility that is described in the first sentence of the fourth paragraph of this Item 12 for sales and installations of Superior Walls Products. You must acknowledge and agree that, even if you receive this notice with respect to a particular calendar year, you remain required to fulfill the Performance Standard for each subsequent calendar year under the License Agreement. In the event we exercise our right to reduce your Area of Primary Responsibility and/or remove your territorial protection in your Area of Primary Responsibility, those changes will remain in place for the remaining term of the License Agreement, unless we, as is our absolute right, determine otherwise.

If SWA only removes the territorial protection in your Area of Primary Responsibility that is described in the first sentence of the fourth paragraph of this Item 12 for sales and installations of Superior Walls Products (but does not reduce your Area of Primary Responsibility), SWA will have the right to sell and install, and to authorize other licensees or third parties to sell and install Superior Walls Products under the System and the Proprietary Marks in your Area of Primary Responsibility; but SWA will still not itself establish or operate, or franchise or license, any other person to establish or operate, a Superior Walls manufacturing facility under the System and Proprietary Marks at any location within your Area of Primary Responsibility. If SWA reduces your Area of Primary Responsibility and gives it to another licensee, you will no longer be permitted to sell or install Superior Walls Products in that area retained by SWA or given to the other licensee.

If you fail to meet the Performance Standard for two or more consecutive calendar years by an amount greater than 10% of the applicable Performance Standard, we may, at our option, terminate the License Agreement effective immediately upon the provision of notice to you.

If you operate a Licensed Business under the Manufacturing License Model, the Performance Standard described above is not applicable, but you will be required to install at least 24 Superior Walls foundations in your projects and developments each year, beginning with the first full calendar year of the License Agreement.

If you operate a Licensed Business under the Regular License Model, and if you have met your Performance Standard for the previous year, you may solicit customers (including through means such as Internet, catalog sales, telemarketing or other direct marketing) for the sale or installation of, or sell and install, Superior Walls Products outside of your Area of Primary Responsibility only if any direct solicitations for such sales or such installations are made within an area that is identified by SWA in writing as an “open area.”

If you operate a Licensed Business under the Regular License Model, and if you solicit, sell and/or install Superior Wall Products outside your Area of Primary Responsibility in an open area, as described in the preceding paragraph, upon the receipt of written notice from SWA that SWA has assigned such open area as an area of primary responsibility to another licensee or has designated such area as “closed,” you must, within thirty (30) days of receipt of such notice, discontinue all such solicitation and sales activity in such area. With respect to any contracts signed by both you and third parties prior to the date of SWA’s notice, you will be permitted to continue the installation of such Superior Walls Products for a period not to exceed ninety (90) days from the date of SWA’s notice. Prior to the end of such ninety (90) day period, you will transfer all accounts with customers in such area to the party assuming responsibility for such area, use your best efforts to cooperate with such party and provide customer lists for such area to such party. You are not guaranteed any right to sell Superior Wall Products outside your Area of Primary Responsibility and your rights to sell such products outside your Area of Primary Responsibility are limited as described in the License Agreement.

Lastly, if you operate a Licensed Business under the Regular License Model, and if you commit a default under the License Agreement, SWA may, as is its absolute right, take any or all of the following actions upon written notice to you: (a) to reduce your Area of Primary Responsibility, (b) to remove the territorial protection in your Area of Primary Responsibility that is described in the first sentence of the fourth paragraph of this Item 12 for sales and installations of Superior Walls Products, and/or (c) to terminate the License Agreement in accordance with the other default provisions of your License Agreement.

Note that despite the territorial protection described in the first, third and fourth paragraphs of this Item 12 for Licensed Businesses under the Regular License Model, during the term of the License Agreement, without any compensation to you, SWA retains all rights to sell, directly or indirectly, any products (including, without limitation, the Superior Walls Products) and conduct any business at any location within and outside of your Area of Primary Responsibility, regardless of the proximity to your Approved Location, that is not expressly prohibited by the License Agreement. As an illustration of the rights retained by SWA, but not in any way a limitation on

those rights, SWA retains the rights, among others, on any terms and conditions SWA deems advisable, and without granting you any rights or compensation:

(1) to establish or operate, or franchise or license others to establish or operate, a Superior Walls manufacturing business under the System and Proprietary Marks at any location outside your Area of Primary Responsibility, regardless of proximity to your Approved Location;

(2) to manufacture, sell, transport, or install, or license or franchise others to manufacture, sell, transport, or install, directly or indirectly, any products or services under marks other than the Proprietary Marks at any location whether within or outside your Area of Primary Responsibility, regardless of proximity to your Approved Location;

(3) to engage in the wholesale sale and/or distribution of the Superior Walls Products or services within or outside your Area of Primary Responsibility, regardless of proximity to your Approved Location; and

(4) to offer and sell within or outside of your Area of Primary Responsibility, regardless of proximity to your Approved Location, services and products which do not comprise a part of the System and, in relation to those services and products, to exploit the Proprietary Marks, and SWA's name, reputation and know-how.

If you operate a Licensed Business under the Manufacturing Model, you will not obtain an Area of Primary Responsibility, and we retain all rights to sell, directly or indirectly, any products (including, but not limited to, Superior Walls Products), and conduct any business at any location anywhere, regardless of the proximity to the Approved Location of your Licensed Business. As an illustration of the rights retained by us, but not in any way a limitation on those rights, SWA retains the rights, among others, on any terms and conditions SWA deems advisable, and without granting you any rights or compensation:

(1) to establish or operate, or franchise or license others to establish or operate, a Superior Walls manufacturing business under the System and Proprietary Marks at any location;

(2) to manufacture, sell, transport, or install, or license or franchise others to manufacture, sell, transport, or install, directly or indirectly, any products or services under marks other than the Proprietary Marks at any location anywhere, regardless of proximity to the Approved Location;

(3) to engage in the wholesale sale and/or distribution of the Superior Walls Products or services anywhere, regardless of proximity to the Approved Location; and

(4) to offer and sell anywhere, regardless of proximity to the Approved Location, services and products which do not comprise a part of the System and, in connection therewith, to exploit the Proprietary Marks, and SWA's name, reputation and know-how.

“Wholesale sale and/or distribution” means any sale and/or distribution to a third party (other than a residential or commercial builder or property owner) for resale, retail sale, and/or further distribution by this third party.

Except as described in this Item 12, during the initial term of the License Agreement, the continuation of any territorial rights you may have does not depend on any other contingency. SWA has not otherwise established any company-owned outlets or other channels of distribution using the same or similar Proprietary Marks, but reserves the right to do so in the future.

You will not be granted in the License Agreement any option, right of first refusal, or similar right to acquire additional licenses within or outside your Area of Primary Responsibility. To be considered for an additional license area, you must submit an application to us and meet our then-current qualifications.

ITEM 13 TRADEMARKS

Under the License Agreement, SWA grants to you the right to use, in connection with your Licensed Business, the Proprietary Marks, as described in the License Agreement. The principal Proprietary Marks you will use are the “SUPERIOR WALLS” mark and the “Superior Walls Split Square Symbol Logo” mark appearing on the cover page of this Disclosure Document.

SWA Holding Company, Inc. has transferred ownership of the Proprietary Marks to SWA and we have registered the marks listed below in the U.S. Patent and Trademark Office on the Principal Register. We have timely filed, or intend to timely file, with the U.S. Patent and Trademark Office, all required affidavits of use and renewal applications, when due, for the Proprietary Marks. We grant you, as a licensee, the right to use the marks listed below.

| Mark | Registration Number | Registration Date |
|--|----------------------------|---|
| SUPERIOR WALLS | 2,896,732 | October 26, 2004; renewed November 8, 2013 |
| SUPERIOR WALLS SPLIT SQUARE SYMBOL LOGO | 2,880,970 | September 7, 2004; renewed November 8, 2013 |
| SUPERIOR WALLS & SUPERIOR WALLS SPLIT SQUARE SYMBOL LOGO | 2,901,239 | November 9, 2004; renewed July 16, 2014 |
| SUPERIOR SEALANT | 2,956,577 | May 31, 2005; renewed July 10, 2014 |

| | | |
|----------------------|----------------------------|--|
| SUPERWALLS | Serial Number: 97334657 | Filed March 28, 2022 |
| UI LOGO | 4,038,446 | October 11, 2011; renewed March 24, 2021 |
| UI WALL | 4,044,523 | October 24, 2011; renewed March 24, 2021 |
| SIMPLY SUPERIOR LOGO | 4,063,363 | November 29, 2011; renewed March 24, 2021 |
| SUPERIOR | 5,558,308 | September 11, 2018 |

There are no agreements currently in effect that significantly limit SWA’s right to use or to license the use of the Proprietary Marks in any manner material to the license offered under this Disclosure Document.

You may use only the Proprietary Marks designated by SWA, and may use them only in the manner authorized and permitted by SWA and (for the Regular License Model) only for the operation and marketing of your Licensed Business, and any unauthorized use shall constitute an infringement of the rights of SWA. For the Regular License Model, any other businesses operated by you (whether or not operated from the location of the Licensed Business), and any other products or services sold by you, will not be associated with the Licensed Business or the Proprietary Marks, nor with any name of a business or entity which contains the words “Superior Walls” or its equivalent. You may not alter the Proprietary Marks and logos in any way, including font, color, configuration, proportion, etc. You may use the words “Superior Walls” as part of your corporate or other legal name but only in the manner specified by SWA and approved in advance. You must not apply for, or use, the words “Superior Walls” or any of the Proprietary Marks as part of any domain name, home page address, or email address on the Internet without prior written approval of SWA. Further, as set out in the License Agreement, you must identify yourself as the owner of the Licensed Business in conjunction with any use of the Proprietary Marks.

SWA does not know of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in this or any other state. SWA is not aware of any presently effective material determinations of the U.S. Patent and Trademark Office, trademark trial and appeal board, or the trademark administrator of this or any other state or any court, nor any pending infringement, opposition, or cancellation proceeding or pending material federal or state litigation involving the Proprietary Marks which may be relevant to their use in this or any other state.

Under the License Agreement, you must notify SWA of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity or ownership of the Proprietary Marks, or any challenge to SWA’s right to use and to license others to use, or your right to use, the Proprietary Marks. SWA will make all commercially reasonable efforts to enforce its right to use and to

license others to use, and your right to use, the Proprietary Marks against uses by others that may constitute infringement of the Proprietary Marks. SWA has the absolute right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of such administrative proceeding or litigation.

SWA will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If SWA, as is its absolute right, determines that you have used the Proprietary Marks in accordance with the License Agreement, the cost of such defense, including the cost of any judgment or settlement, will be paid by SWA. If SWA, as is its absolute right, determines that you have not used the Proprietary Marks in accordance with the License Agreement, you must pay the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you must execute all documents and do all acts as may be necessary, in the opinion of SWA, to carry out a defense or prosecution, including becoming a party to the legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the License Agreement, SWA will reimburse you for your out-of-pocket costs in doing such acts.

SWA reserves the right to add or substitute different proprietary marks for use in identifying the System and the licensed businesses operating under the System. You must promptly comply with such additions and/or substitutions, at your reasonable expense.

**ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

Patents and Copyrights

SWA Holding Company, Inc. has transferred ownership of the patents listed in the following charts and the rights to the Superior Walls System to SWA. SWA has the right to use the patents and the System and to sublicense them to SWA licensees. There are no agreements currently in effect that significantly limit SWA’s right to use or to license the use of the patents or the System in any manner material to the License offered under this Disclosure Document.

SWA has the right to license to you the following patents, which are material to the System and which refer to equipment and processes you will use in manufacturing Superior Walls Products:

| PATENT NUMBER | ISSUE DATE | EXPIRATION DATE | TYPE | TITLE |
|----------------------|-------------------|---|-------------|--|
| US7530203 | May 12, 2009 | Maximum expiration date on November 5, 2024 | Utility | Precast concrete wall with truss ledge |
| US7922145 B2 | April 12, 2011 | April 11, 2031 | Utility | Adjustable support stand for precast concrete wall forms |

| | | | | |
|-----------|-----------------|--------------|---------|---|
| US8186906 | May 29, 2012 | June 4, 2030 | Utility | Screed machine for preparing stone base |
|-----------|-----------------|--------------|---------|---|

SWA engages in research and development efforts designed to improve the System. SWA expects to continue these efforts, to make additional improvements to the System, and, if appropriate, to file for patents and/or copyrights on the developments or improvements made to the System.

Confidential Information

SWA designates the following information used in the System to be confidential: all information related to products, services, technologies, techniques, standards, specifications, procedures, the Manuals, the Superior Walls Forms and Form Components and other proprietary equipment in connection with Superior Walls Products and/or the System (collectively, “**Confidential Information**”). You will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Licensed Business during the term of the License Agreement.

You must not, during or after the term of the License Agreement, communicate, divulge, or use (or permit to be divulged or used) for the benefit of any other person or entity not then authorized to use the System, any Confidential Information, knowledge, or know-how concerning the methods of operation of the Licensed Business which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the License Agreement. Neither you, nor any of your owners, shareholders, directors, officers, employees, representatives or agents, may at any time copy, duplicate, record or otherwise reproduce the Confidential Information, in whole or in part, or otherwise make it available to any third party, except as authorized in the License Agreement. You must require your owners who hold more than a 5% interest in you, and your directors, officers, employees with management responsibilities and anyone who receives training in any aspect of the System to covenant that they will maintain the confidentiality of the Confidential Information by executing the designated form of confidentiality agreement (“**Confidentiality Agreement**,” attached as Exhibits N1, N2 and N3 to the License Agreement) within 5 days of the person becoming required to execute the Confidentiality Agreement. You are responsible for obtaining execution of the Confidentiality Agreement by those described in this paragraph within five days of their becoming required to execute the agreement, and you must maintain copies of all such executed Confidentiality Agreements.

SWA does not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted work(s), patents, or other Confidential Information in this or any other state. SWA is not aware of any presently effective material determinations of the U.S. Patent and Trademark Office, or the Copyright Office, nor any pending infringement, opposition, or cancellation proceeding or pending material litigation involving the copyrighted work(s), patents, or Confidential Information which may be relevant to their use in this or any other state.

You must notify SWA of any suspected unauthorized use or infringement of any of the copyrighted work(s), patents, or Confidential Information, or of any challenge to SWA’s right to

use or license others to use, or your right to use, the copyrighted work(s), patents, or Confidential Information. SWA will make commercially reasonable efforts to enforce its right to use and to license others to use, and your right to use, such copyright(s), patents, and Confidential Information. SWA has the absolute right to direct and control any administrative proceeding or litigation involving such copyright(s), patents, or Confidential Information, including any settlement of such a proceeding. SWA will defend and indemnify you against any third-party claim, suit, or demand arising out of your use of such copyright(s), patents, or Confidential Information. If SWA, as is its absolute right, determines that you have used the copyright(s), patents, or Confidential Information in accordance with the License Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by SWA. If SWA, as is its absolute right, determines that you have not used the copyright(s), patents, or Confidential Information in accordance with the License Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by you. In the event of any litigation relating to your use of the copyright(s), patents, or Confidential Information, you are required to execute any and all documents and do such acts as may, in the reasonable opinion of SWA, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the copyright(s), patents, or Confidential Information in a manner inconsistent with the terms of the License Agreement, SWA will reimburse you for your out-of-pocket costs in doing such acts.

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

You must at all times use your best efforts to promote the sale of Superior Walls Products and to develop and enlarge your market for those services in your Area of Primary Responsibility. You are required to adequately serve market demand and meet and satisfy your customers' requirements for Superior Walls Products. Unless otherwise approved by us in writing, we require that an individual who has completed the required training for General Managers must exercise full-time, on-premises supervision of the Licensed Business. You or the individual responsible for the operation of the License Business, who completed the required training referenced in the prior sentences, must attend SWA's Annual Convention, and other Licensee Owners meetings as we may schedule from time to time.

We also require that you employ at all times at least: (1) two individuals certified by SWA in the manufacturing aspects of your Licensed Business, and ensure that all manufacturing of Superior Walls Products by the Licensed Business is at all times under the direct, on-premises supervision of an individual so certified; (2) two individuals certified by SWA in the installation aspects of your Licensed Business, and ensure that all installations of Superior Walls Products by the Licensed Business are at all times under the direct, on-premises supervision of an individual so certified; and (3) three full-time salespeople, unless you establish to our satisfaction that the Licensed Business is sufficiently staffed to achieve or exceed annual performance requirements or otherwise agreed in writing by us. (Item (3) does not apply if you operate a Licensed Business under the Manufacturing Model.)

Each of your owners who holds a more than a 5% interest in you, and your directors,

officers, employees with management responsibilities and anyone who receives training in any aspect of the System must execute a Confidentiality Agreement within 5 days of being required to execute the Confidentiality Agreement. The Confidentiality Agreement and the License Agreement contain covenants in favor of SWA not to compete in a similar business. If you are a limited liability company, partnership, corporation or other legal entity, all of your owners must sign the Guarantee, Indemnification and Acknowledgement form attached to the License Agreement.

ITEM 16 RESTRICTIONS ON WHAT YOU MAY SELL

You must offer for sale all Superior Walls Products under the System that are appropriate for the market in which you operate and which have been approved by us in writing for sale by you, and only these products. If you operate a Licensed Business under the Manufacturing Model, all Superior Walls Products used in your building projects and developments must be appropriate for the market in which you operate and must have been approved by us in writing for use by you. You must not deviate from our standards and specifications without our prior written consent. You must discontinue as part of the Licensed Business any Superior Walls Products which SWA may, as is its absolute right, disapprove in writing at any time.

You will have the right to sell, manufacture and install (in the case of the Manufacturing License Model, sell as part of your project or development) Superior Walls Products for use in residential, as well as non-residential construction projects. However, before providing any Superior Walls Product in connection with a non-residential construction project, you must (i) obtain for that specific project an engineering analysis and detailing by a professional engineer registered in the state where the project is located and (ii) carry the level of insurance for non-residential construction projects required under the License Agreement.

You may not engage in the wholesale sale and/or distribution of any (1) Superior Walls Products; (2) other product or service which closely resembles or is related to the Superior Walls Products; or (3) Materials and Supplies, without our prior written consent. If you operate a Licensed Business under the Manufacturing Model, you are not permitted to sell any Superior Walls Products or related services to anyone, except as part of your own building projects and developments.

If you operate a Licensed Business under the Regular License Model, you are required to use the Approved Location primarily (but not necessarily exclusively) for the operation of the Licensed Business. You are required to use and store the Superior Walls Forms and Form Components and the Materials and Supplies only at the Approved Location or at a Superior Walls Satellite location.

You may not manufacture, sell, transport, install or service any other (i.e., other than Superior Walls Products) products that are in competition with Superior Walls Products.

SWA has the right, from time to time, upon reasonable notice, to change, modify, update or improve the System (including, but not limited to, its Manuals), as is its absolute right. Such

changes may include: (1) altering the programs, methods, standards, specifications, forms, policies and procedures of the System; or (2) adding to, removing from, or modifying, the Superior Walls Products. You must adopt and abide by such modifications, changes, additions, deletions and alterations in a timely manner, as specified by SWA in writing.

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

THE FRANCHISE RELATIONSHIP

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

| | <u>Provision</u> | <u>Section(s) in your License Agreement*</u> | <u>Summary</u> |
|----|---|---|---|
| a. | Length of the term of the License | Section 2.1 | 10-year term. |
| b. | Renewal or extension of the term | Section 2.2 | Two 10-year renewal terms are permitted, provided certain conditions are met. |
| c. | Requirements for you to renew or extend | Section 2.2; Manufacturing License Model Addendum Section 6 | Give advance written notice one year prior to the end of the License Agreement, be in compliance with your License Agreement, sign the then-current form of License Agreement (and the then-current forms of the Manufacturing License Model Addendum, as applicable) (which may contain terms materially different from the terms of your License Agreement), satisfaction of monetary obligations, make renovations of the Licensed Business, sign a release, comply with then-current training requirements and pay a renewal fee of \$10,000. |
| d. | Termination by you | Not applicable | Not applicable; franchisee may terminate under grounds permitted by law. |
| e. | Termination by SWA without “cause” | Not applicable | Not applicable |
| f. | Termination by SWA with “cause” | Section 13 | SWA can terminate the License Agreement if you default, as defined in the License Agreement. See Item 17(g) and (h) for further description. |
| g. | “Cause” defined - defaults which can be cured | Section 13.3 | You have 30 days to cure defaults of the License Agreement other than those listed at Sections 13.1 and 13.2 of the License Agreement (see 17(h), below). If |

| | <u>Provision</u> | <u>Section(s) in your License Agreement*</u> | <u>Summary</u> |
|----|--|--|--|
| | | | you do not cure the default, the License Agreement will terminate without any further notice to you. |
| h. | “Cause” defined - defaults which cannot be cured | Sections 13.1 and 13.2; Manufacturing License Model Addendum Sections 34, 35 and 36. | The License Agreement automatically terminates upon your bankruptcy. SWA can terminate the License Agreement immediately for: cessation of active operation of the Licensed Business; criminal conviction; public health or safety hazard; transfer or assignment contrary to License Agreement; disclosure of Confidential Information; maintaining false books or records; refusal to permit inspection; committing same default more than once in a 12-month period; selling and/or installing Superior Walls Products in violation of (for Regular License Model) the Area of Primary Responsibility or (for Manufacturing License Model) the standards in the License Agreement, on 3 or more occasions within a 12-month period; (for the Manufacturing License Model) failing to sell and install at least 24 foundations in each year for two or more consecutive years; and (for Regular License Model) you fail to meet the Performance Standard for two or more Subject Years by an amount greater than 10%. (Note that any provision providing for termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, <i>et seq.</i>)) |
| i. | Your obligations on termination/non-renewal | Section 14; Manufacturing License Model Addendum Sections 38, 39 and 40 | Your obligations include the requirements to cease operations and use of the Proprietary Marks and Confidential Information; cancel name registration; pay all sums owed; deliver to SWA the Manuals, Confidential Information, and other required materials; sell all Superior Walls Forms and Form Components to us (if we exercise our option to purchase) or to another licensee (and destroy any not sold to us or another licensee); comply with all covenants; and (for Regular License Model) at our option, assign any interest in any lease or sublease for the premises of the Licensed Business to us; cease to use any telephone numbers used solely in connection with the Licensed Business. |
| j. | Assignment of contract by SWA | Section 12.1 | SWA has the right to assign the License Agreement, or any of SWA’s rights or obligations under it. |
| k. | “Transfer” by you - defined | Section 12.2 | You and any person who owns an interest in you (if you are a corporation or other legal entity) or at least a 20% interest in any of your owners, or in the Licensed Business cannot engage in a transfer that would have |

| | <u>Provision</u> | <u>Section(s) in your License Agreement*</u> | <u>Summary</u> |
|----|--|---|---|
| | | | the effect of transferring the License Agreement, a controlling interest in Licensee or all or substantially all of the assets of the Licensed Business without SWA's prior written consent. |
| 1. | SWA approval of transfer by you | Section 12.2 | SWA has the right to approve transfers. |
| m. | Conditions for SWA approval of transfer | Section 12.3; Manufacturing License Model Addendum Sections 32 and 33 | Conditions include: to satisfy all monetary obligations; to not be in material default; to execute a general release; transferee assumes all your obligations or, at our option, transferee execute the then-current form of License Agreement (with the then-current form of Manufacturing License Model Addendum, as applicable), which may contain terms materially different from the terms of your License Agreement; transferee meets SWA's standards and requirements; purchase of new Superior Wall Forms and Form Components; transferee completes training programs; payment of the transfer fee; and you remain liable for pre-transfer obligations. |
| n. | SWA's right of first refusal to acquire your business | Section 12.5 | We have the option to match any offer to purchase any direct or indirect interest in the License Agreement, the licensee entity, any principal of the licensee entity or the Licensed Business that would have the effect of transferring the License Agreement, a controlling interest in the Licensed Business or in all or substantially all of the assets of the Licensed Business. |
| o. | SWA's option to purchase your business | Section 14.8 | Upon termination or expiration of the License Agreement, SWA does not have an option to purchase your business, but you must sell your Forms and Form Components to either SWA or another Superior Walls licensee. If any of your Forms and Form Components are not sold, you must destroy the Forms and Form Components within 30 days and provide proof of such destruction to SWA. |
| p. | Your death or disability | Section 12.2 | You and those who own an interest in you may transfer interests in connection with an estate planning transaction. |
| q. | Non-competition covenants during the term of the License | Section 15.2 | During the term of the License Agreement, you must not: divert any present or prospective customer away from the Licensed Business; own, be employed by, or otherwise assist any business offering products the same as or in competition with Superior Walls Products; or engage in wholesale sale of Superior Walls Products, products which closely resemble |

| | <u>Provision</u> | <u>Section(s) in your License Agreement*</u> | <u>Summary</u> |
|----|--|---|--|
| | | | Superior Walls Products or any Materials and Supplies. These provisions are subject to state law. |
| r. | Non-competition covenants after the License is terminated or expires | Section 15.3; Manufacturing License Model Addendum Section 45 | For 2 years after the date of a transfer, termination, or expiration of the License Agreement, or of an applicable court order, you must not: divert any present or prospective customer away from any Licensed Business; own, be employed by, or otherwise assist any business offering products which are the same as or in competition with Superior Walls Products that is (for Regular License Model) in the Area of Primary Responsibility or within a 60-mile radius of the Approved Location or a 60-mile perimeter of the Area of Primary Responsibility, (for Manufacturing License Model) within any of your projects or developments, or a 60-mile radius of any of your (former, current and future) projects or developments. These provisions are subject to state law. |
| s. | Modification of the agreement | Section 22.3 | The License Agreement may be modified only by a written document signed by both parties. |
| t. | Integration/merger clause | Section 22.3 | Only the terms of the License Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and License Agreement may not be enforceable. |
| u. | Dispute resolution by mediation | Sections 20.3 | Except for causes of action described in Section 20.3, all disputes must first be submitted to mediation. |
| v. | Choice of forum | Section 20.1.1 | Judicial district where we have our principal place of business at the time the action is initiated. |
| w. | Choice of law | Section 20.1 | The License Agreement will be construed and interpreted under the laws of Pennsylvania. |

* Please refer to the disclosure addenda and contractual amendments appended to this Disclosure Document for additional terms that may be required under applicable state law.

**ITEM 18
PUBLIC FIGURES**

We do not use any public figures to promote our licenses.

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

Please read the following tables in conjunction with the notes that follow:

Table 1

**Average Sales Price for Walls Sold by Individual Licensees System-Wide
(Per Linear Foot)**

Calendar Years 2018, 2019, 2020, 2021 and 2022

| Calendar Year | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------------|----------------|----------------|-----------------|---------------|
| Highest Average Sales Price (Per Linear Foot) | \$108.06 | \$123.44 | \$130.66 | \$151.31 | 167.18 |
| Lowest Average Sales Price (Per Linear Foot) | \$63.31 | \$65.79 | \$66.94 | \$73.97 | 87.48 |
| Average Sales Price (Per Linear Foot) | \$86.80 | \$92.93 | \$98.39 | \$108.81 | 122.08 |
| % of Licensees At or Above Average | 40% | 40% | 45% | 45% | 45% |
| # of Licensees At or Above Average | 4 | 4 | 5 | 5 | 5 |
| Median Average Sales Price (Per Linear Foot) | \$81.54 | \$86.20 | \$89.90 | \$98.31 | \$109.80 |

Table 2

**Average Linear Feet for Walls Sold by Individual Licensees System-Wide
(Per Job)**

Calendar Years 2018, 2019, 2020, 2021 and 2022

| Calendar Year | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|--------------|------------|--------------|------------|--------------|
| Highest Average Linear Feet (Per Job) | 295.8 | 293.4 | 293.2 | 306.2 | 316.9 |
| Lowest Average Linear Feet (Per Job) | 194.6 | 181.6 | 186.1 | 183.2 | 195.7 |
| Average Linear Feet (Per Job) | 235.4 | 239 | 233.8 | 239 | 242.3 |
| % of Licensees At or Above Average | 40% | 60% | 45% | 55% | 45% |
| # of Licensees At or Above Average | 4 | 6 | 5 | 6 | 5 |
| Median Average Linear Feet (Per Job) | 222.2 | 240.3 | 226.3 | 246.8 | 232.0 |

Table 3

Total Average Linear Feet for Walls Sold by Individual Licensees System-Wide (Per Year)

Calendar Years 2018, 2019, 2020, 2021 and 2022

| Calendar Year | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------|---------|---------|---------|---------|
| Individual Licensee Highest Total Linear Feet (Per Year) | 301,385 | 292,732 | 266,796 | 380,928 | 363,475 |

| | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| Individual Licensee Lowest Total Linear Feet (Per Year) | 20,779 | 22,576 | 1,220 | 3,702 | 2,243 |
| Total Average Linear Feet (Per Year) | 147,151 | 144,168 | 121,559 | 146,953 | 141,749 |
| % of Licensees At or Above Average | 50% | 30% | 47% | 36% | 45% |
| # of Licensees At or Above Average | 5 | 3 | 5 | 4 | 5 |
| Median Total Linear Feet (Per Year) | 146,708 | 132,658 | 88,525 | 113,370 | 99,483 |

Some licensees have sold these amounts. Your individual results may differ. There is no assurance that you’ll sell as much.

NOTES

Note 1. The Tables reflect reported historical data for U.S. licensees that have been continuously operating, and that reported data, throughout calendar years 2018, 2019, 2020, 2021 and 2022. There were 10 U.S. licensees continuously operating throughout 2018, 2019 and 2020 and 11 U.S. licensees continuously operating throughout 2021 and 2022. Each of these licensees reported data each month that they were in operation. Table 1 reflects the data reported by each of those 10 licensees during 2018, 2019 and 2020, and the 11 licensees during 2021 and 2022.

Note 2. The figures reflected in the Tables were compiled from unaudited monthly information reported to us by the 10 licensees that were in continuous operation during the years 2018, 2019 and 2020, and the 11 licensees that were in continuous operation during the years 2021 and 2022. We have not independently verified the information upon which this financial performance representation is based.

Note 3. “**Walls**” as used in the Tables refers to all precast concrete, below-grade and/or above grade walls sold by the licensees through their Superior Walls Licensed Business. The types of Walls currently sold by licensees through their Superior Walls Licensed Businesses are the Xi Wall, Xi Plus Wall, Ui Wall and AG Wall. The Walls sold by the licensees may be of different heights (e.g., 4 feet high, 8 feet high, 10 feet high). The price per linear foot for each Wall may vary depending on the type or height of the Wall. The prices in Table 1 reflect the highest average, lowest average, average and median average sales prices per linear foot for all Walls sold by the

10 individual licensees during 2018, 2019 and 2020, and the 11 individual licensees during 2021 and 2022.

Note 4. “**Average Sales Price (Per Linear Foot)**” for 2018, 2019, 2020, 2021 and 2022 in Table 1 was calculated by dividing the total amount of the sales reported by (i) 10 licensees (for 2018, 2019 and 2020); and (ii) 11 licensees (for 2021 and 2022), by the total amount of the linear feet sold reported by those licensees for each of those years.

Note 5. “**Average Linear Feet (Per Job)**” for 2018, 2019, 2020, 2021 and 2022 in Table 2 was calculated by dividing the total amount of the linear feet sold reported by:(i) 10 licensees (for 2018, 2019 and 2020); and (ii) 11 licensees (for 2021 and 2022), by the total number of jobs reported by those licensees for each of those years.

Note 6. “**Total Average Linear Feet (Per Year)**” for 2018, 2019, 2020, 2021 and 2022 in Table 3 was calculated by dividing the total amount of the linear feet sold reported by: (i) 10 licensees (for 2018, 2019 and 2020) by 10, and (ii) 11 licensees (for 2021 and 2022) by 11.

Note 7. The 10 licensees included in the Tables for the years 2018, 2019 and 2020 have been open and operating for at least 10 years. The licensee included in 2021 and 2022 has been open and operating for 2 years.

Note 8. We encourage you to consult with your own accounting, business, and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your Superior Walls Licensed Business. We also encourage you to contact existing licensees to discuss their experiences with our System and their own Superior Walls Licensed Businesses. Notwithstanding the information set forth in this financial performance representation, existing licensees of ours are your best source of information about licensed operations.

Note 11. Written substantiation for this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, Superior Walls of America, Ltd. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting: Marcus Blomeier at Superior Walls of America, Ltd., 937 East Earl Road, New Holland, Pennsylvania, 17557 or at (800) 452-9255, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND LICENSEE INFORMATION**

**Table No. 1
System wide Outlet Summary
For Years 2020 to 2022**

| Column 1 Outlet Type | Column 2 Year | Column 3 Outlets at the Start of the Year | Column 4 Outlets at the End Of the Year | Column 5 Net Change |
|---------------------------------|--------------------------|--|--|--------------------------------|
| Licensed | 2020 | 10 | 11 | 1 |
| | 2021 | 11 | 11 | 0 |
| | 2022 | 11 | 11 | 0 |
| Company-Owned | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 |
| Total Outlets | 2020 | 10 | 11 | 1 |
| | 2021 | 11 | 11 | 0 |
| | 2022 | 11 | 11 | 0 |

**Table No. 2
Transfers of Outlets From Licensees
To New Owners
(Other Than The Licensor)
For Years 2020 to 2022**

| Column 1 State | Column 2 Year | Column 3 Number of Transfers |
|---------------------------|--------------------------|---|
| New York | 2020 | 0 |
| | 2021 | 1 |
| | 2022 | 0 |
| Pennsylvania | 2020 | 0 |
| | 2021 | 1 |
| | 2022 | 0 |
| Total | 2020 | 0 |
| | 2021 | 2 |
| | 2022 | 0 |

**Table No. 3
Status of Licensed Outlets***

For Years 2020 to 2022

| Column 1 | Column 2 | Column 3 | Column 4 | Column 5 | Column 6 | Column 7 | Column 8 | Column 9 |
|-----------------|-----------------|---------------------------------|-----------------------|---------------------|---------------------|-------------------------------|--|-----------------------------------|
| State* | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Licensor | Ceased Operations - Other Reasons | Outlets at End of the Year |
| Colorado | 2020 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Michigan | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New Jersey | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New York | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| North Carolina | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Pennsylvania | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Tennessee | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Virginia | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Total | 2020 | 10 | 1 | 0 | 0 | 0 | 0 | 11 |
| | 2021 | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| | 2022 | 11 | 0 | 0 | 0 | 0 | 0 | 11 |

*States not listed have had no Superior Walls Licensed Businesses during the relevant period.

Remainder of page intentionally left blank.

Table No. 4
Status of Company-Owned Outlets For Years 2020 to 2022

| Column 1 State | Column 2 Year | Column 3 Outlets at Start of Year | Column 4 Outlets Opened | Column 5 Outlets Reacquired from Licensees | Column 6 Outlets Closed | Column 7 Outlets Sold to Licensees | Column 8 Outlets at End of the Year |
|-------------------|------------------|--------------------------------------|----------------------------|---|----------------------------|---------------------------------------|--|
| All states | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |

Table No. 5
Projected Openings as of December 31, 2022

| Column 1 State | Column 2 Agreements Signed But Outlets Not Opened | Column 3 Projected New Licensed Outlets in the Next Fiscal Year | Column 4 Projected New Company – Owned Outlets in the Next Fiscal Year |
|-------------------|--|--|---|
| Indiana | 1 | 0 | 0 |
| Total | 1 | 0 | 0 |

NOTES

All numbers are as of the year ending on December 31st for 2020, 2021 and 2022, where indicated.

Note 1. We started offering licenses for Licensed Businesses under the Manufacturing License Model in December 2010. We do not have any licensees under this model as of the date of this Disclosure Document.

Exhibit E lists (1) the names of all current licensees, and their addresses and telephone numbers, as of December 31, 2022, and (2) the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every licensee who had an outlet terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under a license agreement during our most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

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

None of our licensees has signed confidentiality clauses during the last three fiscal years that would restrict their ability to speak with you about their experiences with our system.

We do not know of any trademark-specific franchisee organization associated with the franchise system being offered that is required to be disclosed. No independent franchisee organization has asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Attached as **Exhibit F** to this Disclosure Document are our audited financial statements for the fiscal years January 1, 2022 – December 31, 2022, January 1, 2021 – December 31, 2021, January 1, 2020 – December 31, 2020. The financial statements are combined statements for us and our affiliated entities.

ITEM 22 CONTRACTS

Attached as **Exhibit C-1** to this Disclosure Document is our License Agreement. Attached to the License Agreement, as Exhibits A through N, are the following: Area of Primary Responsibility (Exhibit A); General Release Agreement (Exhibit B); EFT Authorization (Exhibit C); Seller/Installer Consent Agreement (Exhibit F); Builder/Installer Consent Agreement (Exhibit G); Independent Installer Consent Agreement (Exhibit H); Independent Seller Consent Agreement (Exhibit I); Performance Standards (Exhibit J); List of Licensee Owners, Officers and Directors (Exhibit M); and Patent and Copyright Assignment and Non-Disclosure Agreement (Exhibit N1), and Non-Disclosure Agreement (Exhibit N2). Exhibits D, E, K and L to the License Agreement are reserved. The Manufacturing License Model Addendum is attached as **Exhibit C-2**.

Exhibit D to this Disclosure Document contains sample general release language.

ITEM 23 RECEIPTS

You will find copies of a detachable receipt at **Exhibit K** at the very end of this Disclosure Document.

EXHIBIT A

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, in accordance with the applicable state laws. 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 for the review, registration, and oversight of franchises in these states:

| | |
|---|---|
| <p>CALIFORNIA Commissioner of Department of Financial Protection & Innovation Department of Financial Protection & Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677</p> | <p>NEW YORK NYS Department of Law Investor Protection Bureau, Franchise Section 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236</p> |
| <p>HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> | <p>NORTH DAKOTA North Dakota Securities Department 600 Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712</p> |
| <p>ILLINOIS Chief, Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p> | <p>RHODE ISLAND Department of Business Regulation – Securities Division John O. Pastore Complex 1511 Pontiac Avenue Building 69-1 Cranston, Rhode Island 02902 (401) 462-9500</p> |
| <p>INDIANA Secretary of State Securities Division 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p> | <p>SOUTH DAKOTA Director of Division of Insurance – Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p> |
| <p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p> | <p>VIRGINIA State Corporation Commission Securities and Retail Franchising Division 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p> |
| <p>MICHIGAN Consumer Protection Div., Franchise Section G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, Michigan 48933 (517) 335-7567</p> | <p>WASHINGTON Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98501-9033 (360) 902-8760</p> |
| <p>MINNESOTA Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500</p> | <p>WISCONSIN Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-9555</p> |

EXHIBIT B

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a “franchise” 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, we will designate the following state offices or officials as our agents for service of process in these states:

| | |
|--|---|
| <p>CALIFORNIA Commissioner of Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll free: (866) 275-2677</p> | <p>NEW YORK New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492</p> |
| <p>HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> | <p>NORTH DAKOTA North Dakota Securities Commissioner 600 East Boulevard Avenue, State Capitol Suite 414 Bismarck, North Dakota 58505-0510 (701) 328-4712</p> |
| <p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p> | <p>RHODE ISLAND Department of Business Regulation – Securities Division John O. Pastore Complex 1511 Pontiac Avenue Building 69-1 Cranston, Rhode Island 02902 (401) 462-9500</p> |
| <p>INDIANA Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531</p> | <p>SOUTH DAKOTA Director of Division of Insurance – Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p> |
| <p>MARYLAND Maryland Securities Commissioner at the Office of Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p> | <p>VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-973</p> |
| <p>MICHIGAN Michigan Attorney General’s Office Consumer Protection Division Attn: Franchise Section G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, Michigan 48933 (517) 335-7567</p> | <p>WASHINGTON Director of Department of Financial Institutions Securities Division - 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760</p> |
| <p>MINNESOTA Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (615) 539-1500</p> | <p>WISCONSIN Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p> |

EXHIBIT C-1
LICENSE AGREEMENT



SUPERIOR WALLS LICENSE AGREEMENT

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| 1. GRANT | 1 |
| 2. TERM AND RENEWAL | 3 |
| 3. FEES..... | 4 |
| 4. REPORTS AND RECORDS | 5 |
| 5. DUTIES OF SWA..... | 6 |
| 6. TRAINING | 7 |
| 7. DUTIES OF LICENSEE | 7 |
| 8. CONFIDENTIAL OPERATING MANUALS..... | 15 |
| 9. CONFIDENTIAL INFORMATION & PATENTS | 15 |
| 10. INSURANCE | 16 |
| 11. PROPRIETARY MARKS..... | 18 |
| 12. TRANSFER OF INTEREST | 20 |
| 13. DEFAULT AND TERMINATION | 22 |
| 14. OBLIGATIONS UPON TERMINATION | 24 |
| 15. COVENANTS NOT TO COMPETE..... | 25 |
| 16. CORPORATE, PARTNERSHIP, OR LIMITED LIABILITY COMPANY | 27 |
| 17. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION | 28 |
| 18. SEVERABILITY AND CONSTRUCTION | 29 |
| 19. TAXES, PERMITS, AND INDEBTEDNESS..... | 30 |
| 20. APPLICABLE LAW; DISPUTE RESOLUTION..... | 30 |
| 21. NOTICES..... | 31 |
| 22. MISCELLANEOUS..... | 31 |
| 23. ACKNOWLEDGMENTS; RETAINED RIGHTS | 32 |

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

EXHIBITS

| | |
|------------|--|
| Exhibit A | Area of Primary Responsibility |
| Exhibit B | General Release Agreement |
| Exhibit C | EFT Authorization |
| Exhibit F | Seller/Installer Consent Agreement |
| Exhibit G | Builder/Installer Consent Agreement |
| Exhibit H | Independent Installer Consent Agreement |
| Exhibit I | Independent Seller Consent Agreement |
| Exhibit J | Performance Standards |
| Exhibit M | List of Licensee Owners, Officers and Directors |
| Exhibit N1 | Patent and Copyright Assignment and Non-Disclosure Agreement |
| Exhibit N2 | Non-Disclosure Agreement |

SUPERIOR WALLS LICENSE AGREEMENT

This license agreement is dated _____, 20____, and is between SUPERIOR WALLS OF AMERICA, LTD., a Pennsylvania corporation ("**SWA**") and _____, a _____ ("**Licensee**").

RECITALS

SWA has developed and continues to develop a system relating to selling, manufacturing, transporting, and installing Superior Walls Products (as defined below) (the "**System**").

The distinguishing characteristics of the System include the right to use certain knowledge, patents, trade secrets, standards, specifications, procedures, systems, and techniques; including SWA's advertising materials, guidelines, quality assurance programs, evaluation reports, production manuals, technical guide, installation manual, and any supplemental bulletins and notices, and other writings (those written documents, collectively, the "**Manuals**") for the sale, manufacture, transportation and installation of SWA-authorized precast concrete, below-grade and above-grade walls manufactured and produced with proprietary Superior Walls Forms and Form Components (as defined herein) and sold under the Proprietary Marks (as defined herein), and SWA-authorized wall-related products sold under the Proprietary Marks (those walls and products, collectively, "**Superior Walls Products**," which term also includes the selling, manufacturing, transporting and installing of Superior Walls Products). The System, Superior Walls Products and the Manuals may be added to, deleted, changed, improved and further developed by SWA from time to time.

The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the marks "Superior Walls Logo" and "SUPERIOR WALLS," all as are now designated and may hereafter be designated by SWA in writing for use in connection with the System (the "**Proprietary Marks**").

SWA is engaged in the business of licensing qualified persons to sell, manufacture, transport and install Superior Walls Products under the System using the Proprietary Marks (each, a "**licensed business**"), in designated, geographic areas.

Licensee is entering into this agreement for the purpose of operating a licensed business (Licensee's licensed business is referred to in this agreement as "**Licensed Business**") in the geographic area as hereinafter set forth.

The parties therefore agree as follows:

1. GRANT

1.1. SWA grants to Licensee the right, and Licensee undertakes the obligation, to operate a Licensed Business, upon the terms and conditions set forth in this agreement, at the Approved Location described in section 1.2. Licensee will establish and operate the business under the name _____. During the term of this agreement:

1.1.1. Licensee may sell, manufacture, and install Superior Walls Products for use in residential, as well as non-residential construction projects; provided, however, that before providing any Superior Walls Product in connection with a non-residential construction project, Licensee shall (i) obtain for that specific project an engineering analysis and detailing by a

professional engineer registered in the state where the project is located and (ii) carry the level of insurance for non-residential construction projects required by section 10.

1.1.2. Licensee shall not manufacture, sell, transport, install or service any products that are in competition with Superior Walls Products.

1.2. Licensee shall operate the Licensed Business at only the following location: _____ (the “**Approved Location**”). Licensee shall not relocate the Licensed Business or establish Superior Walls Satellites (as described in section 7.9), without the prior written approval of SWA, which approval will not be unreasonably withheld.

1.3. Except as otherwise provided in this agreement, during the term of this agreement:

1.3.1. SWA shall not itself establish or operate, or license or franchise any other person to establish or operate, a Superior Walls manufacturing facility under the System and Proprietary Marks at any location within the counties listed in Exhibit A (collectively, the “**Area of Primary Responsibility**”).

1.3.2. Except as provided in this agreement, SWA shall not sell or install, and shall not authorize any other Superior Walls licensee to sell or install, Superior Walls Products under the System within the Area of Primary Responsibility. Licensee acknowledges that SWA cannot guarantee that persons, without authority from SWA to do so, will not sell or install Superior Walls Products in areas of primary responsibility including, the Area of Primary Responsibility.

1.4. Notwithstanding anything in this agreement to the contrary, SWA may, or may authorize another licensee to, sell and install Superior Walls Products to National or Regional Accounts, within and outside the Area of Primary Responsibility, regardless of proximity to the Approved Location. “**National or Regional Accounts**” are defined as companies, organizations, associations, governmental entities, or other persons doing business in at least two states, including, without limitation, retail customers such as hotel/motel chains, lumber yards, real estate management companies, real estate developers, theater chains, federal or state military bases, federal, state, or local governments or governmental agencies. SWA shall afford Licensee the opportunity to service a National or Regional Account doing business in the Area of Primary Responsibility for Superior Walls Products on the contractual terms and conditions agreed upon between SWA and such National or Regional Account. SWA will furnish Licensee written notice of, and the terms and conditions related to, any transaction with a National or Regional Account subject to this section 1.4 within the Area of Primary Responsibility. Licensee will have fifteen (15) calendar days after receipt of such notice to notify SWA in writing whether it wishes to sell the Superior Walls Products to such National or Regional Account for transactions within the Area of Primary Responsibility on the terms and conditions described by SWA. If Licensee (i) fails to respond in writing within the 15-day period, (ii) responds that it does not desire to service such National or Regional Account, (iii) is incapable of servicing such National or Regional Account on such terms and conditions for any reason, (iv) fails to agree to or comply with such terms and conditions, (v) is in default of any provision of this agreement (including, without limitation, the payment obligations at section 3), or (vi) such National or Regional Account wishes not to be serviced by Licensee, then Licensee will be deemed to have forfeited the opportunity related to such National or Regional Account, and SWA may, or may authorize another licensee, to service the National or Regional Account for such transaction and all future transactions with such National or Regional Account within the Area of Primary Responsibility. Licensee shall not negotiate costs or prices with a National or Regional Account under any circumstances. Licensee shall follow all additional terms, conditions, rules, regulations and procedures set forth in the

Manuals related to National or Regional Accounts. Licensee acknowledges that SWA, as is SWA's absolute right, may change the terms of this agreement (or in the Manuals) applicable to National or Regional Accounts from time to time.

1.5. **Definitions:** In this agreement: (1) the term "**affiliate**" means any legal entity that directly or indirectly controls, is controlled by, or is under common control with another specified legal entity; (2) "**retail sale**" means any sale by Licensee made directly to a residential or commercial builder, seller/installer or property owner; (3) "**wholesale sale and/or distribution**" means any sale and/or distribution by Licensee to a third party (other than a residential or commercial builder or property owner) for resale, retail sale, or further distribution by said third party; and (4) "**component**" means any constituent part, ingredient, element, segment or derivative.

2. TERM AND RENEWAL

2.1. Except as otherwise provided herein, the initial term of this agreement will expire on _____ unless renewed in accordance with the terms of this agreement.

2.2. Licensee may, at its option, renew this agreement for two (2) successive additional terms of ten (10) years each, provided all the following conditions have been fulfilled by Licensee prior to each renewal term:

2.2.1. That Licensee gives written notice to SWA of its election to renew no later than one (1) year prior to the expiration of the then-current term;

2.2.2. That Licensee is not in default of any provision of this agreement, any amendment hereof or successor hereto, or any other agreement between Licensee and SWA or its affiliates; and Licensee has substantially complied with all the terms and conditions of this agreement and these other agreements during the respective terms thereof;

2.2.3. That Licensee executes, no later than ninety (90) days prior to the expiration date of this agreement, the then-current form of renewal license agreement and guarantee, the terms of which may differ materially from the terms of this agreement, including, without limitation, a higher percentage royalty fee and required advertising expenditures; provided, however, that Licensee shall not be required to pay any initial license fee in order to renew;

2.2.4. That Licensee has satisfied all monetary obligations owed by Licensee to SWA and its affiliates (other than outstanding accounts payable or royalty payments that are within the normal payment terms then being offered by SWA), and has timely met those obligations throughout the term of this agreement;

2.2.5. That Licensee has made all renovations, additions to, or replacement of, equipment (including, without limitation, purchase of new Superior Walls Forms and Form Components (as defined in section 5.3), and modernization and modifications of the Licensed Business as required by SWA to be in compliance with SWA's then-current manufacturing standards for quality of the Superior Walls Products;

2.2.6. That Licensee and each of its shareholders with an ownership interest in excess of 5%, directors, and officers, has executed a general release, in the form attached hereto as Exhibit B;

2.2.7. That Licensee is in compliance with SWA's then-current qualification and training requirements; and

2.2.8. Licensee shall pay to SWA a renewal fee of Ten Thousand Dollars (\$10,000) at the time it signs the new license agreement described in section 2.2.3.

3. FEES

3.1. Licensee has paid to SWA, concurrently with the execution of this agreement, an initial license fee of One Hundred Twenty-Five Thousand Dollars (\$125,000), receipt of which is hereby acknowledged, in consideration of, among other things, administrative and other expenses incurred by SWA in entering into this agreement and for SWA's lost or deferred opportunity to enter into this agreement with others, the initial training and certification of Licensee's employees, and supervision of form set-up. Upon payment, the license fee will be deemed fully earned and non-refundable.

3.2. Licensee shall pay to SWA, no later than by the tenth (10th) day of each and every month during the term hereof, a continuing royalty service fee in an amount equal to four (4%) percent of Licensee's Gross Sales for each preceding calendar month or portion thereof, beginning on the date of this agreement through the end of the term of this agreement. If payment of the royalty fees described in this section 3.2, as well as any other monetary obligations that are then past due to SWA (e.g., interest, bank charges, payment for products purchased from SWA, etc.), have not been received by SWA by the twentieth (20th) day of the month, SWA may utilize the previously executed authorization of automatic payment (debit or ACH) from the Licensee's bank account in favor of SWA for payment of the royalty fees for the immediately preceding month and any other amounts then past due to SWA. (To effectuate this, Licensee shall execute in connection with entering into this agreement an authorization (Exhibit C) allowing such automatic payment if the royalty fees are not received by SWA by the twentieth (20th) day of each month.)

3.2.1. In this agreement, "**Gross Sales**" means all revenue (whether or not received in full at the time of sale) for the sale of Superior Walls Products and all other products or services that Licensee has installed that are part of the System or are sold under the Proprietary Marks, and for transportation and installation of Superior Walls Products, whether for cash or credit, and regardless of collection in the case of credit. Gross Sales does not include any sales taxes, or other taxes, collected from customers by Licensee and paid directly to the appropriate taxing authority, or any transportation costs from another licensed business, so long as there is no common ownership between the licensees or businesses involved. For the purpose of this paragraph, "use taxes" are not considered "sales taxes". "Gross Sales" does not include (i) any amounts billed for third-party engineering services that are itemized on the Licensee's document(s) of sale or (ii) any revenues relating to the manufacture, sale, transportation or installation of products and services other than of Superior Walls Products. Licensee must maintain documentation reflecting, on a per project basis and for each product or service not subject to royalties, the amount of revenue received for that product or service.

3.3. Licensee shall not withhold payment or set-off any amounts owed to SWA, on grounds of the alleged non-performance by SWA of any of its obligations hereunder. Licensee's sole remedy for any such alleged non-performance is an action or proceeding to enforce the provisions of this agreement for specific performance.

3.4. If any payments or amounts due to SWA from Licensee under this agreement are overdue, Licensee shall pay SWA, upon demand, the overdue amount, plus interest on that

amount from the date it was due until the date it is paid, at the rate of eighteen percent (18%) per annum, or the maximum permitted by law, whichever is less. If SWA incurs any costs in connection with obtaining any overdue payment, including, but not limited to, any bank charges, Licensee shall reimburse SWA for those costs. SWA's entitlement to such interest and other costs will be in addition to any other remedies SWA may have.

4. REPORTS AND RECORDS

4.1. All Gross Sales, sales tax, and charges collected on behalf of third parties shall be recorded by Licensee in accordance with generally accepted accounting principles (GAAP), and on such sales recording system as SWA may determine that it can reasonably rely upon to establish that Gross Sales are being accurately and honestly reported.

4.2. Licensee shall, at Licensee's expense, submit to SWA the following reports, financial statements, and other data:

4.2.1. No later than the last day of each calendar month, a report of the preceding month's sales, production and installations;

4.2.2. No later than the tenth (10th) day of each month, a report accurately reflecting all Gross Sales during the preceding calendar month and all royalties due, on a form reasonably specified by SWA;

4.2.3. No later than the last calendar day of the month following the end of a fiscal quarter, an unaudited, internally prepared profit and loss statement, a balance sheet, and a statement of cash flows for the fiscal quarter just completed; provided, however, that if Licensee receives a default notice for a monetary default, Licensee shall from that time forward be obligated to submit these reports on a monthly basis for the prior month;

4.2.4. Within one hundred fifty (150) days after the close of each fiscal year of the Licensed Business, a reviewed or audited (by a Certified Public Accountant) financial statement of Licensee, showing total Gross Sales for the previous fiscal year; and

4.2.5. Such other forms, reports, records, information, and data as SWA may reasonably designate from time to time.

4.3. SWA and its designated agents may, during normal business hours, inspect, examine, audit, and copy at SWA's expense, the books, financial records and other records of Licensee. In the event that an inspection by SWA or its designated agents, or an audit of Licensee's books, financial records and other records, reveals that the Gross Sales reported by the Licensee for any period of twelve (12) consecutive months are below the actual Gross Sales of Licensee for such period by three percent (3%) or more, then Licensee shall, within five (5) days following receipt of notice from SWA, pay to SWA, in addition to the amount understated, interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less, and any and all costs and expenses in connection with the inspection or audit (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies are in addition to any other remedies SWA may have, and payment and acceptance of such amounts shall not waive or prejudice any right of SWA to exercise any other remedy under this agreement.

5. DUTIES OF SWA

5.1. SWA shall provide Licensee, at no charge to Licensee, a list of required and recommended equipment, supplies, and sources of supply relating to the sale, manufacture, transportation and installation of Superior Walls Products.

5.2. SWA shall provide to Licensee, in conjunction with the execution of this agreement, all specifications and requirements for the materials and supplies used in the manufacture of Superior Walls Products ("**Materials and Supplies**"). (The current list of Materials and Supplies is set forth in the Materials and Supplies & Forms and Form Components catalog, which will be made available to Licensee and may be amended and supplemented from time to time as is SWA's absolute right.)

5.3. SWA shall, or shall identify a designee to, sell to Licensee the Superior Walls forms and form components ("**Superior Walls Forms and Form Components**"), which will be used only for the manufacture of Superior Walls Products. (The current list of Superior Walls Forms and Form Components is set forth in the Materials and Supplies & Forms and Form Components catalog, which will be made available to Licensee and may be amended and supplemented from time to time as is SWA's absolute right.) SWA, or its designee, may withhold the shipment of any such items in the event Licensee fails to timely make any payments to SWA. SWA has no obligation to extend any credit to Licensee in connection with any purchases from SWA or its designee. Licensee is not prohibited from repairing the Superior Walls Forms and Form Components itself, or from purchasing Superior Walls Forms and Form Components, which were manufactured by SWA or its designee, from other Superior Walls licensees.

5.4. SWA shall provide the training set forth in section 6.

5.5. SWA shall loan Licensee, for use during the term of this agreement, one (1) set of the Manuals, as more fully described in section 8.

5.6. SWA shall, during the term:

5.6.1. At Licensee's reasonable request, without charge to Licensee, advise and consult by telephone and/or mail, during SWA's regular business hours, regarding the Superior Walls Products.

5.6.2. At Licensee's reasonable request, and subject to the availability of SWA's personnel, provide assistance and consultation to Licensee at the Approved Location with respect to the Superior Walls Products. If such assistance and consultation is provided, Licensee shall pay the reasonable travel, food and lodging expenses for SWA's personnel, as well as SWA's then-current daily rate for such assistance and consultation.

5.6.3. Make available to Licensee Superior Walls advertising materials for purchase and use by Licensee, at Licensee's option and expense, at SWA's then-current rates or prices.

5.7. SWA shall seek to maintain the high standards of quality and service of the System and the Superior Walls Products, and to that end, SWA may conduct, as it deems advisable, and without prior notice to Licensee, visits to, and inspections of, the Licensed Business and may engage the services of a third-party to perform surveys of customers of the Licensed Business. The inspections conducted pursuant to this section 5.7 are solely for the purpose of maintaining

the high standards of quality and service of the System and the Superior Walls Products and are not intended as supervision of the day-to-day operation of the Licensed Business or the performance of Licensee's employees.

5.8. SWA shall not require Licensee to purchase any Materials and Supplies from or through SWA. This provision is not violated by the fact that SWA may be the only Approved Supplier if no other supplier entitled to be approved has been proposed by Licensee.

5.9. SWA shall not unreasonably withhold its approval of any supplier proposed by Licensee to become an Approved Supplier of Materials and Supplies to Licensee or to the System as a whole. Reasonable grounds for SWA to withhold or rescind approval of a supplier of Materials and Supplies include, without limitation, and as determined by SWA as is its absolute right: (i) a reasonable threat to life, health or safety; (ii) an inability of the supplier to meet the standards and specifications established by SWA for the Materials and Supplies it proposes to supply; (iii) the financial condition of the supplier; and (iv) whether the supplier is, or has become, a direct competitor of the System.

5.10. SWA shall protect Licensee's right to provide Superior Walls Products within its Area of Primary Responsibility. This includes the duty (to this Licensee) to take reasonable steps to enforce the provisions of its license agreements with other licensees which restrict the ability of those licensees from making any sales or soliciting business in the Area of Primary Responsibility of Licensee without the express written approval of Licensee (which Licensee may withhold as is its absolute right). This duty does not include filing a legal action against any licensee.

6. TRAINING

6.1. SWA shall provide an initial training program for Licensee. The initial training program typically consists of approximately thirty (30) days of training. Although this training program may be conducted as SWA sees fit, as is its absolute right, the program is customarily conducted as follows: (a) multiple training sessions at SWA's training facility or such other location as SWA designates following the signing of this agreement; (b) multiple training sessions at Licensee's Approved Location prior to and during commencement of operations of the Licensed Business; and (c) multiple follow-up sessions at Licensee's Approved Location. Licensee and all employees of Licensee designated by SWA are required to attend job-specific training sessions and shall complete such training to SWA's satisfaction (including, without limitation, testing and certification) prior to the commencement of operations of the Licensed Business. Licensee shall be responsible for any and all travel, food and lodging, and other expenses associated with the attendance by Licensee's personnel at training under this section 6.1.

6.2. In the event Licensee requests training from SWA beyond the initial training program, SWA will seek to provide such training, subject to the reasonable availability of its personnel. If such training is provided, SWA may charge Licensee for the cost of such training at SWA's then-current daily rate for such training, and the reasonable travel, lodging, meals, and other expenses of SWA's training staff.

7. DUTIES OF LICENSEE

7.1. Licensee understands and acknowledges that every detail of the Licensed Business is important to Licensee, SWA, and other licensees in order to develop and maintain high operating standards, to increase the demand for the Superior Walls Products sold by all

licensed businesses operating under the System, and to protect SWA's reputation and goodwill.

7.2. Licensee shall at all times use its best efforts to promote the sale of Superior Walls Products and to develop and enlarge Licensee's market for such services in its Area of Primary Responsibility and shall use the Approved Location primarily (but not necessarily exclusively) for the operation of the business licensed hereunder. Except as otherwise approved in writing by SWA, an individual who has completed the required training for General Managers must exercise full-time, on-premises supervision of the Licensed Business. Licensee, or the individual responsible for the operations of the Licensed Business pursuant to this section 7.2, shall attend SWA's Annual Convention, and other License Owners meetings as may be scheduled from time to time by SWA.

7.3. Licensee shall operate the Licensed Business in accordance with methods and procedures prescribed by SWA in the Manuals and shall equip the Licensed Business in accordance with the manufacturing, installation and service quality standards and specifications of SWA, and shall adequately serve market demand and meet and satisfy customer installation and delivery requirements for Superior Walls Products.

7.4. Licensee shall employ at all times at least:

7.4.1. two (2) individuals certified by SWA in manufacturing, and shall ensure that all manufacturing of Superior Walls Products by the Licensed Business is at all times under the direct, on-premises supervision of an individual so certified;

7.4.2. two (2) individuals certified by SWA in installation, and shall ensure that all installations of Superior Walls Products performed by the Licensed Business are at all times under the direct, on-site supervision of an individual so certified; and

7.4.3. three (3) full-time salespeople, unless Licensee establishes to SWA's satisfaction that the Licensed Business is sufficiently staffed to achieve or exceed annual performance requirements or otherwise agreed in writing by SWA.

7.5. Licensee shall purchase an initial equipment package consisting of the Superior Walls Forms and Form Components from SWA or its designee. All other purchases by Licensee of the Superior Walls Forms and Form Components shall be from SWA or its designee. Prices and terms for all equipment and supplies (including, without limitation, the Superior Walls Forms and Form Components) purchased from SWA will be periodically set by SWA. Licensee shall purchase Materials and Supplies designated as "approved only" in the Manuals only from an Approved Supplier (which may be SWA only or include SWA). An "**Approved Supplier**" is defined as a supplier who has been approved in writing by SWA. SWA may from time to time revoke its approval of particular Materials and Supplies and/or of an Approved Supplier when SWA determines, as is its absolute right, that such Materials and Supplies and/or Approved Supplier no longer meet SWA's standards. Upon written notice of such revocation, Licensee will cease to purchase any disapproved Materials and Supplies and cease to purchase any Materials and Supplies from any disapproved supplier. At the request of Licensee and subject to approval by SWA, Licensee may become an Approved Supplier of certain "approved only" Materials and Supplies. SWA's approval of Licensee as an Approved Supplier is within SWA's absolute right. Licensee covenant that, unless authorized by SWA in writing, all products manufactured and produced under the System and Proprietary Marks will be produced from the Superior Walls Forms and Form Components and the Materials and Supplies.

7.5.1. Licensee shall use and store the Superior Walls Forms and Form Components only at the Approved Location or at a Superior Walls Satellite location (as defined in section 7.9), and, without limiting any other provisions of this agreement, Licensee shall not sell, assign, transfer or convey any right or interest in such Superior Walls Forms and Form Components or the Materials and Supplies or suffer or permit any such sale, assignment, transfer, conveyance or encumbrance to occur by operation of law, without the prior written consent of SWA. Upon SWA's prior written consent, Licensee may grant a security interest in the Licensed Business (including, without limitation, the Superior Walls Forms and Form Components and Materials and Supplies) for the benefit of Licensee's primary and secondary lenders, provided that the primary and secondary lenders have reached an agreement with SWA regarding the disposition of the Superior Walls Forms and Form Components upon foreclosure or liquidation in the form of the procedures for disposition set forth in section 14.8.

7.5.2. Licensee will execute one (1) or more financing statements on Form UCC-1, in a form prescribed by SWA, which disclose the purchase option of SWA under section 14.7 with respect to all Superior Walls Forms and Form Components sold to Licensee. The financing statement(s) must be executed prior to or upon execution of this agreement. Licensee shall not permit any encumbrance or lien to attach to any of the Superior Walls Forms or Form Components prior to filing of the financing statement(s) by SWA. Licensee shall immediately remedy any encumbrance or lien which may attach or be deemed to attach to any of the Superior Walls Forms or Form Components, and/or to obtain a subordination of any rights asserted by any third party which may impair or be deemed to impair the rights of SWA under section 14.8.

7.6. Prior to allowing any person or entity other than a then-current employee of Licensee to sell or install Superior Walls Products manufactured by Licensee, Licensee shall submit the name of such person or entity to SWA for approval. After SWA's approval and prior to permitting any sales or installations by such person, Licensee shall enter a consent agreement with SWA and a written agreement with such person or entity in a form approved by SWA. Consent agreements and corresponding SWA-approved subcontract or authorization agreements for various situations are attached as Exhibit F (Seller/Installer Consent Agreement), Exhibit G (Builder/Installer Consent Agreement), Exhibit H (Independent Installer Consent Agreement), and Exhibit I (Independent Seller Consent Agreement). From time to time, these documents may be revised by SWA, in its sole discretion. Licensee shall require each such person or entity to be trained, and in the case of installers, certified by SWA, in a manner consistent with the provisions of this agreement. Licensee acknowledges that Licensee is solely liable and responsible for the performance of all of Licensee's obligations under this license agreement, irrespective of whether Licensee contracts, authorizes, or hires any person or entity as provided in this section 7.6 or otherwise.

7.7. To ensure that the highest degree of quality and service is maintained, Licensee shall operate the Licensed Business in conformity with such methods, standards, and specifications as SWA may from time to time prescribe in the Manuals or otherwise in writing. Licensee shall:

7.7.1. Maintain in sufficient supply (as SWA may prescribe in the Manual or otherwise in writing) and to use at all times, only such equipment, signs, products, materials, and supplies, as conform with SWA's standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without SWA's prior written consent;

7.7.2. Offer for sale all Superior Walls Products under the System that are appropriate for the market in which Licensee operates and which have been approved in writing

by SWA for sale by Licensee; to refrain from any deviation from SWA's standards and specifications without SWA's prior written consent; and to discontinue offering as part of the Licensed Business any Superior Walls Products which SWA may, as is its absolute right, disapprove in writing at any time.

7.7.3. Purchase and install, at Licensee's expense, all equipment, decor, supplies, and signs as SWA may direct from time to time in the Manuals or otherwise in writing;

7.7.4. Furnish to all purchasers of Superior Walls Products a manufacturer's warranty of a minimum of five (5) years from the date of installation in the form required by SWA in the Manuals or otherwise in writing from time to time and to remain liable to such purchasers to perform or pay for any repair or remedial work for such products in accordance with such manufacturer's warranty, regardless of whether installation of such products is located within Licensee's Area of Primary Responsibility at the time the obligation to perform or pay for the work under the warranty arises.

7.7.5. Permit quarterly inspections of Licensee's manufacturing operations and the Superior Walls Products produced at the Approved Location, by a third-party entity designated by SWA, in order to ensure compliance with model building codes and the standards and specifications of the System. Licensee shall be responsible for all fees levied by such third-party entity for the provision of inspection services.

7.8. For each calendar year, beginning with the first full calendar year of this agreement (each such year defined as a "**Subject Year**"), within its Area of Primary Responsibility, Licensee shall have sold and reported a sufficient amount of Gross Sales (as defined in section 3.2.1) and installed a sufficient number of linear feet of Superior Walls Products ("**Total Linear Feet Installed**") and achieved the Market Share Percentage (as defined in section 7.8.1) as specified in Exhibit J for the Subject Year (the "**Performance Standard**").

7.8.1. In this agreement, "**Market Share Percentage**" is defined as the quotient of (a) the number of projects installed by Licensee in Licensee's Area of Primary Responsibility during a Subject Year divided by (b) the number of single-family residential housing starts within the Area of Primary Responsibility for that Subject Year as reported by the Census Bureau or by other reliable sources of information, expressed as a percentage.

7.8.2. Within one hundred fifty (150) days after the start of each Subject Year, SWA and Licensee will mutually agree on the Performance Standard for that Subject Year and specify the mutually agreed Performance Standard for that Subject Year in Exhibit J. Should SWA and Licensee, after reasonable commercial efforts, be unable to agree on such Performance Standard within the 150-day period, SWA may, as is its absolute right, upon written notice to Licensee, take any of the following actions: (1) set the Performance Standard for that Subject Year at any level SWA determines appropriate; (2) reduce Licensee's Area of Primary Responsibility; and/or (3) remove the territorial protection of Licensee's Area of Primary Responsibility specified in section 1.3.2.

7.8.3. In the event that Licensee's performance, on at least two of the elements described in section 7.8 (Gross Sales, Total Linear Feet Installed, Market Share Percentage), falls below the target for each of those elements in the Performance Standard for the Subject Year by more than 10%, SWA, may, as is its absolute right, upon written notice to Licensee, remove the territorial protection specified in section 1.3.2 of Licensee's Area of Primary Responsibility. In the event that Licensee's performance, on at least two of the elements described in section 7.8 (Gross

Sales, Total Linear Feet Installed, Market Share Percentage), falls below the target for each of those elements in the Performance Standard for the Subject Year by more than 20%, SWA, may as is its absolute right, upon written notice to Licensee, (a) reduce Licensee's Area of Primary Responsibility and/or (b) remove the territorial protection specified in section 1.3.2. Licensee acknowledges and agrees that, notwithstanding the receipt of such notice with respect to a particular Subject Year, Licensee shall fulfill the Performance Standard for each subsequent Subject Year.

7.8.4. In the event SWA exercises any right under sections 7.8.2 or 7.8.3 to reduce Licensee's Area of Primary Responsibility and/or removes the territorial protection specified in section 1.3.2 in the Area of Primary Responsibility, such changes will remain in place for the remaining term of this agreement, unless otherwise determined by SWA as is its absolute right. In the event that SWA, in accordance with sections 7.8.2 or 7.8.3, removes only the territorial protection specified in section 1.3.2 in Licensee's Area of Primary Responsibility, SWA may sell and install, and authorize other licensees or third parties to sell and install, Superior Walls Products under the System and the Proprietary Marks in Licensee's Area of Primary Responsibility; provided, however, that Licensee will retain the territorial rights described in section 1.3.1. In the event that SWA reduces the size of the Area of Primary Responsibility in accordance with sections 7.8.2 or 7.8.3 and retains the removed portion for SWA or gives it to another licensee, Licensee will no longer be permitted to sell or install Superior Walls Products in that area retained by SWA or given to the other licensee.

7.9. Notwithstanding anything in section 1.2 to the contrary, Licensee may, with the prior written approval of SWA, open and operate one (1) or more Superior Walls Satellites, in addition to the Approved Location, within the Area of Primary Responsibility. A "**Superior Walls Satellite**" means a location other than Licensee's Approved Location at which Licensee is permitted to engage in the Licensed Business. Any Superior Walls Satellite(s) shall comply with all the provisions set forth in this Agreement.

7.10. Licensee acknowledges that:

7.10.1. If Licensee has met its Performance Standard for the previous year, Licensee may solicit customers for the sale or installation of, or sell and install, Superior Walls Products outside of its Area of Primary Responsibility; provided, however, that any direct solicitations for such sales or installations may be made only within an area identified by SWA in writing as an "open area".

7.10.2. In the event that Licensee solicits, sells and/or installs Superior Walls Products outside its Area of Primary Responsibility, as described in section 7.10.1, within thirty (30) days of receipt of written notice from SWA that SWA has assigned such area as an area of primary responsibility to another of SWA's licensees, or has designated such area as "closed", Licensee shall discontinue all such solicitation and sales activity in such area. With respect to any contracts signed by both Licensee and third parties prior to the date of SWA's notice, Licensee will be permitted to continue the installation of such Superior Walls Products for a period not to exceed ninety (90) days from the date of SWA's notice. Prior to the end of such ninety (90) day period, Licensee shall transfer all accounts with customers in such area to the party assuming responsibility for such area, use its best efforts to cooperate with such party and provide customer lists for such area to such party. Licensee acknowledges that it is not guaranteed any right to sell Superior Wall Products outside its Area of Primary Responsibility and that its rights to sell such products outside its Area of Primary Responsibility are limited as described in this agreement.

7.11. SWA may require Licensee to use certain software programs for the Licensed Business. In the event SWA requires use of certain software programs, SWA may require Licensee to purchase such software programs from (and only from) SWA and SWA may be the only Approved Supplier of those programs. SWA may, however, as is its absolute right, allow Licensee to purchase those software programs from another Approved Supplier. Licensee shall purchase those software programs at prices and terms as SWA (or, if applicable, the Approved Supplier) may establish and shall execute SWA's (or, if applicable, the Approved Supplier's) then-standard software license agreement to utilize the software programs.

7.12. Licensee expressly acknowledges that from time to time SWA, upon reasonable notice, may change, modify, update or improve the System (including, but not limited to, its Manuals) as is its absolute right; such changes may include, but are not limited to, (1) altering the programs, methods, standards, specifications, forms, policies and procedures of the System; or (2) adding to, removing from, or modifying, the Superior Walls Products. Licensee expressly agrees to adopt and abide by such modifications, changes, additions, deletions and alterations in a timely manner, as specified by SWA in writing.

7.13. In the event Licensee, its employees, agents or representatives discover or invent any change, improvement, or modification (collectively, "**Invention**") to any aspect of the Superior Walls System, Licensee shall submit the same to SWA for its review. If SWA determines that all or part of the Invention should be incorporated into the System, SWA shall notify Licensee of SWA's approval and of the extent and manner in which such Invention may be used. Licensee hereby agrees that such Invention shall be considered SWA's Confidential Information (as defined in section 9.2) and Licensee hereby grants to SWA all right, title, and interest in the submitted Invention (whether or not approved) to the same extent as if SWA were the discoverer or inventor, including, without limitation, the right to apply for, obtain, and own patents and/or copyrights for such Invention or the right to sub-license such Invention.

7.14. Licensee shall permit SWA or its agents at any time during normal business hours, to enter the Licensed Business to inspect the premises, test the Superior Walls Products and the Materials and Supplies used in their production, and to examine equipment and supplies, and to observe and monitor installations of Superior Walls Products on-site, for the purpose of determining compliance with this agreement and SWA's standards of quality. Licensee shall cooperate with representatives of SWA in such inspections by rendering such assistance as they may reasonably request; and, upon notice from SWA or its agents, and without limiting SWA's other rights under this agreement, shall take such steps as may be necessary to correct immediately any material deficiencies detected during any such inspection.

7.14.1. Licensee shall permit SWA or its agents, accompanied by prospective licensees of SWA, to enter the Licensed Business at any time during normal business hours, in order to tour the premises and observe the operation of the Licensed Business. Licensee shall cooperate with representatives of SWA in such tours by rendering such assistance as they may reasonably request. SWA shall provide Licensee at least forty-eight (48) hours' notice, which need not be written, prior to conducting any such tour of the Licensed Business.

7.15. Licensee shall permit, and fully cooperate, in inspections as may be required by any building code standard-setting organization or any product evaluation service organization (including, without limitation, the International Code Council, Inc. and the International Code Council Evaluation Service), as directed by SWA from time to time. Licensee shall pay its pro-rata share of building code related evaluation report fees and renewal fees associated with any ICC-ES Evaluation Service Report or other building code evaluation report for those product lines

offered for sale by Licensee.

7.16. Licensee shall forward promptly to SWA all claims, demands, summons, subpoenas, process or notice of order for appearance, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, in any suit or proceeding in which Licensee or SWA, or any entity affiliated with Licensee or SWA, may be involved, or which would materially adversely affect the operation or financial condition of the Licensed Business, and furnish any information which SWA may reasonably require, and if SWA or its affiliate is involved, to cooperate with its attorneys and insurers in the defense of same.

7.17. In the event that Licensee fails to comply with any of the material requirements of the System, this agreement, the Manuals, or the standards and specifications of SWA, which would in the absolute judgment of SWA result in any Superior Walls Product that is (or is likely to be) materially defective or likely to impair the goodwill associated with the System, Licensee shall, upon receipt of written notice from SWA, immediately cease to manufacture, sell, transport, and install that Superior Walls Product until such time as Licensee receives written notice from SWA that the deficiencies have been corrected.

7.18. Licensee shall comply with all laws, regulations, and ordinances pertaining to the Licensed Business; and is responsible for obtaining acceptance (and approval, if applicable) of the Superior Walls Products at the state and local levels.

7.19. Licensee shall ensure that all advertising and promotional materials, signs, decorations, and other items specified by SWA bear the Proprietary Marks in the form, color, location, and manner prescribed by SWA. All advertising and promotion by Licensee must be in such media and of such type and format as SWA may approve, be conducted in a dignified manner, and conform to such standards and requirements as SWA may specify. If Licensee wishes to make use of advertising and promotional plans or materials not developed by SWA, Licensee shall submit samples of all such advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer, or other media (including, without limitation, the Internet) to SWA, for SWA's prior approval. Licensee shall not use such plans or materials until they have been approved in writing by SWA. SWA reserves the right to approve or disapprove all advertising, promotional, and marketing materials as is its absolute right.

7.20. Licensee shall conduct an initial advertising and promotion program for the Licensed Business and shall expend a minimum of Fifteen Thousand Dollars (\$15,000) in connection with the initial advertising and promotion program.

7.21. Licensee shall maintain an E-mail address for the Licensed Business and each of its key personnel. As provided in section 14.2 of this agreement, upon termination or expiration of this agreement, Licensee must immediately and permanently cease to use in any manner whatsoever any E-mail address, including but not limited to E-mail addresses of its key personnel, containing a reference to "Superior Walls" or its equivalent.

7.22. Licensee shall maintain an internet site to be used in connection with the Licensed Business. Licensee may, upon advance written approval of SWA, create its own internet site or use a pre-existing web site of Licensee in connection with the Licensed Business. Licensee shall be responsible for all maintenance fees related to maintaining its web site. Licensee shall comply with the following requirements, and all other applicable requirements set forth by SWA in the Manuals or otherwise in writing:

7.22.1. Licensee may add to its web site information regarding the Licensed Business; provided, however, that Licensee shall only use information, web materials, web pages, and web site content which SWA has approved in advance in writing.

7.22.2. Licensee shall provide on its web site all hyperlinks, including, without limitation, a hyperlink to the internet site maintained by SWA (the "**Web Site**"), or other links required by SWA. SWA shall be, and at all times remain, the sole owner of the domain names and/or home page addresses for the Web Site, and SWA shall be, and at all times remain, the sole owner of the copyrights for materials, and the trademarks of SWA, which appear on the Web Site.

7.22.3. Licensee shall not use the Proprietary Marks, any portion thereof, or any words confusingly similar thereto in any e-mail address, domain name, or other identification of Licensee or the Licensed Business in any electronic medium, unless agreed to in advance, in writing, by SWA.

7.23. Licensee shall comply with the standards and procedures developed by SWA for the System, in the manner directed by SWA in the Manuals or otherwise, with regard to Licensee's authorization to use, and use of, blogs, common social networks (such as Facebook®), professional networks (such as Linked-In®), live blogging tools (such as Twitter®), mobile apps, virtual worlds, file, audio and video sharing sites and other similar social networking media or tools (together, "**Social Media**") that in any way references the Proprietary Marks or involves the System or the Licensed Business.

7.24. Licensee shall advise SWA of all officers and directors of Licensee and all shareholders, partners and members with ownership interests in (and the percentage of each's ownership interest in) Licensee, and all shareholders, partners and members with ownership interests in (and the percentage of each's ownership interests in) any entity with an ownership interest in Licensee, as of the date of this agreement in the form attached hereto as Exhibit M, and immediately advise SWA in writing of any change in the officers, directors, shareholders, partners or members with ownership interests in Licensee and/or the shareholders, partners or members with ownership interests in any entity with an ownership interest in Licensee (and the change, if any, in the percentage of each's ownership interest).

7.25. Licensee shall comply with SWA's standards for processing electronic payments and any costs to do so are at Licensee's expense. Licensee shall abide by: (a) the Payment Card Industry Data Security Standards ("**PCIDSS**") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act ("**FACTA**"); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("**Electronic Payment Requirements**"). If Licensee is required by one of the credit card companies or another third party (including any governmental body) to provide evidence of compliance with PCIDSS, FACTA or applicable Electronic Payment Requirements, SWA may require that Licensee provide, or make available, to SWA copies of an audit, scanning results or related documentation relating to such compliance. Any costs associated with an audit or to gain compliance with PCIDSS, FACTA or any Electronic Payment Requirements shall be borne by Licensee. If Licensee knows or suspects a security breach, Licensee must immediately notify SWA. Licensee shall promptly identify and remediate the source of any compromise or security breach. Licensee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of the Licensed Business.

8. CONFIDENTIAL OPERATING MANUALS

8.1. Licensee shall operate the Licensed Business in strict compliance with the operational systems, procedures, policies, methods and requirements of the System, as prescribed by SWA from time to time in the Manuals, one (1) copy of which Licensee will receive on loan from SWA, for use in the Licensed Business for the term of this agreement and all renewals.

8.2. Licensee, its agents, independent contractors, and employees shall treat the Manuals and the information contained therein as confidential and shall use reasonable efforts to maintain such information as secret and confidential. Licensee shall not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

8.3. SWA may from time to time revise the contents of the Manuals, and Licensee expressly agrees to immediately adopt, use and comply with each new or changed standard.

8.4. Licensee acknowledges that, as between Licensee and SWA, the Manuals remain the sole property of SWA and shall be kept in a secure place on the Licensed Business premises.

8.5. Licensee shall at all times ensure that its copies of the Manuals are current and up-to-date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by SWA, at SWA's principal office, shall be controlling.

9. CONFIDENTIAL INFORMATION & PATENTS

9.1. Licensee shall not during the term of this agreement, or at any time thereafter, communicate, divulge, or use (or permit to be divulged or used) for the benefit of any other person or entity not then authorized to use the System, any Confidential Information, as defined herein, knowledge, or know-how concerning the System or operation of the Licensed Business which may be communicated to Licensee by virtue of Licensee's operation under the terms of this agreement.

9.2. Licensee specifically acknowledges that the following has been deemed to constitute confidential information which Licensee acknowledges and agrees belongs (as between Licensee and SWA) solely to SWA: all information related to products, services, technologies, techniques, standards, specifications, procedures, the Manuals, the Superior Walls Forms and Form Components and other proprietary equipment in connection with Superior Walls Products and/or the System (collectively, "**Confidential Information**").

9.3. Neither Licensee, nor any of its owners, shareholders, directors, officers, employees, representatives or agents, shall at any time copy, duplicate, record or otherwise reproduce the Confidential Information, in whole or in part, or otherwise make same available to any third party, except as authorized herein.

9.4. Licensee shall require the following individuals to covenant that they will maintain the confidentiality of the Confidential Information by executing the appropriate form of SWA's confidentiality agreement (the "**Confidentiality Agreement**") as follows:

9.4.1. Licensee's owners who hold more than a 5% interest in Licensee, directors, officers, and employees with management responsibilities shall sign SWA's Patent and Copyright Assignment and Non-Disclosure Agreement (in the form attached hereto as Exhibit N1).

9.4.2. Licensee's non-management employees and subcontractors who receive training in any aspect of the System shall sign SWA's Non-Disclosure Agreement (in the form attached hereto as Exhibit N2).

9.4.3. Licensee shall be responsible for the enforcement of the provisions of this section 9.4 and shall maintain copies of all such executed Confidentiality Agreements. The Confidentiality Agreement(s) must be signed and on file within five (5) days of the person becoming required to execute the Confidentiality Agreement. Licensee shall indemnify SWA for all damages, losses and expenses (including, but not limited to, reasonable attorneys' fees) incurred by SWA arising from Licensee's failure to obtain such executed Confidentiality Agreements as required by this section 9.4.

9.5. Licensee shall promptly notify SWA of any suspected unauthorized use or infringement of any copyright(s), patents, or other Confidential Information used or contained in the System, or of any challenge to SWA's right to use and to license others to use, or Licensee's right to use, such copyright(s), patents, or Confidential Information. SWA shall make commercially reasonable efforts to enforce its right to use and to license others to use, and Licensee's right to use, such copyright(s), patents, and Confidential Information. Except for any rights the Licensee may retain to enforce the Confidentiality Agreement against those persons or entities identified in section 9.4, Licensee acknowledges that SWA has the absolute right to direct and control any administrative proceeding or litigation involving such copyright(s), patents, or Confidential Information, including any settlement thereof. SWA shall defend and indemnify Licensee against any third-party claim, suit, or demand arising out of Licensee's use of such copyright(s), patents, or Confidential Information. If SWA, as is its absolute right, determines that Licensee has used the copyright(s), patents, or Confidential Information in accordance with this agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by SWA. If SWA, as is its absolute right, determines that Licensee has not used the copyright(s), patents, or Confidential Information in accordance with this agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Licensee. In the event of any litigation relating to Licensee's use of the copyright(s), patents, or Confidential Information, Licensee shall execute any and all documents and do such acts as may, in the reasonable opinion of SWA, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Licensee's use of the copyright(s), patents, or Confidential Information in a manner inconsistent with the terms of this agreement, SWA agrees to reimburse Licensee for its out-of-pocket costs in doing such acts.

10. INSURANCE

10.1. Licensee shall maintain in full force and effect at all times during the term of this agreement, at Licensee's expense, an insurance policy or policies protecting Licensee, SWA, SWA's affiliates, and their respective officers, directors, partners, agents, and employees against any demand or claim with respect to personal injury, death, or property damage, or any loss,

liability, or expense whatsoever arising out of or occurring by reason of the operation of or in connection with the Licensed Business.

10.2. Such policies must be written by a responsible carrier, name SWA as an additional insured, and provide at least the following coverages, which may be modified from time to time by SWA, as is its absolute right, by written notice, and Licensee shall immediately purchase insurance conforming to the newly-established standards and limits prescribed by SWA:

10.2.1. Commercial (broad form comprehensive) general liability coverage, including contractual liability (broad form) coverage in an amount not less than Two Million Dollars (\$2,000,000) per occurrence and aggregate for residential projects and Three Million Dollars (\$3,000,000) per occurrence and aggregate for non-residential projects; such policy must not have a deductible or self-insured retention in excess of Twenty-Five Thousand Dollars (\$25,000);

10.2.2. Workers' Compensation, Employer's Liability Insurance, and Unemployment Insurance for Licensee's employees (in statutory or other required amounts);

10.2.3. Fire and Extended Coverage Insurance on the Licensed Business, vehicle(s) and property in an amount adequate to replace them in the event of an insured loss;

10.2.4. Business Interruption Insurance in sufficient amounts to cover the rent or mortgage payment of the Licensed Business, vehicle(s), maintenance of competent personnel and other fixed expenses. Notwithstanding anything in this section 10 to the contrary, Licensee shall have sixty (60) days from the date of this agreement to procure Business Interruption Insurance;

10.2.5. Automobile Insurance in an amount not less than One Million Dollars (\$1,000,000) to cover personal injuries and/or personal damages, and the value of such vehicle; and

10.2.6. Any other insurance of such type and in such amounts as are required by applicable law.

10.3. Licensee shall not reduce the policy limits, restrict coverage, cancel or otherwise alter or amend said insurance policies without SWA's prior written consent, and shall ensure that all such policies comply with the following:

10.3.1. must not contain any provision which in any way limits or reduces coverage for the Licensee in the event of a claim by any one (1) or more of the SWA Indemnitees (as defined in section 17.5);

10.3.2. must extend to, and provide indemnity for, all obligations assumed by Licensee hereunder and all other items for which Licensee is required to indemnify SWA under the provisions of this agreement;

10.3.3. must be primary to, and without right of contribution from, any other insurance purchased by SWA Indemnitees; and

10.3.4. must provide by endorsement that SWA will receive at least thirty (30) days prior written notice of any reduction of policy limits, change in coverage, or cancellation of said policy.

10.4. In the event of a claim by one (1) or more of the SWA Indemnitees against Licensee, Licensee shall, on request of SWA, assign to SWA any and all rights which Licensee then has or thereafter may have with respect to such claim against the insurer(s) providing coverages described in this section 10.

10.5. Licensee shall promptly provide SWA with Certificates of Insurance (“**Certificates**”) evidencing the coverage required hereunder no later than ten (10) days after the renewal of any policy. All Certificates must expressly provide that no less than thirty (30) days’ prior written notice shall be given SWA in the event of material alteration to or cancellation of the coverage evidenced by such Certificates.

11. PROPRIETARY MARKS

11.1. SWA represents with respect to the Proprietary Marks that SWA has the right to use, and to license others to use, the Proprietary Marks.

11.2. With respect to Licensee’s use of the Proprietary Marks:

11.2.1. Licensee shall use only the Proprietary Marks designated by SWA, and use them only in the manner authorized by SWA and only for the operation and marketing of the Licensed Business, and any unauthorized use thereof shall constitute an infringement of the rights of SWA;

11.2.2. Any other businesses operated by Licensee (whether or not operated from the location of the Licensed Business), and any other products or services sold by Licensee, shall not be associated with the Licensed Business or the Proprietary Marks, nor with any name of any business or entity which contains the words “Superior Walls” or its equivalent;

11.2.3. Licensee shall not apply for, or use, the words “Superior Walls” or any of the Proprietary Marks as part of any domain name, home page address, username or other identification on the Internet, unless authorized in advance in writing by SWA;

11.2.4. In any fictitious name filings, Licensee shall clearly indicate such filings are by Licensee and not SWA;

11.2.5. Licensee shall identify itself as the owner of the Licensed Business in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as SWA may designate in writing at the premises of the Licensed Business, and on any vehicles used in the operation of the Licensed Business;

11.2.6. Licensee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of SWA;

11.2.7. Licensee shall execute any documents deemed reasonably necessary by SWA to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability; and

11.2.8. Licensee shall promptly notify SWA of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity or ownership of the Proprietary Marks, or any challenge to SWA’s right to use and to license others to use, or Licensee’s right to use, the

Proprietary Marks. SWA shall make commercially reasonable efforts to enforce its right to use and to license others to use, and Licensee's right to use, the Proprietary Marks against uses by others that may constitute infringement of the Proprietary Marks. Licensee acknowledges that SWA has the absolute right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. SWA shall defend Licensee against any third-party claim, suit, or demand arising out of Licensee's use of the Proprietary Marks. If SWA, as is its absolute right, determines that Licensee has used the Proprietary Marks in accordance with this agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by SWA. If SWA, as is its absolute right, determines that Licensee has not used the Proprietary Marks in accordance with this agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Licensee. In the event of any litigation relating to Licensee's use of the Proprietary Marks, Licensee shall execute any and all documents and do such acts as may, in the reasonable opinion of SWA, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Licensee's use of the Proprietary Marks in a manner inconsistent with the terms of this agreement, SWA agrees to reimburse Licensee for its out-of-pocket costs in doing such acts.

11.3. Licensee expressly acknowledges that:

11.3.1. As between SWA and Licensee, SWA is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and SWA has the right to use, and license others to use, the Proprietary Marks;

11.3.2. The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

11.3.3. During the term of this agreement and after its expiration or termination, Licensee shall not directly or indirectly contest the validity or ownership of the Proprietary Marks, or SWA's right to use and to license others to use the Proprietary Marks, nor shall Licensee directly or indirectly harm, dilute or infringe upon the Proprietary Marks;

11.3.4. Licensee's use of the Proprietary Marks does not give Licensee any ownership interest or other interest in or to the Proprietary Marks;

11.3.5. As between SWA and Licensee, any and all goodwill in the Proprietary Marks arising from Licensee's use of the Proprietary Marks will inure solely and exclusively to the benefit of SWA, and upon expiration or termination of this agreement, no monetary amount will be assigned as attributable to any goodwill associated with Licensee's use of the System or the Proprietary Marks;

11.3.6. Except as specified in section 1.3, the license of the Proprietary Marks granted hereunder to Licensee is nonexclusive, and SWA thus has and retains the right to itself use and grant other licenses for the Proprietary Marks in connection with selling products and services (including, without limitation, the Superior Walls Products) as set forth in section 23.1; and

11.3.7. SWA reserves the right to add or substitute different Proprietary Marks for use in identifying the System and the Licensed Business as is SWA's absolute right, and Licensee shall comply with such addition or substitution within a reasonable time, at Licensee's reasonable expense.

12. TRANSFER OF INTEREST

12.1. SWA may Transfer (as defined in section 12.2) this agreement, and any or all of its rights and obligations herein, to any person or legal entity, without notice to or approval by Licensee, and any designated assignee of SWA will become solely responsible for all obligations of SWA hereunder, and shall expressly assume and agree to perform such obligations.

12.2. Licensee states that one hundred percent (100%) of its issued and outstanding shares are owned by the persons and entities listed on attached Exhibit M. Neither Licensee nor any immediate or remote successor to any part of Licensee's interest in this agreement, nor any Principal (defined below), any individual, partnership, corporation, limited liability company, or other legal entity which directly or indirectly owns any interest in Licensee or in the Licensed Business shall sell, assign, transfer, convey, pledge, encumber, merge, or give away (collectively, "**Transfer**") this agreement, any direct or indirect interest in this agreement, in Licensee, in any Principal, or in the Licensed Business, such that alone or together with other previous, simultaneous or proposed transfers would have the effect of transferring this agreement, or a controlling interest in Licensee or in all or substantially all of the assets of the Licensed Business (collectively, "**Covered Transfer**") without the prior written consent of SWA. Any purported Covered Transfer not having the written consent of SWA required by this section 12.2 will be null and void. For the purpose of clarification, Licensee and Principals may Transfer membership interests among themselves or to an immediate family member, or in connection with an estate planning transaction, to the Licensee as part of a redemption or to convey any right or interest, or otherwise encumber their assets (except for the Superior Walls Forms and Form Components, as to which section 7.5.1 shall apply) for the benefit of Licensee's primary and secondary lenders, so long as any such action, alone or together with other previous, simultaneous, or proposed actions, would not result in a Covered Transfer. (A "**Principal**" is a person or entity that is a named owner or that has at least a 20% ownership interest in a named owner.)

12.3. SWA shall not unreasonably withhold its consent to a proposed Covered Transfer; provided, however, that SWA may, as is its absolute right, require any or all of the following as conditions of its approval:

12.3.1. That all of Licensee's accrued monetary obligations (other than outstanding accounts payable or royalty payments owed to SWA that are within the normal payment terms then being offered by SWA to Licensee) and all other outstanding obligations to SWA and its affiliates have been satisfied;

12.3.2. That Licensee is not in default of any provision of this agreement, any amendment hereof or successor hereto, or any other agreement between Licensee and SWA or its affiliates;

12.3.3. That the transferor, Licensee and SWA have executed mutual general releases, in a form required by SWA, of any and all claims between transferor and SWA and between Licensee and SWA, and their respective current and former affiliates, and their respective current and former officers, directors, shareholders, agents, and employees, excluding only such claims relating to (i) any provision or covenant of this agreement which expressly or by its nature imposes obligations beyond the expiration of this agreement; (ii) claims for indemnification relating to actions of third parties; (iii) outstanding accounts payable or royalties payable to SWA and (iv) all obligations of Licensee to SWA in connection with the Licensed Business which arose prior to the effective date of the Transfer;

12.3.4. That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as SWA may request) enter into a written assignment, in a form satisfactory to SWA, assuming and agreeing to discharge all of Licensee's obligations under this agreement;

12.3.5. That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as SWA may request) demonstrate to SWA's reasonable satisfaction that it has the aptitude and ability to operate the Licensed Business (as may be evidenced by prior related business experience or otherwise), has adequate financial resources and capital to operate the Licensed Business (with such standards being no more stringent than those then being applied by SWA with respect to new licensees then entering the system) and has no interest in (as owner or otherwise) any business that offers products or services which are the same as or in competition with Superior Walls Products;

12.3.6. At SWA's option, instead of the assignment referenced in section 12.3.4, SWA may require that the transferee execute, for a term ending on the expiration date of this agreement, the then-current form of license agreement being offered to new licensees and other ancillary agreements as SWA may require for the Licensed Business (including, without limitation, a guarantee by transferee's owners of performance of transferee's obligations in writing in a form designated by SWA), which agreements shall supersede this agreement in all respects, and the terms of which may differ materially from the terms of this agreement, including, without limitation, a higher percentage royalty fee, a required advertising contribution, performance standards which are greater than Licensee's Performance Standard hereunder, and a modification (or removal) of the Area of Primary Responsibility, except that the transferee will not be required to pay any initial license fee;

12.3.7. That the transferee, at its expense, purchase new Superior Walls Forms and Form Components to conform to SWA's then-current standards and specifications, and complete the refurbishing and other requirements within the time specified by SWA;

12.3.8. That Licensee remains liable for all of its obligations to SWA in connection with the Licensed Business which arose prior to the effective date of the Transfer;

12.3.9. That the transferee's designee(s), at the transferee's expense, complete any training programs and/or obtain certification for manufacturing and installation as SWA may reasonably require; and

12.3.10. That Licensee shall pay to SWA a transfer fee in the amount of Ten Thousand Dollars (\$10,000).

12.4. If SWA's prior written consent has been given to the proposed Covered Transfer, such Covered Transfer must be effectuated in full within one hundred and eighty (180) days following such consent or it will be deemed automatically withdrawn and subject again to the requirements under this section.

12.5. If Licensee or any of its Principals desire to Transfer that which would be a Covered Transfer, Licensee shall provide written notice to SWA of such, including the proposed price and all other material terms of such offer.

13. DEFAULT AND TERMINATION

13.1. Automatic Default

Licensee will be deemed to be in default under this agreement, and all rights granted to Licensee herein shall automatically terminate without notice to Licensee, if Licensee becomes insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Licensee or such a petition is filed against and not opposed by Licensee; if Licensee is adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Licensee or other custodian for Licensee's business or assets is filed and consented to by Licensee; if a receiver or other custodian (permanent or temporary) of Licensee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Licensee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Licensee is dissolved; if execution is levied against Licensee's business or property; or if the real or personal property of the Licensed Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Incurable Defaults

Upon the occurrence of any of the following events of default, SWA may, at its option, terminate this agreement and all rights granted hereunder without affording Licensee any opportunity to cure the default, effective immediately upon the provision of notice to Licensee (in the manner provided under section 21):

13.2.1. If any purported Transfer of a direct controlling interest in this agreement, in Licensee, or in all or substantially all of the assets of the Licensed Business is made to any third party contrary to the terms of section 12;

13.2.2. If Licensee knowingly maintains materially false or misleading books or records, or knowingly submits any materially false or misleading reports to SWA;

13.2.3. If Licensee, or its principal, member, officer or manager, is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that SWA reasonably believes is likely to have a material adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or SWA's interest therein;

13.2.4. If Licensee refuses to permit either a representative of SWA, of SWA's designated third-party inspection service, or of any authorized building code standard setting organization inspector or product evaluation service organization recognized by SWA, to inspect, examine, or audit the Licensed Business or Licensee's work sites or the records of the Licensed Business upon demand;

13.2.5. If Licensee at any time voluntarily ceases to operate or otherwise abandons the Licensed Business, or otherwise intentionally forfeits the right to do or transact business in the jurisdiction where the Licensed Business is located for more than fourteen (14) calendar days in any consecutive twelve (12) month period;

13.2.6. If a threat or danger to public safety results from Licensee's operation of the Licensed Business;

13.2.7. If, contrary to the terms of section 9, Licensee discloses or divulges the contents of the Manuals, trade secrets, or other Confidential Information provided to Licensee by SWA;

13.2.8. If Licensee, after curing a default pursuant to section 13.3, commits the same default again within the next twelve (12) months, whether or not cured after notice;

13.2.9. If Licensee, on any three (3) or more occasions within any twelve-month period, sells or installs Superior Walls Products in violation of the provisions of section 7 pertaining to the Area of Primary Responsibility; or

13.2.10. If Licensee, for two (2) or more consecutive Subject Years, fails to meet the Performance Standard by an amount greater than 10% as described in section 7.8.3.

13.3. Curable Defaults

Except as otherwise provided in sections 13.1 and 13.2, upon any other default by Licensee of this agreement, or of any other agreement between Licensee (or any of Licensee's affiliates) and SWA (or any of SWA's affiliates), SWA may terminate this agreement by giving written notice of termination (in the manner set forth under section 21) stating the nature of the default to Licensee at least thirty (30) days prior to the effective date of termination; provided, however, that Licensee may avoid termination by immediately initiating a remedy to cure such default, curing it to SWA's reasonable satisfaction, and by promptly providing proof thereof to SWA within such thirty-day period. If any such default is not cured within the specified time, or such longer period as applicable law may allow, this agreement will terminate without further notice to Licensee, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

13.4. Defaults of Area of Primary Responsibility Provisions

In addition to and without limitation of SWA's rights under sections 13.2 and 13.3, in the event of a breach by Licensee of the provisions of section 7.10 regarding sales outside the Area of Primary Responsibility on any one or more occasions, Licensee shall, on each such occasion, within fifteen (15) days of the date of a written notice from SWA, pay twenty-five percent (25%) of the total compensation received by Licensee for such sales or installations, to such licensee or other entity identified by SWA.

13.5. Notwithstanding any other provision of this agreement, upon a default by Licensee under sections 13.2, 13.3, or 13.4, SWA may, as is its absolute right, take any or all of the following actions by giving written notice (in the manner set forth under section 21) stating the nature of the default to Licensee: (a) reduce Licensee's Area of Primary Responsibility described in section 1.3.1, and/or (b) remove the territorial protection in Licensee's Area of Primary Responsibility described in section 1.3.2 for sales and installations of Superior Walls Products; and/or (c) terminate this agreement in accordance with the applicable provisions of section 13.2, 13.3 or 13.4.

14. OBLIGATIONS UPON TERMINATION

Upon termination or expiration of this agreement, all rights granted hereunder to Licensee will forthwith terminate, and:

14.1. Licensee shall immediately cease to operate the Licensed Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or past licensee of SWA.

14.2. Licensee shall immediately and permanently cease to use, in any manner whatsoever, any Confidential Information, the Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System, including, without limitation, all Superior Walls Forms and Form Components, signs, marketing materials, displays, stationery, products, and any other articles which display the Proprietary Marks.

14.3. Licensee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Licensee which contains the words "Superior Walls" or any Proprietary Marks, and Licensee shall furnish SWA with evidence satisfactory to SWA of compliance with this obligation within thirty (30) days after termination or expiration of this agreement.

14.4. Licensee shall, at SWA's option, assign to SWA any interest which Licensee has in any lease or sublease for the premises of the Licensed Business.

14.5. Licensee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use, either in connection with such other business or the promotion thereof, (1) the words "Superior Walls"; or (2) any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, which, in SWA's judgment, is likely to cause confusion, mistake, or deception, or which, in SWA's judgment, is likely to dilute SWA's rights in and to the Proprietary Marks. Licensee further agrees not to utilize any designation of origin, description, or representation (including, but not limited to, reference to SWA, the System, or the Proprietary Marks) which, in SWA's absolute judgment, suggests or represents a present or former association or connection with SWA, the System, or the Proprietary Marks.

14.6. Licensee shall promptly pay all sums owing to SWA and its affiliates.

14.7. Licensee shall immediately deliver to SWA the Manuals; all Confidential Information; and any copies of the foregoing, even if such copies were made in violation of this agreement; all of which are acknowledged to be the property of SWA, and shall not retain any copy or record of any of the foregoing, with the exception of Licensee's copy of this agreement, any correspondence between the parties, and any other documents which Licensee reasonably needs for compliance with any provision of law.

14.8. Licensee shall sell its Forms and Form Components to either SWA or another Superior Walls licensee. If any of Licensee's Forms and Form Components are not so sold by Licensee, Licensee shall, within thirty (30) days after termination or expiration, destroy the Superior Walls Forms and Form Components and provide to SWA proof thereof.

14.9. Licensee shall comply with the covenants contained in section 15.3 of this agreement.

14.10. In the event Licensee continues to maintain a web site, Licensee shall immediately and permanently (1) cease to use the Proprietary Marks, any portion thereof, or any words confusingly similar thereto (including without limitation the name "Superior Walls" or any name confusingly similar thereto) in the web site, including without limitation in the domain name and/or homepage address, and (2) remove any and all content related to the Licensed Business (including, without limitation, the content described at sections 7.22.1 through 7.22.3) from such web site. Licensee may not establish any web site using any similar or confusing domain name and/or home page address, and Licensee may not identify itself on any web site or any pre-existing web site as a former licensee of SWA.

14.11. Licensee shall immediately and permanently cease to use any telephone numbers (including, without limitation, any toll free telephone numbers) used by Licensee solely in connection with the Licensed Business.

15. COVENANTS NOT TO COMPETE

15.1. Licensee acknowledges that (a) Licensee and the other individuals and entities required to comply with this section 15 have received an advantage through the training provided under this agreement, the knowledge of the day-to-day operations of the Licensed Business and access to the Manuals, System, Confidential Information and trade secrets, and (b) the covenants and restrictions in this section 15 (i) are reasonable, appropriate and necessary to protect the System, Confidential Information, trade secrets, other licensees operating under the System, the goodwill of the System, relationships with prospective and existing customers, and SWA's legitimate interests; and (ii) do not cause undue hardship on Licensee or any of the other individuals and entities required by this section 15 to comply with the covenants and restrictions.

15.2. Licensee covenants that during the term, except as otherwise approved in writing by SWA, Licensee and its Principals (as defined in section 12.2) shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

15.2.1. Divert or attempt to divert any present or prospective business or customer of any licensed business (including, without limitation, the Licensed Business) to another business that offers products or services which are the same as or in competition with Superior Walls Products, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

15.2.2. Except for Licensee's or any Principal's interest in another of SWA's licensed businesses, own, maintain, operate, engage in, be employed by, be a consultant to, loan money to, provide any assistance to, or have any interest in (as owner or otherwise) any business that offers products or services which are the same as or in competition with Superior Walls Products; or

15.2.3. Engage in the wholesale sale and/or distribution (as defined in section 1.5) of (1) any Superior Walls Products; (2) any other product or service which closely resembles or is related to the Superior Walls Products; or (3) any Materials and Supplies, without the prior written consent of SWA (other than the sale of Materials and Supplies to other licensees in the system as long as the Materials and Supplies meet the standards and specifications of SWA and, if the item is an "approved only" item, as long as Licensee has been approved by SWA as an Approved Supplier).

15.3. Licensee covenants that, except as otherwise approved in advance in writing by SWA, Licensee and its Principals shall not, for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a Transfer permitted under section 12 of this agreement; (b) expiration of this agreement; (c) termination of this agreement (regardless of the reason for termination); (d) 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 enforcement of this section 15; or (e) any or all of the foregoing; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

15.3.1. Divert or attempt to divert any present or prospective business or customer of any licensed business (including, without limitation, the Licensed Business) to another business that offers products or services which are the same as or in competition with the Superior Walls Products, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

15.3.2. Except for Licensee's or any Principal's pre-existing interest in another of SWA's licensed businesses, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that offers products or services which are the same as or in competition with the Superior Walls Products, and is, or is intended to be, located in, or offering products or services within:

15.3.2.1. the Area of Primary Responsibility;

15.3.2.2. a sixty (60) mile radius of the Approved Location; or

15.3.2.3. sixty (60) miles of the perimeter of the Area of Primary Responsibility.

15.4. Sections 15.2 and 15.3 shall not apply to ownership by Licensee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

15.5. Licensee understands and acknowledges that SWA has the absolute right to reduce the scope of any covenant set forth in sections 15.2 and 15.3, or any portion thereof, without Licensee's consent, effective immediately upon receipt by Licensee of written notice thereof; and Licensee agrees that it shall comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of section 22.3.

15.6. Licensee expressly agrees that the existence of any claims it may have against SWA, whether or not arising from this agreement, will not constitute a defense to the enforcement by SWA of the covenants in this section 15. Licensee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by SWA in connection with the enforcement of this section 15.

15.7. Licensee acknowledges that violation of the covenants not to compete contained in this agreement would result in immediate and irreparable injury to SWA for which no adequate remedy at law will be available. Accordingly, Licensee hereby consents to the entry of a temporary restraining order and/or a preliminary and permanent injunction prohibiting any conduct by Licensee in violation of the terms of those covenants not to compete set forth in this agreement.

15.8. Licensee acknowledges and agrees that the covenants not to compete set forth in sections 15.2 and 15.3 are fair and reasonable, and will not impose any undue hardship on Licensee, since Licensee has other considerable skills, experience, education and/or business interests which afford Licensee the opportunity to derive income from other endeavors.

16. CORPORATE, PARTNERSHIP, OR LIMITED LIABILITY COMPANY

16.1. If Licensee or any successor to or assignee of Licensee is a corporation, Licensee shall comply with the following requirements:

16.1.1. Copies of Licensee's Articles of Incorporation, Bylaws, and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this agreement, shall be promptly furnished to SWA upon request.

16.1.2. Licensee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate of Licensee shall have conspicuously endorsed upon its face a statement in a form satisfactory to SWA that it is held subject to, and that assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this agreement; provided, however, that the requirements of this section 16.1.2 shall not apply to a publicly-held corporation.

16.1.3. Licensee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Licensee and shall furnish the list to SWA on Exhibit M. Licensee shall provide to SWA an updated Exhibit M if ownership changes occur.

16.2. If Licensee or any successor to or assignee of Licensee is a partnership or limited liability partnership, it shall comply with the following requirements:

16.2.1. Licensee shall furnish SWA with a copy of its partnership agreement as well as such other documents as SWA may reasonably request, and any amendments thereto.

16.2.2. The partnership agreement must note conspicuously that partnership rights are held subject to, and that assignment or transfer thereof are subject to, restrictions imposed upon assignments by this agreement.

16.2.3. Licensee shall furnish to SWA a list of all general and limited partners in Licensee on Exhibit M. Licensee shall provide to SWA an updated Exhibit M if ownership changes occur.

16.3. If Licensee or any successor to or assignee of Licensee is a limited liability company, it shall comply with the following requirements:

16.3.1. Licensee shall furnish SWA with a copy of its articles of organization, operating agreement, and any other governing documents, as well as such other documents as SWA may reasonably request, and any amendments thereto.

16.3.2. Licensee's articles of organization or Licensee's operating agreement must note conspicuously that membership rights are held subject to, and that assignment or transfer thereof are subject to, restrictions imposed upon assignments by this agreement.

16.3.3. Licensee shall furnish to SWA a list of all members of, or parties that hold any ownership interest in, Licensee on Exhibit M. Licensee shall provide to SWA an updated Exhibit M if ownership changes occur.

16.4. Licensee's shareholders, members or partners (and, if required by SWA, the shareholders, members or partners of any entity with an ownership interest in Licensee) shall execute SWA's Guarantee, Indemnification, and Acknowledgment, in the form attached hereto. In the event of any change with respect to (i) the shareholders, members or partners of Licensee, or (ii) the shareholders, members or partners of any entity with an ownership in Licensee, any new shareholder, member or partner of Licensee (and, if required by SWA, any new shareholder, member or partner of any entity with an ownership interest in Licensee), shall execute SWA's Guarantee, Indemnification, and Acknowledgment, in the form attached hereto.

17. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

17.1. This agreement does not create a fiduciary relationship between the parties. Licensee is an independent contractor of SWA, and nothing in this agreement is intended to constitute either party as an agent, legal representative, subsidiary, partner, joint venturer, joint employer, employee, or servant of or with the other for any purpose whatsoever. Licensee shall not, without the prior written approval of SWA obligate SWA for any expenses, liabilities or other obligations, other than as is specifically provided for in this agreement.

17.1.1. Neither SWA nor Licensee have the power to make employment-related decisions relating to the other's business, including hiring, firing, promotions, demotions, discipline, titles, responsibilities, wages, schedules, hours, benefits, conditions and accommodations, and may not exercise control over or have access to the other's funds or the expenditure thereof or in any other way exercise dominion or control over the other's business. No employee or subcontractor of Licensee shall be deemed to be an employee or subcontractor of SWA, whether jointly or otherwise; and no employee or subcontractor of SWA will be deemed to be an employee or subcontractor of Licensee, whether jointly or otherwise.

17.2. It is expressly understood and agreed that SWA does not have direct or indirect control over Licensee's employment-related decisions, and neither Licensee nor any employee or subcontractor of Licensee whose compensation for services is paid by Licensee may, in any way, directly or indirectly, expressly or by implication, be construed to be an employee or subcontractor of SWA (whether jointly or otherwise) for any purpose, including, without limitation, any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Likewise, it is expressly understood and agreed that Licensee does not have direct or indirect control over SWA's employment-related decisions, and neither SWA nor any employee or subcontractor of SWA whose compensation for services is paid by SWA may, in any way, directly or indirectly, expressly or by implication, be construed to be an employee or subcontractor of Licensee (whether jointly or otherwise) for any purpose, including, without limitation, any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency.

17.3. Licensee shall identify itself with its employees, clients, subcontractors, contractors, suppliers, public officials and others, as an independent licensee of SWA, and shall place such notice of independent ownership on all business cards, purchase orders and contracts, internet websites, and social media sites.

17.4. Except as otherwise expressly authorized by this agreement, neither party hereto will make any express or implied agreements, warranties, guaranties or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between SWA and Licensee is other than that of licensor and licensee. SWA does not assume any liability (or joint liability), and will not be deemed liable (or jointly liable), for any agreements, representations, or warranties made by Licensee which are not expressly assumed by SWA in writing, nor will SWA be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Licensed Business.

17.5. Except as described in sections 9.5 and 11.2.8, Licensee shall defend at its own costs, and indemnify and hold harmless SWA, its affiliates, and their respective directors, officers, employees, agents, shareholders, and representatives (collectively, "**SWA Indemnitees**") from and against all losses and expenses (as defined in section 17.6) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry, (each a "**Claim**") or any settlement thereof which arises out of or is asserted against SWA based on the actual or alleged acts or omissions of Licensee, or its employees, agents or subcontractor(s) by reason of the operation of Licensee's business (including, but not limited to, the Licensed Business) including, but not limited to, alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive or of any industry standard; libel or slander; labor and employment violations (whether jointly or otherwise); or Licensee's alleged violation or breach of any warranty, representation, agreement or obligation in this agreement except to the extent that an SWA Indemnitee negligently caused those losses.

17.6. The term "**losses and expenses**", as referred to in section 17.5 and 17.8 will be deemed to include, but is not limited to, all losses (whether direct, consequential, or other), compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees and expenses, expert fees, court costs, settlement amounts, judgments, and any and all expenses of recall, refunds, compensation, and/or public notices.

17.7. Licensee shall give SWA immediate written notice of any Claim under section 17.5. Promptly thereafter, at Licensee's expense, Licensee shall retain independent legal counsel that is reasonably acceptable to SWA to represent and defend any of the SWA Indemnitees involved. At Licensee's expense, SWA may elect to assume (but is not obligated to undertake) the defense and/or settlement of any such Claim with counsel of SWA's own choosing, provided that SWA will seek the advice and counsel of Licensee, and will keep Licensee informed with regard to any proposed or contemplated settlement.

17.8. SWA Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom Licensee may contract, regardless of the purpose. Licensee shall hold harmless and indemnify SWA Indemnitees for all losses and expenses which may arise out of acts, errors or omissions of these third parties. SWA Indemnitees will not be required or obligated to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against Licensee. Licensee acknowledges that the failure to pursue such recovery or mitigate loss will not reduce the amounts recoverable by SWA Indemnitees from Licensee.

18. SEVERABILITY AND CONSTRUCTION

18.1. If any provision of this agreement is found to be invalid or unenforceable, either in its entirety or partially or because of its application to particular circumstances, such provision will, by mutual intention herein expressed by the parties hereto, be deemed modified to the minimum

extent necessary to render it valid or applicable or to be eliminated from this agreement, as required, and this agreement will be construed and enforced as if such provision had been originally so modified or eliminated. In the event that total or partial invalidity or unenforceability of any provision of this agreement exists only with respect to the laws of a particular jurisdiction, this section will apply only to the extent that the laws of such jurisdiction are controlling.

18.2. Section headings are for ease of reference only and do not limit or define the meaning of any provision.

19. TAXES, PERMITS, AND INDEBTEDNESS

19.1. Licensee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Licensee in the operation of the Licensed Business.

19.2. Licensee shall comply with all federal, state, municipal 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 Licensed Business.

20. APPLICABLE LAW; DISPUTE RESOLUTION

20.1. This agreement will be interpreted and construed in accordance with the laws of the Commonwealth of Pennsylvania, notwithstanding any conflict of laws rules; provided, however, that if any provision, including the covenants in section 15, would not be enforceable under the laws of the Commonwealth of Pennsylvania and the Licensed Business is located outside of the Commonwealth of Pennsylvania, then that provision will be interpreted and construed under the laws of the state in which the Licensed Business is located. Nothing in this section 20.1 is intended by the parties to subject this agreement to any franchise, business opportunity, antitrust, unfair competition or similar law, rule or regulation to which this agreement would not otherwise be subject.

20.1.1. Venue for any litigation arising under or relating to this agreement will be exclusively within the judicial district in which SWA has its principal place of business at the time the action or proceeding is initiated. Any such action will be brought in federal court if federal court jurisdiction exists and, if it does not exist, then in state court. The parties hereby waive all questions of personal jurisdiction, venue and convenience of forum for the purpose of carrying out this provision. Any such action will be conducted on an individual basis, and not as part of a consolidated, common, representative, associational, group or class action.

20.2. In the event SWA takes any action or commences any legal proceeding arising out of this agreement and prevails, SWA will be entitled to recover (from Licensee) its reasonable costs and expenses, including reasonable attorneys' and experts' fees. If Licensee takes any action or commences any legal proceeding arising out of this agreement and does not prevail therein, SWA will be entitled to recover (from Licensee) its reasonable costs and expenses, including reasonable attorneys' and experts' fees.

20.3. Before any litigation is filed, the parties shall attempt to mediate the dispute using a mediator mutually agreeable to the parties; provided, however, that if a claim for injunctive relief to prevent irreparable harm is involved, the parties are not required to mediate the claim before filing the litigation but other claims involved in that litigation must be mediated before they can be included in the litigation.

20.4. **WAIVER OF JURY TRIAL:** SWA AND LICENSEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO ANY CLAIM, INCLUDING ANY COUNTERCLAIMS, 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.

20.5. **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES:** SWA AND LICENSEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED.

20.6. Any and all claims and actions arising out of or relating to this agreement, the relationship of SWA and Licensee or Licensee's operation of the Licensed Business, brought by either party against the other, whether in mediation, or a legal action, must be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action will be barred.

20.7. Nothing herein will bar SWA's right to obtain injunctive relief against threatened conduct that will cause it loss or damage, under the usual equity rules, including, without limitation, the applicable rules for obtaining specific performance, restraining orders and preliminary injunctions.

21. **NOTICES**

Any notice required or permitted under this agreement must be in writing and sent by a means which affords the sender evidence of delivery or rejected delivery. Delivery will be deemed to have been given and received at the date and time of receipt or rejected delivery. Addresses may be changed at any time upon written notice to the other party.

Addresses for notices to the respective parties are as follows:

To SWA: SUPERIOR WALLS OF AMERICA, LTD.
937 East Earl Road
New Holland, PA 17557
ATTN: Andrew S. Zimmerman, CEO
azimmerman@superiorwalls.com

To Licensee: _____

22. **MISCELLANEOUS**

22.1. No failure by SWA to take action on account of any default by Licensee, whether in a single instance or repeatedly, will constitute a waiver of any such default or of the performance required of Licensee.

22.2. Neither SWA nor Licensee will be held liable for failure to comply with any of the terms of this agreement when such failure is caused directly or indirectly by fire, strike, declared or undeclared war, riots, insurrections, government restrictions or other acts, or causes beyond the control of and without fault of either them or their employees, agents, or representatives.

22.3. This agreement constitutes and contains the entire agreement and understanding of the parties with respect to the subject matter hereof, and it may be modified only by a written document executed by both parties. The parties hereby acknowledge there are no representations, understandings, agreements, terms or conditions not contained or referred to in this agreement, and that this agreement supersedes any prior written or oral agreement, representation, or inducement regarding the subject matter. Notwithstanding the foregoing, nothing in this agreement disclaims or requires Licensee to waive reliance on any representation that SWA made in the most recent disclosure document (including its exhibits and amendments) that SWA delivered to Licensee or its representative.

22.4. This agreement may be executed in any number of identical counterparts, and each such counterpart will be deemed a duplicate original.

23. ACKNOWLEDGMENTS; RETAINED RIGHTS

23.1. Notwithstanding anything in this agreement to the contrary, SWA retains all rights, without granting Licensee any rights therein, to sell, directly or indirectly, any products (including, without limitation, the Superior Walls Products) and conduct any business at any location within and outside of the Area of Primary Responsibility, regardless of the proximity to the Approved Location, that is not expressly prohibited by this agreement. As an illustration of the rights retained by SWA, but not in any way a limitation on those rights, Licensee acknowledges that SWA retains the rights, among others, on any terms and conditions SWA deems advisable, and without granting Licensee any rights therein:

23.1.1.1. to establish or operate, or franchise or license others to establish or operate, a Superior Walls manufacturing business under the System and Proprietary Marks at any location outside the Area of Primary Responsibility, regardless of proximity to the Approved Location;

23.1.1.2. to manufacture, sell, transport, or install, or license or franchise others to manufacture, sell, transport, or install, directly or indirectly, any products or services under marks other than the Proprietary Marks at any location whether within or outside the Area of Primary Responsibility, regardless of proximity to the Approved Location;

23.1.1.3. to engage in the wholesale sale and/or distribution of the Superior Walls Products or services within or outside the Area of Primary Responsibility, regardless of proximity to the Approved Location; and

23.1.1.4. to offer and sell within or outside of the Area of Primary Responsibility, regardless of proximity to the Approved Location, services and products which do not comprise a part of the System and, in connection therewith, to exploit the Proprietary Marks, and SWA's name, reputation and know-how.

23.2. Licensee states that:

23.2.1. No representation has been made by SWA (or any employee, agent or salesperson of SWA) and relied upon by Licensee as to the future or past income, earnings and growth, expenses, sales volume or potential profitability, earnings or income of the Licensed Business or the viability of the Licensed Business being offered hereunder.

23.2.2. Prior to the execution of this agreement, Licensee has had the opportunity to contact all existing licensees of SWA.

23.2.3. Licensee has had the opportunity to independently investigate, analyze and construe both the business opportunity being offered hereunder, and the terms and provisions of this agreement, utilizing the services of counsel, accountants or other advisors.

23.2.4. Licensee has received from SWA a copy of SWA's Franchise Disclosure Document (FDD), together with a copy of all proposed agreements relating to the sale of the license hereunder, at least fourteen (14) calendar days prior to the execution of this agreement.

23.2.5. No representation or statement has been made by SWA (or any employee, agent or salesperson of SWA) and relied upon by Licensee regarding Licensee's ability to procure any required license or permit that may be necessary to the offering of one or more of the products or services contemplated to be offered by the Licensed Business.

23.2.6. Licensee has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this agreement and the operation of the Licensed Business. Licensee has either consulted with such advisors or has deliberately declined to do so.

23.2.7. All information set forth in any and all applications, financial statements and submissions to SWA is true, complete and accurate in all respects, with Licensee expressly acknowledging that SWA is relying upon the truthfulness, completeness and accuracy of such information.

23.3. Licensee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "**Order**"), SWA 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, Licensee represents to SWA that, as of the date of this agreement, neither Licensee nor any person holding any ownership interest in Licensee, controlled by Licensee, or under common control with Licensee is designated under the Order as a person with whom business may not be transacted by SWA, and that Licensee (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

23.4. No remedy conferred upon or reserved to SWA by this agreement is intended to be exclusive of any other remedy. Each and every remedy will be cumulative and will be in addition to any other remedy given to SWA hereunder or now or hereafter existing at law or in equity.

23.5. Any duty or obligation imposed on SWA by this agreement may be performed by any designee, employee, or agent of SWA.

23.6. No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

THIS AGREEMENT SHALL NOT BE BINDING ON SWA OR LICENSEE UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF SWA. LICENSEE HAS READ ALL OF THE FOREGOING AGREEMENT AND HEREBY ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS THEREOF.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

The parties are signing this agreement on the date stated in the introductory clause.

LICENSEE

Witness/Attest

By: _____

Title

Date

LICENSOR

SUPERIOR WALLS OF AMERICA, LTD.

Witness/Attest

By: _____

Title

Date

IF LICENSEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER LEGAL ENTITY, ALL OWNERS MUST EXECUTE THE FOLLOWING:

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT (“GUARANTEE”)

As an inducement to Superior Walls of America, Ltd. (“**SWA**”) to enter the license agreement between SWA and _____ (“**Licensee**”) dated _____, _____ (the “**Agreement**”), the undersigned, jointly and severally, hereby unconditionally guarantee to SWA and its successors and assigns that all of Licensee’s obligations under the Agreement will be punctually performed and, as to monetary obligations, paid.

1. Upon demand by SWA, the undersigned each hereby jointly and severally agree to immediately make each payment required of Licensee under the Agreement and waive:
 - (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Licensee arising as a result of the undersigned’s execution of and performance under this Guarantee, for the express purpose that none of the undersigned will be deemed a “creditor” of Licensee under any applicable bankruptcy law with respect to Licensee’s obligations to SWA,
 - (ii) any right to require SWA to:
 - a. proceed against Licensee for any payment required under the Agreement,
 - b. proceed against or exhaust any security from Licensee,
 - c. take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guarantee, or
 - d. pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Licensee,
 - (iii) any benefit of, or any right to participate in, any security now or hereafter held by SWA, and
 - (iv) acceptance and notice of acceptance by SWA of the undersigned’s undertakings under this Guarantee; all presentments, demands and notices of demand for payment of any indebtedness or notices of non-performance of any obligations hereby guaranteed; protest; notices of dishonor; and notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and any other notices and legal or equitable defenses to which any of the undersigned may be entitled.
2. Without affecting the obligations of the undersigned under this Guarantee, SWA may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Agreement or any indebtedness or obligation of Licensee, or settle, adjust, release, or compromise any claims against Licensee or any guarantor, make advances for the purpose of performing any obligations of Licensee under the Agreement, assign the Agreement or the right to receive any sum payable thereunder, 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.
3. SWA shall have no present or future duty or obligation to the undersigned under this

Guarantee to discover or disclose to the undersigned any information, financial or otherwise, concerning Licensee, any other guarantor, or any collateral securing any obligations of Licensee to SWA, and each of the undersigned waives any right to claim or assert any such duty or obligation.

4. The undersigned hereby agree to defend, indemnify and hold harmless SWA against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' and experts' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Licensee to perform any obligation of Licensee under the Agreement, any amendment thereto, or any other agreement executed by Licensee referred to therein.
5. This Guarantee will terminate upon the termination of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination will remain in full force and effect until satisfied or discharged by the undersigned, and all provisions or covenants which by their terms continue in force after the termination of the Agreement will remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor will 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.
6. Unless specifically stated otherwise, the terms used in this Guarantee have the same meaning as in the Agreement, and this Guarantee will be subject to the dispute resolution provisions in section 20 of the Agreement.
7. Any notices required or permitted under this Guarantee must be in writing and sent by a means which affords the sender evidence of delivery or rejected delivery. Delivery will be deemed to have been given and received at the date and time of receipt or rejected delivery. Addresses may be changed at any time upon written notice to the other party.

Addresses for notices to the respective parties are as follows:

To SWA: SUPERIOR WALLS OF AMERICA, LTD.
937 East Earl Road
New Holland, PA 17543
ATTN: Andrew S. Zimmerman, CEO
azimmerman@superiorwalls.com

To Guarantors: _____

ATTN: _____

[THE NEXT PAGE IS THE SIGNATURE PAGE]

Each of the undersigned are signing this Guarantee on the date stated in the introductory clause of the Agreement.

GUARANTORS

(Signature)

(Print Name)

(Address)

(Signature)

(Print Name)

(Address)

(Signature)

(Print Name)

(Address)

EXHIBIT A

Area of Primary Responsibility

(Licensee Name)

State Name(s):

County List:

EXHIBIT B

GENERAL RELEASE AGREEMENT

This general release agreement is dated _____, 20___, and is between Superior Walls of America, Ltd. (“**SWA**”) and _____ (“**Licensee**”), _____ [owners], _____ [directors] and _____ [officers] (collectively, “**Operators**”).

BACKGROUND

A. SWA and Licensee are parties to a license agreement dated _____, 20___ (the “**License Agreement**”).

B. Licensee has requested that SWA renew the License Agreement for an additional ten (10) year term.

C. In connection with SWA’s agreement to renew the License Agreement, and in compliance with section 2.2.6 of the License Agreement, Licensee and Operators agree to release the SWA Released Parties (as defined below) from any and all claims that may have arisen prior to the date of this agreement.

The parties therefore agree as follows:

Agreement

1. Licensee and Operators (for themselves and, to the extent permitted by law, on behalf of their current and former predecessors, successors, heirs and assigns, and their current and former subsidiaries, parent companies, affiliates, divisions, departments, agents, attorneys, representatives, employees, owners, shareholders, partners, officers and directors) (individually, collectively or in any combination, the “**Licensee Releasing Parties**”) hereby release and forever discharge SWA, and its current and former predecessors, successors, heirs and assigns, and its and their current and former subsidiaries, parent companies, affiliates, divisions, departments, agents, attorneys, representatives, employees, owners, shareholders, partners, officers and directors (individually, collectively or in any combination, the “**SWA Released Parties**”), from any and all suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action of every nature, character, and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected, related or unrelated to the License Agreement, the license relationship and/or any other agreement, as to law or facts or both, which Licensee, Operators and/or any of the Licensee Releasing Parties now own or hold or have at any time heretofore owned or held, or may at any time own or hold against any of the SWA Released Parties, which arose prior to the date of this agreement. Licensee, Operators and the Licensee Releasing Parties, and each of them, also covenant not to sue any of the SWA Released Parties regarding any of the claims being released under this agreement.

2. Licensee, Operators and the Licensee Releasing Parties each state that they have not heretofore assigned or transferred or purported to assign or transfer to any person, firm or corporation whatsoever, any claim, controversy, right, promise, debt, liability, demand,

obligation, cost, expense, action or cause of action herein released. If there is any claim, controversy, right, promise, debt, liability, demand, obligation, cost, expense, action or cause of action based on or arising out of or in connection with any such transfer or assignment or purported transfer or assignment, the party which made or purported to make such transfer or assignment agrees to indemnify the SWA Released Parties against such claim, controversy, right, promise, debt, liability, demand, obligation, cost, expense, action or cause of action, including reasonable attorneys' fees and costs incurred in connection therewith.

3. This agreement will be interpreted and governed by the laws of the Commonwealth of Pennsylvania, notwithstanding any conflict of law rules. Venue for any litigation arising under or relating to this release agreement will be exclusively within the judicial district in which SWA has its principal place of business at the time the action or proceeding is initiated. Any such action will be brought in federal court if federal court jurisdiction exists and, if it does not exist, then in state court. The parties hereby waive all questions of personal jurisdiction, venue and convenience of forum for the purpose of carrying out this provision. Any such action will be conducted on an individual basis, and not as part of a consolidated, common, representative, associational, group or class action.

4. Any modification or amendment to this agreement must be in writing signed by authorized representatives of all parties.

5. This agreement may be executed in any number of counterparts, all of which will constitute one and the same instrument.

LICENSEE:

BY: _____

Attest

(Signatures Continue on Next Page)

OPERATORS:

BY: _____

SUPERIOR WALLS OF AMERICA, LTD.:

BY: _____

Attest

Attest

EXHIBIT C

AUTHORIZATION AGREEMENT FOR AUTOMATIC BANKING SERVICES

FOR SUPERIOR WALLS OF AMERICA,
LTD. USE ONLY

BEGINNING
DATE _____

ENDING
DATE _____

DOLLAR
AMOUNT _____

Company Name: _____

I hereby authorize SUPERIOR WALLS OF AMERICA, LTD. (SWA), to initiate Debit entries related to monetary obligations owed to SWA by contractual obligations in the License Agreement, and to initiate, if necessary, adjustments for any entries in error to my (our) accounts indicated below and the bank named below, hereinafter called BANK, to credit and/or debit the same to such accounts.

| | | | |
|--------------------------|-------|---------------------|-----------------|
| BANK NAME (Please Print) | | BRANCH | |
| CITY | STATE | ZIP | TRANSIT/ABA NO. |
| CHECKING ACCOUNT NO. | | SAVINGS ACCOUNT NO. | |

This authority is to remain in full force and effect until SUPERIOR WALLS OF AMERICA, LTD. has received written notification from me (any of us) of its termination in such time and in such manner as to afford SUPERIOR WALLS OF AMERICA, LTD. and BANK a reasonable opportunity to act on it.

| |
|--|
| AUTHORIZED SIGNER(S) (Please Print): |
| CUSTOMER ID NUMBER: |

SIGNED: _____

TITLE: _____

DATE: _____

*A voided check or savings deposit slip must be attached to this form.

EXHIBIT D

(Reserved)

EXHIBIT E

(Reserved)

EXHIBIT F



SELLER/INSTALLER CONSENT AGREEMENT

This SELLER/INSTALLER CONSENT AGREEMENT (the “**S/I Consent**”) is dated _____, 20__, and is between SUPERIOR WALLS OF AMERICA, LTD., a Pennsylvania corporation (“**SWA**”) and _____, a _____ **[corporation] / [limited liability company] / [resident]** (“**Licensee**”).

BACKGROUND

SWA and Licensee are parties to a Superior Walls License Agreement dated _____, 20__ (the “**License Agreement**”).

Licensee wants and requests SWA’s consent and approval to engage the services of _____ (“**Subcontractor**”), who is to be trained to sell, transport and install Superior Walls Products manufactured by Licensee.

SWA wants to define the terms and conditions required of Licensee in order to approve Licensee’s request.

The parties therefore agree as follows:

1. **Term.** The term of this S/I Consent will be the time remaining in the term of the License Agreement, including any extension(s) thereof. Upon termination or expiration of the License Agreement, this S/I Consent will terminate simultaneously, without any notice.
2. **Royalty.** For any and all sales of Superior Walls Products made by Licensee to Subcontractor, Licensee shall pay SWA royalties in the amount of five-and-one-half percent (5.5%) assessed on Licensee’s gross selling price to Subcontractor, less sales tax collected from Subcontractor by Licensee and actually transmitted to the appropriate taxing authorities. Except as described above, all other aspects of royalty payment will be in accordance with the terms of the License Agreement.
3. **Subcontractor Agreement.** Licensee and Subcontractor shall enter into the Seller/Installer Subcontractor Agreement which is attached to this S/I Consent as S/I Exhibit A, or any alternative form of subcontractor agreement which has been approved by SWA (the “**Subcontractor Agreement**”), before permitting any sales, transportation or installation by Subcontractor. Any material amendment to the Subcontractor Agreement must be approved in advance by SWA, except for changes regarding Subcontractor’s compensation, which compensation will specifically not involve SWA in any way.
4. **Effect.** This S/I Consent is incorporated into the License Agreement, constitutes an integral part of the License Agreement, and the terms of this S/I Consent are controlling

with respect to the subject matter hereof. Except as modified or supplemented by this S/I Consent, the terms of the License Agreement are hereby ratified and confirmed.

5. **Cancellation of Work.** Licensee shall immediately cancel all installation work with Subcontractor upon written notice from SWA to Licensee that an act or acts of Subcontractor have, or are likely to have, injurious effect(s) to the reputation of SWA, Licensee or the Superior Walls System or name, as determined by SWA, as is its absolute right.
6. **Cross Default.**
 - 6.1 A default of this S/I Consent and/or the License Agreement shall give SWA the right to terminate this S/I Consent. However, the affirmative obligations of Licensee as to monetary obligations, performance, confidentiality, indemnification, and covenant not to compete shall remain in full force and effect and shall survive termination of this S/I Consent. Licensee acknowledges and agrees that upon termination of this S/I Consent, Licensee shall immediately terminate the Subcontractor Agreement.
 - 6.2 A default of any of the provisions of this S/I Consent by Licensee will be also a cross-default of the terms and conditions of the License Agreement.
7. **Supervision by Licensee.** Licensee shall actively and consistently monitor Subcontractor's activities under the Subcontractor Agreement and enforce Subcontractor's obligations thereunder. Licensee shall promptly notify SWA in writing of all instances in which Licensee finds that Subcontractor has failed to meet or conform to the quality standards and specifications required by SWA or Licensee and of all customer complaints pertaining to Superior Walls sales made by, and installations performed by, Subcontractor. Licensee shall cooperate fully with SWA or its representative in making on-site inspections of Superior Walls installation work performed by Subcontractor.
8. **Indemnification.** Licensee agrees that any acts or omissions of Subcontractor under the Subcontractor Agreement are subject to the indemnification provisions set forth in section 17.5.1 of the License Agreement.
9. **Territory.** Licensee shall ensure that Subcontractor does not infringe on the area of primary responsibility of any other SWA licensee, or any area identified by SWA as "Closed".
10. **Acknowledgement.** Licensee acknowledges that nothing in this S/I Consent or the Subcontractor Agreement creates a contractual, employment, franchise or license relationship between SWA and Subcontractor.
11. **Construction.** This S/I Consent will be construed per section 18 of the License Agreement.
12. **Governing Law; Venue.** SWA and Licensee agree that sections 20.1 (governing law), 20.1.1 (venue/no class or consolidated actions), 20.2 (recovery of costs and expenses), 20.4 (waiver of jury trial), 20.5 (waiver of punitive and exemplary damages), 20.6

(contractual limitations period) and 20.7 (injunctive relief) shall apply to this S/I Consent and any claim or action arising out of or relating to this S/I Consent.

- 13. **No Assignment.** This S/I Consent is not assignable by Licensee without the prior written consent of SWA, which may be withheld as is its absolute right.

The parties are signing this agreement on the date stated in the introductory clause.

LICENSEE

Witness/Attest

By: _____

Title

Date

LICENSOR

SUPERIOR WALLS OF AMERICA, LTD.

Witness/Attest

By: _____

Title

Date

S/I EXHIBIT A

SELLER/INSTALLER SUBCONTRACTOR AGREEMENT

This SELLER/INSTALLER SUBCONTRACTOR AGREEMENT is dated _____, 20____, and is between:

- ❖ _____, a _____ [corporation] / [limited liability company] / [resident] (“Licensee”); and
- ❖ _____, a _____ [corporation] / [limited liability company] / [resident] (“Subcontractor”).

BACKGROUND

Licensee is a party to a license agreement with Superior Walls of America, Ltd. (“SWA”), under which Licensee is licensed to sell, manufacture, transport and install Superior Walls Products, as defined in that license agreement, in strict accordance with the SWA's standards and specifications of quality and workmanship (the “**License Agreement**”).

Licensee wants to non-exclusively engage the services of a trained and qualified subcontractor to sell, transport and install Superior Walls Products, manufactured by Licensee, within a designated territory and has obtained SWA's consent to do so.

Subcontractor wants to perform, non-exclusively, the sales, transportation and installation services of the Superior Walls Products manufactured by Licensee in the capacity of subcontractor of Licensee.

The parties therefore agree as follows:

1. **AUTHORIZATION.** Subcontractor is authorized to sell, transport, and install Superior Walls Products manufactured by Licensee, and may refer to itself as “an Authorized Seller/Installer of Superior Walls Products”. This authorization is only for operations in the Territory (as defined below). Prior to making any representation to any third party that Subcontractor is authorized to sell, transport, and install Superior Walls Products, Subcontractor shall seek and receive written approval from SWA of the name under which Subcontractor may perform such sales, transportation, and installation work. Subcontractor shall not use the Proprietary Marks (as defined in the License Agreement) or the words “Superior Walls” (i) as part of its corporate or other legal name or (ii) as part of any domain name or home page address on the internet, unless authorized or required by SWA and, if so authorized or required by SWA, shall only use the Proprietary Marks or the words “Superior Walls” in the manner specified and approved in writing by SWA.
2. **TERRITORY.** The geographic area where Subcontractor may sell Superior Walls Products includes the counties of: _____ (the “**Territory**”). The Territory may be reduced in size upon thirty (30) days written notice by Licensee. With respect to any contracts signed by both Subcontractor and third parties prior to the date of such Licensee’s notice for sales of installation of Superior Walls Products in such area, Subcontractor will be permitted to continue the installation

of such Superior Walls Products for a period not to exceed ninety (90) days from the date of such notice.

3. **TERM.** The term of this agreement is for one (1) year, automatically renewable for additional one (1) year periods, with such renewals not to exceed the remaining term of the License Agreement including any extension(s) thereof. This agreement will automatically terminate, without any notice, upon the termination or expiration of the License Agreement. Licensee states that the current term of the License Agreement is set to expire on _____. Either party may terminate this agreement at any time, with or without cause, upon sixty (60) days written notice to the other party.
4. **MINIMUM PERFORMANCE STANDARDS.** During the term of this agreement, Subcontractor shall achieve the following minimum performance requirements (the **"Minimum Performance Standards"**): _____.
5. **EXCLUSIVITY.** Subcontractor will sell, transport and/or install Superior Walls Products exclusively for and under contract with Licensee and for no other licensee of Superior Walls, and shall not sell, transport and/or install similar products for any other person, party or entity without first obtaining the prior written consent of both SWA and Licensee.
6. **SALES DOCUMENTS AND PURCHASE ORDERS.** When selling Superior Walls Products to third parties, Subcontractor shall use a sales agreement or contract format which has been approved by Licensee in writing. When purchasing products from Licensee for resale to third parties, Subcontractor shall utilize a written purchase order or Licensee's specified sales order format.
7. **REPORTS.** Subcontractor shall provide to Licensee (1) weekly installation efficiency reports, (2) monthly reports of all sales activity, and (3) such other forms, reports, records, information, and data as Licensee may reasonably request from time to time.
8. **TRAINING AND CERTIFICATION.** Prior to installing Superior Walls Products, at least two of Subcontractor's personnel who will be supervising the installations, must have first successfully completed an installation training program conducted by Licensee, and subsequently received an Installation Certification by SWA. Subcontractor shall not install any Superior Walls Products at any time except under the direct "on-site" supervision of a person who has been so certified by SWA. Installation Certification must be renewed periodically, as specified by SWA. Subcontractor must perform a minimum of 2 installations per month or the equivalent of 24 installations per calendar year to maintain proficiency and retain Installation Certification.
9. **QUALITY ASSURANCE INSPECTIONS.** Subcontractor acknowledges that the highest quality of Subcontractor's workmanship is required in all instances of transportation and installation of Superior Walls Products and that Licensee, or an authorized representative of Licensee, has the unrestricted right to make on-site inspections of installation work performed by Subcontractor and to require to Licensee's satisfaction strict and full compliance with the prescribed standards and specifications of workmanship required by SWA or Licensee. Subcontractor shall purchase from Licensee the Superior Walls installation equipment package and all needed installation supplies. Subcontractor personnel are required to act in a professional manner and wear prescribed Superior Walls clothing when performing any Superior Walls work.

Failure to wear required clothing may lead to termination of this agreement by Licensee, as is its absolute right.

10. **LICENSES AND PERMITS.** Subcontractor is responsible for obtaining all required permits, licenses and authorizations required of Subcontractor by all applicable laws and regulations and shall not perform any Superior Walls Product sales, transportation and/or installation work until the same have first been obtained.
11. **INSURANCE.** Subcontractor shall maintain in full force and effect at all times during the term of this agreement, at Subcontractor's expense, an insurance policy or policies protecting Licensee and SWA, and their respective officers, directors, partners, agents, and employees against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising out of or occurring by reason of the operation of or in connection with Subcontractor's business. Such policies must be written by a responsible carrier, name Licensee and SWA as additional insureds, and provide at least the following coverages, which may be modified from time to time by SWA, as is its absolute right, by written notice, and Subcontractor shall immediately purchase insurance conforming to the newly established standards and limits prescribed by SWA:
 - a) Commercial general liability coverage, in an amount not less than Two Million Dollars (\$2,000,000) per occurrence and aggregate for residential projects and Three Million Dollars (\$3,000,000) per occurrence and aggregate for non-residential projects; such policy must not have a deductible or self-insured retention in excess of Twenty-five Thousand Dollars (\$25,000);
 - b) Workers' Compensation, Employer's Liability Insurance, and Unemployment Insurance for Subcontractor's employees in statutory or other required amounts; and
 - c) Automobile Insurance in an amount not less than One Million Dollars (\$1,000,000) to cover personal injuries and/or personal damages.

Subcontractor shall annually provide SWA and Licensee a Certificate of Insurance showing that both Licensee and SWA are named additional insured parties under Subcontractor's policy. Subcontractor's insurer must give SWA and Licensee no less than thirty (30) days written notice of intent of the insurer to cancel any policy of insurance with Subcontractor for whatever reason.

12. **CONFIDENTIALITY AND NON-DISCLOSURE.** Subcontractor and Subcontractor's present and future employees shall sign a current form of SWA's non-disclosure agreement. Subcontractor shall forward signed copies of all such non-disclosure agreements to Licensee within five (5) days after hiring each new employee.
13. **COVENANT NOT TO COMPETE.** Subcontractor covenants that, for a period of two (2) years after termination or expiration of this Subcontractor Agreement or the last installation completed by Subcontractor for Licensee, whichever is later, it will not: (1) within the Territory, (2) within Licensee's area of primary responsibility under the License Agreement, or (3) within sixty (60) miles from the perimeter of the Territory, whether as a

sole proprietor, partner, employee, stockholder, principal, agent, consultant, director, officer, or in any other capacity or manner whatsoever, compete with SWA, Licensee, or any other licensee of SWA; solicit any customers, clients or accounts of SWA and/or Licensee; or engage in the manufacture, sale or promotion of goods, services, processes and products similar to those of SWA and/or Licensee. In addition, for a period of two (2) years after termination or expiration of this agreement or the last installation completed by Subcontractor for Licensee, whichever is later, it will not solicit, service, divert, or attempt to divert (i) any customer, client or account with which Subcontractor has worked under this agreement; or (ii) any present or prospective business, customers, clients or accounts of Licensee, SWA and/or any other of SWA's licensed businesses, to another business that offers products or services which are the same as or in competition with the Superior Walls Products. If Subcontractor fails or refuses to abide by any of the foregoing covenants, and Licensee obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will continue in effect for a period of two (2) years after the date of entry of the order enforcing the covenant. Restrictions in this section 13 on competitive activities do not apply to the ownership and/or operation of a Superior Walls business under a license agreement with SWA. Subcontractor understands and acknowledges that SWA or Licensee shall have the right to reduce the scope of any covenant set forth in this section 13, or any portion thereof, without Subcontractor's consent, effective immediately upon receipt by Subcontractor of written notice thereof; and Subcontractor agrees that it will comply with any covenant as so modified.

14. **RELATIONSHIP OF THE PARTIES.** The relationship of Subcontractor with Licensee will be one of independent contractor and not of agency, employment or partnership. Subcontractor shall neither make representation nor give the impression that it is an agent or employee of SWA or Licensee. Subcontractor shall conspicuously identify itself, its business premises, and its vehicles, and in all dealings with its customers, suppliers, public officials and others, as an independent subcontractor of Licensee, and shall place such notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials and in such fashion as SWA or Licensee may reasonably specify. Though not a party to this agreement, SWA is a third-party beneficiary of this agreement.
15. **REVOCAION OF AUTHORIZATION.** The authorization to function as a subcontractor of Licensee may be suspended or revoked by SWA or Licensee at any time upon either a finding of SWA or Licensee of one or more of the following: (1) Subcontractor has failed to meet the quality standards of workmanship required by its contract with Licensee; (2) Subcontractor has or has attempted to perform Superior Walls installation work for anyone other than Licensee without first having obtained the consent of Licensee; (3) Subcontractor has failed to perform Superior Walls installation work under the direct supervision of a person who has successfully completed the required training program and has been so certified by SWA; (4) Subcontractor's installation certification has expired and has not been renewed by SWA and Licensee at least thirty (30) days before expiration; (5) Subcontractor has failed to achieve the Minimum Performance Standards; (6) Subcontractor has breached any term or provision of this agreement; or (7) any act or acts of Subcontractor have, or are likely to have, an injurious effect on the reputation of SWA, Licensee or the Superior Walls System or name, as determined by SWA or Licensee as is their absolute right.

16. **BREACH.** If Subcontractor breaches any provision(s) of this agreement, Licensee and SWA, in addition to other remedies delineated herein, will be entitled to all remedies allowed by the law, as well as payment of all of Licensee's and SWA's attorneys' fees, costs of suit, and injunctive relief, at the sole cost and expense of Subcontractor. All confidentiality provisions and covenants not to compete will remain in full force and effect and will survive termination of this agreement in every respect whatsoever.
17. **INVALIDITY.** If any provision of this agreement is found to be invalid or unenforceable, either in its entirety or partially or because of its application to particular circumstances, such provision will be deemed modified to the minimum extent necessary to render such provision valid or applicable or to be eliminated from this agreement, as required, and this agreement will be construed and enforced as if such provision had been originally so modified or eliminated. If total or partial invalidity or unenforceability of any provision of this agreement exists only with respect to the laws of a particular jurisdiction, this section 17 will apply only to the extent that the laws of such jurisdiction are controlling.
18. **INTERPRETATION.** This agreement will be interpreted and governed by the laws of the state wherein lies Licensee's principal office, notwithstanding any conflict of laws rules. Any dispute arising under this agreement, including the construction, interpretation, and enforcement of this agreement, will be adjudicated exclusively in the courts sitting in or having jurisdiction over or nearest to Licensee's principal office, and Licensee and Subcontractor each irrevocably consent to the jurisdiction of such courts and each hereby waive any venue objections they may have to adjudicating disputes in such courts.
19. **MANUFACTURER'S WARRANTY.** Subcontractor acknowledges that Licensee provides a multi-year manufacturer's warranty to retail purchasers of Licensee's Superior Walls Products. Subcontractor shall remain liable to purchasers of Superior Walls Products, sold by Subcontractor, to perform and/or pay for (as determined by Licensee, as is its absolute right) any repair or remedial work for such products in accordance with the product warranty provided by Licensee (as a manufacturer) and for any installations done by Subcontractor, regardless of whether such installation is located within the Territory at the time the obligation to perform or pay for the work under the warranty arises; provided, however, that to the extent any claim arises as a result of a manufacturing defect (as determined by Licensee, as is its absolute right), Licensee shall reimburse Subcontractor for such repair or remedial work done by Subcontractor in accordance with the relevant warranty's terms and conditions.
20. **NON-ASSIGNABILITY.** This agreement is not assignable by Subcontractor without the prior written consent of Licensee and SWA.

[Signature Page Follows]

The parties are signing this agreement on the date stated in the introductory clause.

LICENSEE

Witness/Attest

By: _____

Title

Date

SUBCONTRACTOR

Witness/Attest

By: _____

Title

Date



EXHIBIT G

BUILDER/INSTALLER CONSENT AGREEMENT

This BUILDER/INSTALLER CONSENT AGREEMENT (the “**B/I Consent**”) is dated _____, 20__, and is between SUPERIOR WALLS OF AMERICA, LTD., a Pennsylvania corporation (“**SWA**”) and _____, a _____ [corporation] / [limited liability company] / [resident] (“**Licensee**”).

BACKGROUND

SWA and Licensee are parties to a Superior Walls License Agreement dated _____, 20__ (the “**License Agreement**”).

Licensee wants, and requests SWA's consent and approval, to allow _____ (“**Builder**”) to be trained to install Superior Walls Products manufactured and sold by Licensee to Builder on Builder's own projects.

SWA wants to define the terms and conditions required of Licensee in order to approve Licensee's request.

The parties therefore agree as follows:

1. **Term.** The term of this B/I Consent will be the time remaining in the term of the License Agreement, including any extension(s) thereof. Upon termination or expiration of the License Agreement, this B/I Consent will terminate simultaneously, without any notice.
2. **Royalty.** For any and all sales of Superior Walls Products made by Licensee to Builder, Licensee shall pay to SWA royalties in the amount set forth at section 3.2 of the License Agreement. Sections 3.3 and 3.4 of the License Agreement also shall apply to any amounts owed to SWA by Licensee.
3. **Subcontractor Agreement.** Licensee and Builder shall enter into the Builder/Installer Authorization Agreement which is attached to this B/I Consent as B/I Exhibit A, or any alternative form of authorization agreement which has been approved by SWA (the “**Authorization Agreement**”), before permitting any installations by Builder. Any material amendment to the Authorization Agreement must be approved in advance by SWA, except for changes regarding Builder's compensation, which compensation will specifically not involve SWA in any way.
4. **Effect.** This B/I Consent is incorporated into the License Agreement, constitutes an integral part of the License Agreement, and the terms of this B/I Consent shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this B/I Consent, the terms of the License Agreement are hereby ratified and confirmed.
5. **Cancellation of Work.** Licensee shall immediately cancel all installation work with Builder upon written notice from SWA to Licensee that an act or acts of Builder have, or

are likely to have, injurious effect(s) to the reputation of SWA, Licensee or the Superior Walls System or name, as determined by SWA as is its absolute right.

6. **Cross Default.**

6.1 A default of this B/I Consent and/or the License Agreement shall give SWA the right to terminate this B/I Consent. However, the affirmative obligations of Licensee as to monetary obligations, performance, confidentiality, indemnification, and covenant not to compete shall remain in full force and effect and shall survive termination of this B/I Consent. Licensee acknowledges and agrees that upon termination of this B/I Consent, Licensee shall immediately terminate the Authorization Agreement.

6.2 A default of any of the provisions of this B/I Consent by Licensee will be also a cross-default of the terms and conditions of the License Agreement.

7. **Supervision by Licensee.** Licensee shall actively and consistently monitor Builder's activities under the Authorization Agreement and enforce Builder's obligations thereunder. Licensee shall promptly notify SWA in writing of all instances in which Licensee finds that Builder has failed to meet or conform to the quality standards and specifications required by SWA or Licensee and of all customer complaints pertaining to Superior Walls installations performed by Builder. Licensee shall cooperate fully with SWA or its representative in making on-site inspections of Superior Walls installation work performed by Builder.

8. **Indemnification.** Licensee agrees that any acts or omissions of Builder under the Authorization Agreement are subject to the indemnification provisions set forth in section 17.5.1 of the License Agreement.

9. **Territory.** Licensee shall ensure that Subcontractor does not infringe on the area of primary responsibility of any other SWA licensee, or on any area identified by SWA as "Closed".

10. **Acknowledgement.** Licensee acknowledges that nothing in this B/I Consent or the Authorization Agreement creates a contractual, employment, franchise or license relationship between SWA and Builder.

11. **Construction.** This B/I Consent will be construed per section 18 of the License Agreement.

12. **Governing Law; Venue.** SWA and Licensee agree that sections 20.1 (governing law), 20.1.1 (venue/no class or consolidated actions), 20.2 (recovery of costs and expenses), 20.4 (waiver of jury trial), 20.5 (waiver of punitive and exemplary damages), 20.6 (contractual limitations period) and 20.7 (injunctive relief) shall apply to this B/I Consent and any claim or action arising out of or relating to this B/I Consent.

13. **No Assignment.** This B/I Consent is not assignable by Licensee without the prior written consent of SWA, which can be withheld as is its absolute right.

The parties are signing this agreement on the date stated in the introductory clause.

LICENSEE

Witness/Attest

By: _____

Title

Date

LICENSOR

SUPERIOR WALLS OF AMERICA, LTD.

Witness/Attest

By: _____

Title

Date

B/I EXHIBIT A

BUILDER/INSTALLER AUTHORIZATION AGREEMENT

This BUILDER/INSTALLER AUTHORIZATION AGREEMENT is dated _____, 20____, and is between:

- ❖ _____, a _____ [corporation] / [limited liability company] / [resident] (“Licensee”); and
- ❖ _____, a _____ [corporation] / [limited liability company] / [resident] (“Subcontractor”).

BACKGROUND

Licensee is party to a license agreement with Superior Walls of America, Ltd. (“SWA”), under which Licensee is licensed to sell, manufacture, transport and install Superior Walls Products, as defined in that license agreement, in strict accordance with the SWA's standards and specifications of quality and workmanship (the “License Agreement”).

Licensee is required, under the License Agreement, to install the Superior Walls Products it manufactures with its own employees unless it contracts with a subcontract installer or trains and authorizes a builder/installer approved by SWA.

Licensee wants to non-exclusively allow Builder to install, on Builder’s own construction projects, Superior Walls Products, sold by Licensee to Builder and has obtained SWA's consent to do so.

Builder wants approval to perform the installation of Superior Walls Products sold to it by Licensee for use on Builder’s own projects.

The parties therefore agree as follows:

1. **AUTHORIZATION.** Builder is authorized to perform the installation of Superior Walls Products, sold to Builder by Licensee. This authorization extends only to Superior Walls Products used on Builder’s own projects within the Territory (defined below) and does not extend to projects constructed by any other entity.
2. **TERRITORY.** The geographic area where Builder may install Superior Walls Products includes the counties of: _____ (the “Territory”). The Territory may be reduced in size upon thirty (30) days written notice by Licensee.
3. **TERM.** The term of this agreement is for one (1) year, automatically renewable for additional one (1) year periods, with such renewals not to exceed the remaining term of the License Agreement, including any extension(s) thereof. This agreement will automatically terminate, without any notice, upon the termination or expiration of the License Agreement. Licensee states that the current term of the License Agreement is set to expire on _____. Either party may terminate this agreement at any time, with or without cause, upon sixty (60) days prior written notice to the other party.

4. **EXCLUSIVITY.** Builder shall install Superior Walls Products only in Builder's own construction projects located in the Territory, and only Superior Walls Products exclusively bought from Licensee and from no other licensee of Superior Walls, and shall not install similar products for any other person, party or entity without first obtaining the prior written consent of both SWA and Licensee.
5. **TRAINING AND CERTIFICATION.** Prior to installing Superior Walls Products, at least two of Builder's personnel who will be supervising the installations, must have first successfully completed an installation training program conducted by Licensee, and subsequently received an Installation Certification by SWA. Builder shall not install any Superior Walls Products at any time except under the direct "on-site" supervision of a person who has been so certified by SWA. Installation Certification must be renewed periodically, as specified by SWA. Builder must perform a minimum of 2 installations per month or the equivalent of 24 installations per calendar year to maintain proficiency and retain Installation Certification.
6. **QUALITY ASSURANCE INSPECTIONS.** Builder acknowledges that the highest quality of Builder's workmanship is required in all instances of installation of the product and that Licensee, or an authorized representative of Licensee, has the unrestricted right to make on-site inspections of installation work performed by Builder and to require to Licensee's satisfaction strict and full compliance with the prescribed standards and specifications of workmanship required by SWA or Licensee. Builder shall purchase from Licensee the SUPERIOR WALLS installation equipment package and all needed installation supplies.
7. **LICENSES AND PERMITS.** Builder will be responsible for obtaining any and all required permits, licenses and authorizations required of Builder by all applicable laws and regulations and will not perform any Superior Walls installation work until the same have first been obtained.
8. **CONFIDENTIALITY AND NON-DISCLOSURE.** Builder and Builder's present and future employees who seek Superior Walls Installation Certification shall sign a current form of SWA's non-disclosure/non-compete agreement. Builder shall forward signed copies of all such non-disclosure/non-compete agreements to Licensee within five (5) days after applying for Installation Certification for an employee.
9. **RELATIONSHIP OF THE PARTIES.** The relationship of Builder with Licensee is one of customer and not of subcontractor, agency, employment or partnership. Builder will neither make representation nor give the impression that it is an agent or employee of SWA or Licensee. Though not a party to this agreement, SWA is a third-party beneficiary of this agreement.
10. **REVOCAION OF AUTHORIZATION.** The authorization to install Superior Walls Products may be suspended or revoked by SWA or Licensee at any time upon a finding by either SWA or Licensee of one or more of the following: (1) Builder has failed to meet the quality standards of workmanship required by Licensee; (2) Builder has failed to perform Superior Walls installation work under the direct supervision of a person who has successfully completed the required training program and has been so certified by SWA; (3) Builder's employee's installation certification has expired and has not been renewed by SWA; (4) Builder has breached any term or provision of this agreement; or (5) any act or acts of Builder have, or are likely to have, an injurious effect on the

reputation of SWA, Licensee or the Superior Walls System or name, as determined by SWA or Licensee as is their absolute right.

11. **INVALIDITY.** If any provision of this agreement is found to be invalid or unenforceable, either in its entirety or partially or because of its application to particular circumstances, such provision will be deemed modified to the minimum extent necessary to render such provision valid or applicable or to be eliminated from this agreement, as required, and this agreement will be construed and enforced as if such provision had been originally so modified or eliminated. If total or partial invalidity or unenforceability of any provision of this agreement exists only with respect to the laws of a particular jurisdiction, this section 11 will apply only to the extent that the laws of such jurisdiction are controlling.
12. **INTERPRETATION.** This agreement will be interpreted and governed by the laws of the state wherein lies Licensee's principal office, notwithstanding any conflict of laws rules. Any dispute arising under this agreement, including the construction, interpretation, and enforcement of this agreement, will be adjudicated exclusively in the courts sitting in or having jurisdiction over or nearest to Licensee's principal office, and Licensee and Builder each irrevocably consent to the jurisdiction of such courts and each hereby waive any venue objections they may have to adjudicating disputes in such courts.
13. **MANUFACTURER'S WARRANTY.** Builder acknowledges that Licensee provides a multi-year manufacturer's warranty to retail purchasers of Licensee's Superior Walls Products. Builder shall remain liable to purchasers of Superior Walls Products, installed by Builder, to perform and/or pay for (as determined by Licensee, as is its absolute right) any repair or remedial work for such products in accordance with the product warranty provided by Licensee (as a manufacturer) and for any installations done by Builder, regardless of whether such installation is located within the Territory at the time the obligation to perform or pay for the work under the warranty arises; provided, however, that to the extent any claim arises as a result of a manufacturing defect (as determined by Licensee, as is its absolute right), Licensee shall reimburse Builder for such repair or remedial work done by Builder in accordance with the relevant warranty's terms and conditions.
14. **NON-ASSIGNABILITY.** This agreement is not assignable by Builder without the prior written consent of Licensee and SWA.

[Signature Page Follows]

The parties are signing this agreement on the date stated in the introductory clause.

LICENSEE

Witness/Attest

By: _____

Title

Date

BUILDER

Witness/Attest

By: _____

Title

Date

EXHIBIT H



INDEPENDENT INSTALLER CONSENT AGREEMENT

This INDEPENDENT INSTALLER CONSENT AGREEMENT (the “**Installer Consent**”) is dated _____, 20__, and is between SUPERIOR WALLS OF AMERICA, LTD., a Pennsylvania corporation (“**SWA**”) and _____, a _____ **[corporation] / [limited liability company] / [resident]** (“**Licensee**”).

BACKGROUND

SWA and Licensee are parties to a Superior Walls License Agreement dated _____, 20__ (the “**License Agreement**”).

Licensee wants and requests SWA’s consent and approval to engage the services of _____ (“**Subcontractor**”), who is to be trained to install Superior Walls Products sold and manufactured by Licensee.

SWA wants to define the terms and conditions required of Licensee in order to approve Licensee’s request.

The parties therefore agree as follows:

1. **Term.** The term of this Installer Consent will be the time remaining in the term of the License Agreement, including any extension(s) thereof. Upon the termination or expiration of the License Agreement, this Consent Agreement shall terminate simultaneously, without any notice.
2. **Subcontractor Agreement.** Licensee and Subcontractor shall enter into the Independent Installer Subcontract Agreement, which is attached to this Installer Consent as IC Exhibit A, or any alternative form of subcontractor agreement which has been approved by SWA (the “**Subcontractor Agreement**”), before permitting installations by Subcontractor. Any material amendment to the Subcontractor Agreement must be approved in advance by SWA, except for changes regarding Subcontractor’s compensation, which compensation will specifically not involve SWA in any way.
3. **Effect.** This Installer Consent is incorporated into the License Agreement, constitutes an integral part of the License Agreement, and the terms of this Installer Consent are controlling with respect to the subject matter hereof. Except as modified or supplemented by this Installer Consent, the terms of the License Agreement are hereby ratified and confirmed.
4. **Cancellation of Work.** Licensee shall immediately cancel all installation work with Subcontractor upon written notice from SWA to Licensee that an act or acts of Subcontractor have, or are likely to have, injurious effect(s) to the reputation of SWA, Licensee or the Superior Walls System or name, as determined by SWA as is its absolute right.

5. **Cross Default.**
 - 5.1 A default of this Installer Consent and/or the License Agreement shall give SWA the right to terminate this Installer Consent. However, the affirmative obligations of Licensee as to monetary obligations, performance, confidentiality, indemnification, and covenant not to compete shall remain in full force and effect and shall survive termination of this Installer Consent. Licensee acknowledges and agrees that upon termination of this Installer Consent, Licensee shall immediately terminate the Subcontractor Agreement.
 - 5.2 A default of any of the provisions of this Installer Consent by Licensee will be also a cross-default of the terms and conditions of the License Agreement.
6. **Supervision by Licensee.** Licensee shall actively and consistently monitor Subcontractor's activities under the Subcontractor Agreement and enforce Subcontractor's obligations thereunder. Licensee shall promptly notify SWA in writing of all instances in which Licensee finds that Subcontractor has failed to meet or conform to the quality standards and specifications required by SWA or Licensee and of all customer complaints pertaining to Superior Walls installations performed by Subcontractor. Licensee shall cooperate fully with SWA or its representative in making on-site inspections of Superior Walls installation work performed by Subcontractor.
7. **Indemnification.** Licensee agrees that any acts or omissions of Subcontractor under the Subcontractor Agreement are subject to the indemnification provisions as set forth in section 17.5.1 of the License Agreement.
8. **Territory.** Licensee shall ensure that Subcontractor does not infringe on the area of primary responsibility of any other SWA licensee, or on any area identified by SWA as "Closed".
9. **Acknowledgement.** Licensee acknowledges that nothing in this Installer Consent or the Subcontractor Agreement creates a contractual, employment, franchise or license relationship between SWA and Subcontractor.
10. **Construction.** This Installer Consent will be construed per section 18 of the License Agreement.
11. **Governing Law; Venue.** SWA and Licensee agree that sections 20.1 (governing law), 20.1.1 (venue/no class or consolidated actions), 20.2 (recovery of costs and expenses), 20.4 (waiver of jury trial), 20.5 (waiver of punitive and exemplary damages), 20.6 (contractual limitations period) and 20.7 (injunctive relief) shall apply to this Installer Consent and any claim or action arising out of or relating to this Installer Consent.

12. **No Assignment.** This Installer Consent is not assignable by Licensee without the prior written consent of SWA, which can be withheld as is its absolute right.

The parties are signing this agreement on the date stated in the introductory clause.

LICENSEE

Witness/Attest

By: _____

Title

Date

LICENSOR

SUPERIOR WALLS OF AMERICA, LTD.

Witness/Attest

By: _____

Title

Date

IC EXHIBIT A

INDEPENDENT INSTALLER SUBCONTRACTOR AGREEMENT

This INDEPENDENT INSTALLER SUBCONTRACTOR AGREEMENT is dated _____, 20__, and is between:

- ❖ _____, a _____ [corporation] / [limited liability company] / [resident] (“Licensee”); and
- ❖ _____, a _____ [corporation] / [limited liability company] / [resident] (“Subcontractor”).

BACKGROUND

Licensee is party to a license agreement with Superior Walls of America, Ltd. (“SWA”), under which Licensee is licensed to sell, manufacture, transport and install Superior Walls Products, as defined in that license agreement, in strict accordance with the SWA's standards and specifications of quality and workmanship (the “License Agreement”).

Licensee wants to non-exclusively engage the services of a trained and qualified subcontractor to install Superior Walls Products, manufactured and sold by Licensee and has obtained SWA's consent to do so; and

Subcontractor wants to perform, non-exclusively, installation services of Superior Walls Products manufactured by Licensee in the capacity of subcontractor of Licensee.

The parties therefore agree as follows:

1. **AUTHORIZATION.** Subcontractor is authorized to install Superior Walls Products manufactured by Licensee only in areas as specified by Licensee. Prior to making any representation to any third party that Subcontractor is authorized to install Superior Walls Products, Subcontractor shall seek and receive written approval from SWA of the name under which Subcontractor may perform such installation work. Subcontractor shall not use the Proprietary Marks (as defined in the License Agreement) or the words “Superior Walls” (i) as part of its corporate or other legal name or (ii) as part of any domain name or home page address on the internet, unless authorized or required by SWA and, if so authorized or required by SWA, shall only use the Proprietary Marks or the words “Superior Walls” in the manner specified and approved in writing by SWA.
2. **TERM.** The term of this agreement is for one (1) year, automatically renewable for additional one (1) year periods, with such renewals not to exceed the remaining term of the License Agreement including any extension(s) thereof. This agreement will automatically terminate, without any notice, upon the termination or expiration of the License Agreement. Licensee states that the current term of the License Agreement is set to expire on _____. Either party may terminate this agreement at any time, with or without cause, upon sixty (60) days written notice to the other party.

3. **EXCLUSIVITY.** Subcontractor shall install Superior Walls Products exclusively for Licensee and for no other licensee of Superior Walls, and shall not install similar products for any other person, party or entity without first obtaining the prior written consent of both SWA and Licensee.
4. **REQUIRED PURCHASES.** Subcontractor shall purchase from Licensee the Superior Walls installation equipment package and all needed installation supplies. Subcontractor personnel are required to act in a professional manner and wear prescribed Superior Walls clothing when performing any Superior Walls work. Prescribed clothing may be purchased from Licensee. Failure to wear required clothing may lead to termination of this Subcontractor Agreement by Licensee, as is its absolute right.
5. **REPORTS.** Subcontractor shall provide to Licensee (1) weekly installation efficiency reports, and (2) such other forms, reports, records, information, and data as Licensee may reasonably request from time to time.
6. **TRAINING AND CERTIFICATION.** Prior to installing Superior Walls Products, at least two of Subcontractor's personnel who will be supervising the installations, must have first successfully completed an installation training program conducted by Licensee, and subsequently received an Installation Certification by SWA. Subcontractor shall not install any Superior Walls Products at any time except under the direct "on-site" supervision of a person who has been so certified by SWA. Installation Certification must be renewed periodically, as specified by SWA. Subcontractor must perform a minimum of 2 installations per month or the equivalent of 24 installations per calendar year to maintain proficiency and retain Installation Certification.
7. **QUALITY ASSURANCE INSPECTIONS.** Subcontractor acknowledges that the highest quality of Subcontractor's workmanship is required in all instances of installation of the product and that Licensee, or an authorized representative of Licensee, has the unrestricted right to make on-site inspections of installation work performed by Subcontractor and to require, to Licensee's satisfaction, strict and full compliance with the prescribed standards and specifications of workmanship required by SWA or Licensee.
8. **LICENSES AND PERMITS.** Subcontractor shall be responsible for obtaining all required permits, licenses and authorizations required of Subcontractor by all applicable local laws and regulations and will not perform any Superior Walls installation work until the same have first been obtained.
9. **INSURANCE.** Subcontractor shall maintain in full force and effect at all times during the term of this agreement, at Subcontractor's expense, an insurance policy or policies protecting Licensee and SWA, and their respective officers, directors, partners, agents, and employees against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising out of or occurring by reason of the operation of or in connection with Subcontractor's business. Such policies must be written by a responsible carrier, name Licensee and SWA as additional insureds, and provide at least the following coverages, which may be modified from time to time by SWA, as is its absolute right, by written notice, and Subcontractor shall immediately purchase insurance conforming to the newly established standards and limits prescribed by SWA:

- d) Commercial general liability coverage, in an amount not less than Two Million Dollars (\$2,000,000) per occurrence and aggregate for residential projects and Three Million Dollars (\$3,000,000) per occurrence and aggregate for non-residential projects; such policy must not have a deductible or self-insured retention in excess of Twenty-five Thousand Dollars (\$25,000);
- e) Workers' Compensation, Employer's Liability Insurance, and Unemployment Insurance for Subcontractor's employees in statutory or other required amounts; and
- f) Automobile Insurance in an amount not less than One Million Dollars (\$1,000,000) to cover personal injuries and/or personal damages.

Subcontractor shall annually provide SWA and Licensee a Certificate of Insurance showing that both Licensee and SWA are named additional insured parties under Subcontractor's policy. Subcontractor's insurer must give SWA and Licensee no less than thirty (30) days written notice of intent of the insurer to cancel any policy of insurance with Subcontractor for whatever reason.

- 10. **CONFIDENTIALITY AND NON-DISCLOSURE.** Subcontractor and Subcontractor's present and future employees shall sign a current form of SWA's non-disclosure agreement. Subcontractor shall forward signed copies of all such non-disclosure agreements to Licensee within five (5) days after hiring each new employee.
- 11. **COVENANT NOT TO COMPETE.** Subcontractor covenants that, for a period of two (2) years after termination or expiration of this agreement or the last installation completed by Subcontractor for Licensee, whichever is later, it will not: (1) within ten (10) miles from any projects where Subcontractor has installed Superior Walls Products, (2) within Licensee's area of primary responsibility under the License Agreement ("**APR**"), or (3) within sixty (60) miles from the perimeter of the APR, whether as a sole proprietor, partner, employee, stockholder, principal, agent, consultant, director, officer, or in any other capacity or manner whatsoever, compete with SWA, Licensee, or any other licensee of SWA; solicit any customers, clients or accounts of SWA and/or Licensee; or engage in the manufacture, sale or promotion of goods, services, processes and products similar to those of SWA and/or Licensee. In addition, for a period of two (2) years after termination or expiration of this agreement, or the last installation completed by Subcontractor for Licensee, whichever is later, it will not solicit, service, divert, or attempt to divert (i) any customer, client or account with which Subcontractor has worked under this agreement; or (ii) any present or prospective business, customers, clients or accounts of Licensee, SWA and/or any other of SWA's licensed businesses, to another business that offers products or services which are the same as or in competition with the Superior Walls products. If Subcontractor fails or refuses to abide by any of the foregoing covenants, and Licensee obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will continue in effect for a period of two (2) years after the date of entry of the order enforcing the covenant. Restrictions in this section 11 on competitive activities do not apply to the ownership and/or operation of a Superior Walls business under a license agreement with SWA. Subcontractor understands and acknowledges that SWA or Licensee shall have the right to reduce the scope of any covenant set forth in this section 11, or any portion thereof, without Subcontractor's consent, effective immediately upon receipt by Subcontractor of

written notice thereof; and Subcontractor agrees that it shall comply with any covenant as so modified.

12. **RELATIONSHIP OF THE PARTIES.** The relationship of Subcontractor with Licensee will be one of independent contractor and not of agency, employment, or partnership. Subcontractor shall neither make representation nor give the impression that it is an agent or employee of SWA or Licensee. Subcontractor shall conspicuously identify itself, in all dealings with its suppliers, public officials, customers of Licensee, and others, as an independent subcontractor of Licensee. Though not a party to this agreement, SWA is a third-party beneficiary of this agreement.
13. **REVOCAION OF AUTHORIZATION.** The authorization to function as a subcontractor of Licensee may be suspended or revoked by SWA or Licensee at any time upon either a finding of SWA or Licensee of one or more of the following: (1) Subcontractor has failed to meet the quality standards of workmanship required by its contract with Licensee; (2) Subcontractor has or has attempted to perform Superior Walls installation work for anyone other than the Licensee without first having obtained the consent of Licensee; (3) Subcontractor has failed to perform Superior Walls installation work under the direct supervision of a person who has successfully completed the required training program and has been so certified by SWA; (4) Subcontractor's installation certification has expired and has not been renewed by SWA; (5) Subcontractor has breached any term or provision of this agreement; or (6) any act or acts of Subcontractor have, or are likely to have, an injurious effect on the reputation of SWA, Licensee or the Superior Walls system or name, as determined by SWA or Licensee as is their absolute right.
14. **BREACH.** If Subcontractor breaches any provision(s) of this agreement, Licensee and SWA, in addition to other remedies delineated herein, will be entitled to all remedies allowed by the law, as well as payment of all of Licensee's and SWA's attorneys' fees, costs of suit, and injunctive relief, at the sole cost and expense of Subcontractor. All confidentiality provisions and covenants not to compete will remain in full force and effect and will survive termination of this agreement in every respect whatsoever.
15. **INVALIDITY.** If any provision of this agreement is found to be invalid or unenforceable, either in its entirety or partially or because of its application to particular circumstances, such provision will be deemed modified to the minimum extent necessary to render such provision valid or applicable or to be eliminated from this agreement, as required, and this agreement will be construed and enforced as if such provision had been originally so modified or eliminated. If total or partial invalidity or unenforceability of any provision of this agreement exists only with respect to the laws of a particular jurisdiction, this section 15 will apply only to the extent that the laws of such jurisdiction are controlling.
16. **INTERPRETATION.** This agreement will be interpreted and governed by the laws of the state wherein lies the Licensee's principal office, notwithstanding any conflict of laws rules. Any dispute arising under this agreement, including the construction, interpretation, and enforcement of this agreement, will be adjudicated exclusively in the courts sitting in or having jurisdiction over or nearest to Licensee's principal office, and Licensee and Subcontractor each irrevocably consent to the jurisdiction of such courts and each hereby waive any venue objections they may have to adjudicating disputes in such courts.

- 17. **MANUFACTURER’S WARRANTY.** Subcontractor acknowledges that Licensee provides a multi-year manufacturer’s warranty to retail purchasers of Licensee’s Superior Walls Products. Subcontractor shall remain liable to purchasers of Superior Walls products to perform and/or pay for (as determined by Licensee, as is its absolute right) any repair or remedial work for such products in accordance with the product warranty provided by Licensee (as a manufacturer) and for any installations done by Subcontractor; provided, however, that to the extent any claim arises as a result of a manufacturing defect (as determined by Licensee, as is its absolute right), Licensee shall reimburse Subcontractor for such repair or remedial work done by Subcontractor in accordance with the relevant warranty’s terms and conditions.
- 18. **NON-ASSIGNABILITY.** This agreement is not assignable by Subcontractor without the prior written consent of Licensee and SWA.

The parties are signing this agreement on the date stated in the introductory clause.

LICENSEE

Witness/Attest

By: _____

Title

Date

SUBCONTRACTOR

Witness/Attest

By: _____

Title

Date



EXHIBIT I

INDEPENDENT SELLER CONSENT AGREEMENT

This INDEPENDENT SELLER CONSENT AGREEMENT (the “**Seller Consent**”) is dated _____, 20__, and is between SUPERIOR WALLS OF AMERICA, LTD., a Pennsylvania corporation (“**SWA**”) and _____, a _____ [**corporation**] / [**limited liability company**] / [**resident**] (“**Licensee**”).

BACKGROUND

SWA and Licensee are parties to a Superior Walls License Agreement dated _____, 20__ (the “**License Agreement**”).

Licensee wants and requests SWA’s consent and approval to engage the services of _____ (“**Subcontractor**”), who is trained to sell Superior Walls Products manufactured by Licensee.

SWA wants to define the terms and conditions required of Licensee in order to approve Licensee’s request.

The parties therefore agree as follows:

1. **Term.** The term of this Seller Consent will be the time remaining in the term of the License Agreement, including any extension(s) thereof. Upon the termination or expiration of the License Agreement, this Consent Agreement shall terminate simultaneously, without any notice.
2. **Subcontractor Agreement.** Licensee and Subcontractor shall enter into the Independent Seller Subcontract Agreement, which is attached to this Seller Consent as I.S. Exhibit A, or any alternative form of subcontractor agreement which has been approved by SWA (the “**Subcontractor Agreement**”), before permitting sales by Subcontractor. Any material amendment to the Subcontractor Agreement must be approved in advance by SWA, except for changes regarding Subcontractor’s compensation, which compensation will specifically not involve SWA in any way.
3. **Effect.** This Seller Consent is incorporated into the License Agreement, constitutes an integral part of the License Agreement, and the terms of this Seller Consent are controlling with respect to the subject matter hereof. Except as modified or supplemented by this Seller Consent, the terms of the License Agreement are hereby ratified and confirmed.
4. **Cancellation of Work.** Licensee shall immediately cancel all sales work with Subcontractor upon written notice from SWA to Licensee that an act or acts of Subcontractor have, or are likely to have, injurious effect(s) to the reputation of SWA, Licensee or the Superior Walls System or name, as determined by SWA as is its absolute right.

5. **Cross Default.**
 - 5.1 A default of this Seller Consent and/or the License Agreement shall give SWA the right to terminate this Seller Consent. However, the affirmative obligations of Licensee as to monetary obligations, performance, confidentiality, indemnification, and covenant not to compete shall remain in full force and effect and shall survive termination of this Seller Consent. Licensee acknowledges and agrees that upon termination of this Seller Consent, Licensee shall immediately terminate the Subcontractor Agreement.
 - 5.2 A default of any of the provisions of this Seller Consent by Licensee will be also a cross-default of the terms and conditions of the License Agreement.
6. **Supervision by Licensee.** Licensee shall actively and consistently monitor Subcontractor's activities under the Subcontractor Agreement and enforce Subcontractor's obligations thereunder. Licensee shall promptly notify SWA in writing of all instances in which Licensee finds that Subcontractor has failed to meet or conform to the quality standards and specifications required by SWA or Licensee and of all customer complaints pertaining to Superior Walls sales made by Subcontractor.
7. **Indemnification.** Licensee agrees that any acts or omissions of Subcontractor under the Subcontractor Agreement are subject to the indemnification provisions as set forth in section 17.5.1 of the License Agreement.
8. **Territory.** Licensee shall ensure that Subcontractor does not infringe on the area of primary responsibility of any other SWA licensee, or on any area identified by SWA as "Closed".
9. **Acknowledgement.** Licensee acknowledges that nothing in this Seller Consent or the Subcontractor Agreement creates a contractual, employment, franchise or license relationship between SWA and Subcontractor.
10. **Construction.** This Seller Consent will be construed per section 18 of the License Agreement.
11. **Governing Law; Venue.** SWA and Licensee agree that sections 20.1 (governing law), 20.1.1 (venue/no class or consolidated actions), 20.2 (recovery of costs and expenses), 20.4 (waiver of jury trial), 20.5 (waiver of punitive and exemplary damages), 20.6 (contractual limitations period) and 20.7 (injunctive relief) shall apply to this Seller Consent and any claim or action arising out of or relating to this Seller Consent.

12. **No Assignment.** This Seller Consent is not assignable by Licensee without the prior written consent of SWA, which can be withheld as is its absolute right.

The parties are signing this agreement on the date stated in the introductory clause.

LICENSEE

Witness/Attest

By: _____

Title

Date

LICENSOR

SUPERIOR WALLS OF AMERICA, LTD.

Witness/Attest

By: _____

Title

Date

I.S. EXHIBIT A

INDEPENDENT SELLER SUBCONTRACTOR AGREEMENT

This INDEPENDENT SELLER SUBCONTRACTOR AGREEMENT is dated _____, 20__, and is between:

- ❖ _____, a _____ [corporation] / [limited liability company] / [resident] (“Licensee”); and
- ❖ _____, a _____ [corporation] / [limited liability company] / [resident] (“Subcontractor”).

BACKGROUND

Licensee is a party to a license agreement with Superior Walls of America, LTD., a Pennsylvania corporation ("**SWA**") under which Licensee is licensed to sell, manufacture, transport and install Superior Walls Products, as defined in that license agreement, in strict accordance with SWA's standards and specifications of quality and workmanship (the "**License Agreement**").

Licensee wants to non-exclusively engage the services of a trained and qualified subcontractor to sell Superior Walls Products manufactured by Licensee.

Subcontractor wants to perform, non-exclusively, sales of Superior Walls Products manufactured by Licensee in the capacity of subcontractor of Licensee.

The parties therefore agree as follows:

1. **AUTHORIZATION.** Subcontractor is authorized to sell the Superior Walls Products manufactured by Licensee only within the territory specified by Licensee, and subject to Licensee's sales policies and procedures. Prior to making any representation to any third party that Subcontractor is authorized to sell Superior Walls Products, Subcontractor shall seek and receive written approval from SWA of the name under which Subcontractor may perform such sales work. Subcontractor shall not use the Proprietary Marks (as defined in the License Agreement) or the words "Superior Walls" (i) as part of its corporate or other legal name or (ii) as part of any domain name or home page address on the internet, unless authorized or required by SWA and, if so authorized or required by SWA, shall only use the Proprietary Marks or the words "Superior Walls" in the manner specified and approved in writing by SWA.
2. **TERM.** The term of this agreement is for one (1) year, automatically renewable for additional one (1) year periods, with such renewals not to exceed the remaining term of the License Agreement including any extension(s) thereof. This agreement will automatically terminate, without any notice, upon the termination or expiration of the License Agreement. Licensee states that the current term of the License Agreement is set to expire on _____. Either party may terminate this agreement at any time, with or without cause, upon sixty (60) days written notice to the other party.

3. **EXCLUSIVITY.** Subcontractor shall sell the Superior Walls Products exclusively for and under contract with Licensee and for no other licensee of SWA without first obtaining the prior written consent of Licensee.
4. **COMPENSATION FOR SALES OF SUPERIOR WALLS PRODUCTS.** Licensee shall pay Subcontractor for sales after payment is received by Licensee from customer. Commission rate, method of payment, and terms of payment will be as follows: _____ . Upon termination of this agreement, Subcontractor will be paid commission on any jobs sold by Subcontractor that were under a signed contract at the time of termination, and that were completed and paid by the customer within 90 days of the date of termination.
5. **TRAINING.** Prior to selling Superior Walls Products, every one of Subcontractor's personnel who will be selling must have first successfully completed (to the satisfaction of Licensee) a sales training program conducted by Licensee.
6. **LICENSES AND PERMITS.** Subcontractor shall obtain, at Subcontractor's expense, any license, permit, or authorization required by any governmental entity for the conduct of Subcontractor's business.
7. **INSURANCE.** Subcontractor shall maintain in full force and effect at all times during the term of this agreement, at Subcontractor's expense, an insurance policy or policies protecting Licensee and SWA, and their respective officers, directors, partners, agents, and employees against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising out of or occurring by reason of the operation of or in connection with Subcontractor's business. Such policies must be written by a responsible carrier, name Licensee and SWA as additional insureds, and provide at least the following coverages, which may be modified from time to time by SWA, as is its absolute right, by written notice, and Subcontractor shall immediately purchase insurance conforming to the newly established standards and limits prescribed by SWA:
 - a) Commercial general liability coverage, in an amount not less than Two Million Dollars (\$2,000,000) per occurrence and aggregate for residential projects and Three Million Dollars (\$3,000,000) per occurrence and aggregate for non-residential projects; such policy must not have a deductible or self-insured retention in excess of Twenty-five Thousand Dollars (\$25,000);
 - b) Workers' Compensation, Employer's Liability Insurance, and Unemployment Insurance for Subcontractor's employees in statutory or other required amounts; and
 - c) Automobile Insurance in an amount not less than One Million Dollars (\$1,000,000) to cover personal injuries and/or personal damages.
8. **CONFIDENTIALITY AND NON-DISCLOSURE.** Subcontractor and Subcontractor's present and future employees shall sign a current form of SWA's non-disclosure agreement. Subcontractor shall forward signed copies of all such non-disclosure agreements to Licensee within five (5) days after hiring each new employee.

9. **COVENANT NOT TO COMPETE.** Subcontractor covenants that, for a period of two (2) years after termination or expiration of this agreement, it will not compete with SWA, Licensee, or any other licensee of SWA; solicit any customers, clients or accounts of SWA and/or Licensee; or engage in the manufacture, sale or promotion of goods, services, processes and products similar to those of SWA and/or Licensee. In addition, for a period of two (2) years after termination or expiration of this Independent Contractor Agreement, it will not solicit, service, divert, or attempt to divert (i) any customer, client or account with which Subcontractor has worked under this Subcontractor Agreement; or (ii) any present or prospective business, customers, clients or accounts of Licensee, SWA and/or any other of SWA's licensed businesses, to another business that offers products or services which are the same as or in competition with the Superior Walls Products. If Subcontractor fails or refuses to abide by any of the foregoing covenants, and SWA and/or Licensee obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will continue in effect for a period of two (2) years after the date of entry of the order enforcing the covenant. Restrictions in this section 9 on competitive activities do not apply to the ownership and/or operation of a Superior Walls business under a license agreement with SWA.
10. **RELATIONSHIP OF THE PARTIES.** The relationship of Subcontractor with Licensee will be one of independent contractor and not of agency, employment, or partnership. Subcontractor shall neither make representation nor give the impression that it is an agent or employee of SWA or Licensee. Subcontractor shall conspicuously identify itself, in all dealings with its suppliers, public officials, customers of Licensee, and others, as an independent subcontractor of Licensee. Though not a party to this agreement, SWA is a third-party beneficiary of this agreement.
11. **NOTICE.** Either party may terminate this agreement at any time, with or without cause, upon sixty (60) days prior written notice to the other party.
12. **TERMINATION FOR CAUSE.** This agreement may be immediately terminated by Licensee at any time upon a finding by Licensee of one or more of the following: that (1) Subcontractor has or has attempted to perform Superior Walls sales work for anyone other than Licensee without first having obtained the consent of Licensee; (2) Subcontractor has breached any term or provision of this agreement; or (3) any act or acts of Subcontractor have, or are likely to have, an injurious effect on the reputation of SWA, Licensee or the Superior Walls System or name, same to be interpreted by SWA or Licensee, as is their absolute right. Upon receipt by Subcontractor of written notice of such finding, this Independent Contractor Agreement will terminate. However, all confidentiality provisions and covenants not to compete will remain in full force and effect and will survive termination of this Independent Contractor Agreement in every respect whatsoever.
13. **BREACH.** If Subcontractor breaches any provision(s) of this agreement, Licensee and SWA, in addition to other remedies delineated herein, will be entitled to all remedies allowed by the law, as well as payment of all of Licensee's and SWA's attorneys' fees, costs of suit, and injunctive relief, at the sole cost and expense of Subcontractor. All confidentiality provisions and covenants not to compete will remain in full force and effect and will survive termination of this agreement in every respect whatsoever.

14. **INVALIDITY.** If any provision of this agreement is found to be invalid or unenforceable, either in its entirety or partially or because of its application to particular circumstances, such provision will be deemed modified to the minimum extent necessary to render such provision valid or applicable or to be eliminated from this agreement, as required, and this will be construed and enforced as if such provision had been originally so modified or eliminated. If total or partial invalidity or unenforceability of any provision of this agreement exists only with respect to the laws of a particular jurisdiction, this section 14 will apply only to the extent that the laws of such jurisdiction are controlling.
15. **INTERPRETATION.** This agreement will be interpreted and governed by the laws of the state wherein lies Licensee's principal office, notwithstanding any conflict of laws' rules. Any dispute arising under this agreement shall be adjudicated exclusively in the courts sitting or having jurisdiction over or nearest to Licensee's principal office, and Licensee and Subcontractor each irrevocably consent to the jurisdiction of such courts and each hereby waive any venue objections they may have to adjudicating disputes in such courts. For purposes of jurisdiction, this agreement will be construed as having been entered into between the parties in the state wherein Licensee's principal office lies.
16. **NON-ASSIGNABILITY.** This agreement is not assignable by Subcontractor without the prior written consent of Licensee.

[Signature Page Follows]

The parties are signing this agreement on the date stated in the introductory clause.

LICENSEE

Witness/Attest

By: _____

Title

Date

SUBCONTRACTOR

Witness/Attest

By: _____

Title

Date

EXHIBIT J

PERFORMANCE STANDARD

(Licensee and Area of Primary Responsibility)
(See Exhibit A for County List for this Area of Primary Responsibility)

Subject Year for Measurement of Performance: 20_____

Gross Sales Target to be Achieved for Subject Year: \$_____

Total Linear Feet Installed Target to be Achieved for Subject Year: _____ LF

Market Share Percentage Target to be Achieved for Subject Year: _____ %

SWA and Licensee agree that this Exhibit J is an attachment to, and forms part of, the Superior Walls License Agreement executed by SWA and Licensee. SWA and Licensee further agree that the Performance Standard set forth herein has been agreed between them as the minimum gross dollar sales volume, linear footage installed and market share percentage of Superior Walls Products to be installed by Licensee in the identified Area of Primary Responsibility during the Subject Year noted above.

LICENSEE

By: _____

Printed Name

Title

LICENSOR

SUPERIOR WALLS OF AMERICA, LTD.

By: _____

Printed Name

Title

EXHIBIT K
(Reserved)

EXHIBIT L
(Reserved)

EXHIBIT M

LIST OF LICENSEE OWNERS, OFFICERS AND DIRECTORS

A. The owners of _____ are shown below.
(Name of Licensee)

| NAME AND ADDRESS* | TITLE | AMOUNT OF OWNERSHIP INTEREST | PERCENTAGE OF TOTAL OWNERSHIP INTEREST |
|-------------------|-------|------------------------------|--|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

*If any owner of Licensee listed above is an entity (e.g., corporation, trust, limited liability company or partnership) ("**Owner Entity**"), the owners of _____ are shown below:
(Name of Owner Entity)

| NAME AND ADDRESS | TITLE | AMOUNT OF OWNERSHIP INTEREST | PERCENTAGE OF TOTAL OWNERSHIP INTEREST |
|------------------|-------|------------------------------|--|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

B. The officers of _____ are shown below.
(Name of Licensee)

NAME

ADDRESS

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

C. The directors of _____ are shown below.
(Name of Licensee)

NAME

ADDRESS

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

(Submitted by)

(Date)

EXHIBIT N1



Patent & Copyright Assignment and Non-Disclosure Agreement

This assignment and non-disclosure agreement is dated _____ and is between SUPERIOR WALLS OF AMERICA, LTD., having a principal place of business at 937 East Earl Road, New Holland, PA 17557 ("**SWA**"), and _____ an individual residing at _____ ("**UNDERSIGNED**").

BACKGROUND

SWA has invested significant money, effort, and time creating and developing information and know-how related to products, services, technologies, techniques, standards, specifications, procedures, manuals, the Superior Walls forms and form components and other proprietary equipment in connection with Superior Walls products and the Superior Walls system (collectively, "**Confidential Information**"). SWA considers such Confidential Information to have significant value and wants to preserve the proprietary and confidential nature of the Confidential Information.

UNDERSIGNED is employed by or being hired by, or otherwise has a management role at _____, a Superior Walls licensed business ("**Licensee**"), in a position which has varied responsibilities, including working with Confidential Information, as defined above (that employment or management role, "**Employment**").

UNDERSIGNED wants to continue in the Employment relationship with Licensee.

SWA and UNDERSIGNED want to clearly define aspects of the Employment that relate to patents, copyrights, inventions, improvements, and the protection of Confidential Information.

With the foregoing Background incorporated by reference, for the consideration of One Dollar (\$1.00), the receipt and sufficiency of which is acknowledged, and in further consideration of the affiliation of UNDERSIGNED with Licensee, UNDERSIGNED agrees as follows:

1. UNDERSIGNED shall promptly and fully disclose to SWA any and all works, inventions, discoveries, products, and improvements (whether or not copyrightable or patentable) made, created, conceived, or acquired by UNDERSIGNED pertaining to or useful in the business of Licensee or SWA, during Employment with Licensee (collectively, "**Works**"), whether made, created, conceived, or acquired solely or jointly with others, and whether during regular business hours or otherwise. The Works will become and remain the property of SWA, whether or not patent applications are filed on the Works.
2. UNDERSIGNED shall, upon request and at the expense of SWA, make application for Letters Patent of the United States, and any requested foreign countries, on the Works and assign and transfer all said copyrights, applications, and Works to SWA or its nominee forthwith and without further consideration; and as to any copyrightable Work which is not considered a work for hire, UNDERSIGNED shall, upon request of SWA, assign to SWA or its nominee the copyright(s) in such copyrightable Work(s) and grant SWA or its nominee

the right to all measures necessary to effectuate the assignment and perfect SWA's or its nominee's copyrights in such Work(s).

3. UNDERSIGNED shall, upon request of SWA, execute all papers and do all other things that may be reasonably required in order to protect the rights of SWA and to vest in SWA, or its successors and assigns, the entire right, title and interest in and to any and all copyrightable Works and the applications for copyright registration and/or Letters Patent relating to anything pertaining to or useful in the business of Licensee or SWA, as provided in Paragraph 1 above.
4. UNDERSIGNED shall not divulge to any third party either during Employment with Licensee or thereafter, any Confidential Information relating to the business of SWA, or to any of the Works and shall maintain this information in confidence until such time as said information has become widely known to the public from other sources or described in an issued Patent or in a printed lawful publication of wide circulation. Upon termination of Employment with Licensee, UNDERSIGNED agrees to turn over to Licensee all notes, memoranda, notebooks, drawings, records and correspondence whether in hard copy or on electronic or other recording media ("**Records**"), in connection with the Works; it being agreed that all information contained in the Records is at all times the sole property of SWA.
5. When UNDERSIGNED's present Employment with Licensee is terminated, UNDERSIGNED shall not directly or indirectly compete with SWA for a period of two (2) years following such termination. UNDERSIGNED will be deemed to be engaged in competition with SWA if UNDERSIGNED engages in a business which involves the sale or distribution of precast, insulated concrete walls or licenses similar in type or use to the licenses offered or granted by SWA during the term of UNDERSIGNED's Employment, or is a shareholder, officer, partner, employee, representative, agent or consultant of any person or entity engaged in any of such activities, within (i) the area of primary responsibility ("**APR**") under Licensee's license agreement with SWA (the boundaries of which UNDERSIGNED acknowledges have been explained to UNDERSIGNED); (ii) sixty (60) miles of the location where Licensee has or had a manufacturing facility; or (iii) sixty (60) miles from the perimeter of the APR of Licensee. In addition, for a period of two (2) years following the termination of Employment with Licensee, UNDERSIGNED shall not solicit, service, divert or attempt to divert (a) any customer, client or account with which UNDERSIGNED worked during Employment and/or (b) any present or prospective business or customer of Licensee's business or of any other of SWA's licensed businesses to another business that offers products or services which are the same as or in competition with the Superior Walls Products. UNDERSIGNED acknowledges that Licensee or SWA may reduce the scope of any covenant set forth in this section 5, or any portion thereof, without UNDERSIGNED's consent, effective immediately upon receipt by UNDERSIGNED of written notice thereof; and UNDERSIGNED agrees that it shall comply forthwith with any covenant as so modified.
6. UNDERSIGNED acknowledges that any violation of the covenants contained in this agreement would result in immediate and irreparable injury to SWA for which no adequate remedy at law will be available. SWA has the right to obtain preliminary and permanent injunctions and other equitable relief including, without limitation, an equitable accounting of earnings, profits and other benefits, in the event of any breach of this agreement by UNDERSIGNED, which remedies will be cumulative and in addition to all other rights or remedies to which SWA may be entitled. UNDERSIGNED agrees to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by SWA in connection with the enforcement of this agreement. If any portion of the restrictions contained in this agreement should be adjudged unreasonable and unenforceable in any proceeding, such restriction, or portion of such restriction, will be deemed modified to such extent (and only to

such extent) as is necessary to enable such restriction, or portion of such restriction, to be adjudged reasonable and enforceable in such proceeding.

7. Should any portion of this agreement be held to be unenforceable, such holding will not adversely affect any other portion of this agreement.
8. The continuance of UNDERSIGNED in the present Employment relationship with Licensee for a definite period is not made obligatory upon either SWA, UNDERSIGNED, or Licensee as a condition of this agreement.
9. This agreement will be binding upon UNDERSIGNED's heirs, executors, administrators and other legal representatives or assigns and will inure to the benefit of SWA, its successors and assigns.
10. UNDERSIGNED represents that he or she has no agreements with or obligations to others in conflict with any term or provision of this agreement.

11. Governing Law; Venue:

11.1 This agreement will be interpreted and governed by the laws of the Commonwealth of Pennsylvania, notwithstanding any conflict of laws rules. Any dispute arising under this agreement will be adjudicated exclusively in the state or federal courts sitting or having jurisdiction in Lancaster, Pennsylvania, and SWA and UNDERSIGNED each irrevocably consent to the jurisdiction of such courts and each hereby waive any venue objections they may have to adjudicating disputes in such courts. For purposes of jurisdiction, this agreement will be construed as having been entered into between the parties in New Holland, Lancaster County, Pennsylvania.

11.2 WAIVER OF JURY TRIAL: SWA AND UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO ANY CLAIM, INCLUDING ANY COUNTERCLAIMS, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER PURSUANT TO SECTION 11.1.

11.3 WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES: SWA AND UNDERSIGNED HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF 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 ACTUAL DAMAGES SUSTAINED BY IT.

11.4 NO CLASS OR CONSOLIDATED ACTIONS: ANY LITIGATION OR ARBITRATION BETWEEN THE PARTIES WILL BE CONDUCTED ON AN INDIVIDUAL BASIS, AND NOT AS PART OF A CONSOLIDATED, COMMON, JOINT, ASSOCIATIONAL, REPRESENTATIVE OR CLASS ACTION.

11.5 All claims and actions arising out of or relating to this agreement must be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action will be barred.

[Signature Page Follows]

This agreement is being signed on the date stated in the introductory clause.

UNDERSIGNED

Print name: _____

SUPERIOR WALLS OF AMERICA, LTD.

By: _____

Print name: _____

EXHIBIT N2



Non-Disclosure Agreement

(For Employees of Licensees and Subcontractors of Superior Walls Licensees)

This non-disclosure agreement is dated _____ and is between Superior Walls of America, Ltd., having a principal place of business at 937 East Earl Road, New Holland, Pennsylvania 17557 ("**SWA**") and _____, an individual residing at _____ ("**Undersigned**").

BACKGROUND

SWA has invested significant money, effort, and time creating and developing information and know-how related to products, services, technologies, techniques, standards, specifications, procedures, manuals, the Superior Walls forms and form components and other proprietary equipment in connection with Superior Walls products and the Superior Walls system (collectively, "**Confidential Information**") and wants to keep it proprietary and confidential.

Undersigned is employed by or being hired by, or otherwise has an affiliation with a licensee of SWA or with a subcontractor of a licensee of SWA (that employment or affiliation, "**Employment**"). During that Employment, Undersigned may have various responsibilities, including working with Confidential Information as defined above.

Undersigned wants to continue in the Employment relationship.

With the foregoing Background incorporated by reference, for the consideration of One Dollar (\$1.00), the receipt and sufficiency of which is acknowledged, and in further consideration of the Employment, Undersigned agrees as follows:

1. Undersigned shall not divulge to any third party who is not under a similar non-disclosure agreement with SWA, either during Employment or thereafter, any Confidential Information relating to the business of SWA, and shall maintain this information in confidence until such time as said information has become widely known to the public from other sources or described in an issued Patent or in a printed lawful publication of wide circulation.
2. Upon termination of Employment, Undersigned shall immediately destroy or turn over to SWA all notes, memoranda, notebooks, drawings, records and correspondence related to Confidential Information, whether in hard copy or on electronic media.
3. Undersigned acknowledges that any violation of the covenants contained in this agreement would result in immediate and irreparable injury to SWA for which no adequate remedy at law will be available. SWA has the right to obtain preliminary and permanent injunctions and other equitable relief including, without limitation, an equitable accounting of earnings, profits and other benefits, in the event of any breach of this agreement by Undersigned, which remedies will be cumulative and in addition to all other rights or remedies to which SWA may be entitled. Undersigned agrees to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by SWA in connection with the

enforcement of this agreement. If any portion of the restrictions contained in this agreement should be adjudged unreasonable and unenforceable in any proceeding, such restriction, or portion of such restriction, will be deemed modified to such extent (and only to such extent) as is necessary to enable such restriction, or portion of such restriction, to be adjudged reasonable and enforceable in such proceeding.

4. Should any portion of this agreement be held to be unenforceable, such holding will not adversely affect any other portion of this agreement.
5. The continuance of Undersigned in the present Employment relationship for a definite period is not made obligatory upon either SWA, Undersigned, or others as a condition of this agreement.
6. Undersigned represents that he or she has no agreements with or obligations to others in conflict with any term or provision of this agreement.
7. Governing Law; Venue:
 - 7.1. This agreement will be interpreted and governed by the laws of the Commonwealth of Pennsylvania, notwithstanding any conflict of laws rules. Any dispute arising under this agreement will be adjudicated exclusively in the state or federal courts sitting or having jurisdiction in Lancaster, Pennsylvania, and SWA and Undersigned each irrevocably consent to the jurisdiction of such courts and each hereby waive any venue objections they may have to adjudicating disputes in such courts. For purposes of jurisdiction, this agreement will be construed as having been entered into between the parties in New Holland, Lancaster County, Pennsylvania.
 - 7.2. WAIVER OF JURY TRIAL: SWA AND UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO ANY CLAIM, INCLUDING ANY COUNTERCLAIMS, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER PURSUANT TO SECTION 7.1.
 - 7.3. WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES: SWA AND UNDERSIGNED HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF 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 ACTUAL DAMAGES SUSTAINED BY IT.
 - 7.4. NO CLASS OR CONSOLIDATED ACTIONS: ANY LITIGATION OR ARBITRATION BETWEEN THE PARTIES WILL BE CONDUCTED ON AN INDIVIDUAL BASIS, AND NOT AS PART OF A CONSOLIDATED, COMMON, JOINT, ASSOCIATIONAL, REPRESENTATIVE OR CLASS ACTION.
 - 7.5. All claims and actions arising out of or relating to this agreement must commence within two (2) years of the occurrence of the facts giving rise to such claim or action, or such claim or action will be barred.

This agreement is being signed on the date stated in the introductory clause.

UNDERSIGNED

Print name: _____

EXHIBIT C-2

MANUFACTURING LICENSE MODEL ADDENDUM TO THE LICENSE AGREEMENT

Manufacturing License Model Addendum to “Superior Walls License Agreement”

This Manufacturing License Model Addendum (“**Addendum**”) is dated _____, 20____, and is between SUPERIOR WALLS OF AMERICA, LTD., a Pennsylvania corporation, (“**SWA**”) and _____, a _____ (“**Licensee**”).

SWA and Licensee have entered into a Superior Walls License Agreement (“**License Agreement**”), dated _____, 20__.

Because Licensee will manufacture and install Superior Walls Products only for its own building projects and developments, and not resell them to, or install them for, anyone else, SWA and Licensee have agreed to certain additions and modifications to the terms of the License Agreement, which are set forth in this Addendum.

The parties therefore agree as follows:

1. Licensee agrees that notwithstanding anything in the License Agreement to the contrary (including the use of the word “sell” or “sale” in the License Agreement), Licensee is not permitted to sell any Superior Walls Products or related services to anyone (except as part of its own building projects and developments).

2. Subsection 1.1.1 of the License Agreement is amended by deleting the sentence “Licensee may sell, manufacture, and install Superior Walls Products for use in residential, as well as non-residential construction projects” and replacing it with:

“Licensee may manufacture and install Superior Walls Products for use in residential, as well as non-residential, construction projects which are being built by Licensee;”

3. Licensee agrees that notwithstanding anything in the License Agreement to the contrary, Licensee does not obtain any “Area of Primary Responsibility” under the License Agreement.

4. Sections 1.3 and 1.4 of the License Agreement are deleted in their entirety.

5. The parties agree that the definitions of “retail sale” and “wholesale sale and/or distribution” contained in section 1.5 of the License Agreement have no applicability to the actions of Licensee permitted by the License Agreement because Licensee is not authorized to sell Superior Walls Products or services to anyone (except as part of its own building projects and developments).

6. Subsection 2.2.3 of the License Agreement is amended by adding, after the words “the then-current form of renewal license agreement and guarantee,” the words:

“as amended for Manufacturing License Model licensees.”

7. Section 3.2 of the License Agreement is amended by deleting the phrase “equal to four percent (4%) of Licensee’s Gross Sales for each preceding calendar month or portion thereof” and replacing it with “calculated by multiplying \$4.00 (increased each calendar year by

the percentage increase in the CPI for the “housing” category over the prior calendar year) times the total number of linear feet of Superior Walls System Products installed the preceding calendar month.”

8. Section 3.2.1 of the License Agreement is deleted in its entirety and is replaced with the following:

“Licensee must maintain documentation reflecting, on a per project basis, the amount of linear feet of Superior Walls Products installed on each project and development.”

9. Sections 4.1 and 4.2 of the License Agreement, including their subsections, are deleted in their entirety and are replaced with the following:

“4.1 Licensee shall, at Licensee’s expense, submit to SWA the following reports, financial statements, and other data:

4.1.1 No later than the tenth (10th) day of each month, a report accurately reflecting, for each project and development, the amount of linear feet of Superior Walls Products installed on each project and development during the preceding month and all royalties due, on a form reasonably specified by SWA;

4.1.2 Upon the request of SWA, an unaudited, internally prepared profit and loss statement, a balance sheet, and a statement of cash flows for the period of time requested by SWA; provided, however, that if Licensee receives a default notice for a monetary default, Licensee shall from that time forward be obligated to submit these reports on a monthly basis for the prior month;

4.1.3 Within one hundred fifty (150) days after the close of each fiscal year of the Licensed Business, a reviewed or audited (by a Certified Public Accountant) financial statement of Licensee; and

4.1.4 Such other forms, reports, records, information, and data as SWA may reasonably designate from time to time.”

10. Section 4.3 of the License Agreement is amended by deleting the words “Gross Sales reported” in the second sentence of that section and replacing them with the words “linear feet of Superior Walls Products installed reported”; deleting the words “Gross Sales of Licensee” in that same sentence and replacing them with the words “linear feet of Superior Walls Products installed by Licensee”; and in that same sentence replacing the words “amount understated” with “amount of royalty understated as a result.”

11. The word “sale” in section 5.1 of the License Agreement is deleted.

12. Section 5.10 of the License Agreement is deleted in its entirety.

13. Section 7.2 of the License Agreement is amended by deleting the first sentence of section 7.2 and replacing it with the following:

“Licensee shall at all times use its best efforts to promote the Products and services available under the System and to develop and enlarge Licensee’s market for such services.”

14. Subsection 7.4.3 of the License Agreement is deleted in its entirety.

15. Section 7.6 of the License Agreement, and Exhibits F, G, H and I thereto, are deleted in their entirety and are replaced by the following:

“7.6 Other than with respect to the transportation of Superior Walls Products, Licensee shall not contract with any other person or entity for that person or entity to sell or install Superior Walls Products.”

16. Subsection 7.7.2 of the License Agreement is deleted in its entirety and is replaced by the following:

“7.7.2 Offer, as part of the projects and developments Licensee builds, all Superior Walls Products under the System that are appropriate for the market in which Licensee operates and which have been approved by SWA in writing for use by Manufacturing License Model licensees; to refrain from any deviation from SWA’s standards and specifications without SWA’s prior written consent; and to discontinue offering as part of the Licensed Business any Superior Wall Products which SWA may, as is its sole and absolute right, disapprove in writing at any time.”

17. Subsection 7.7.4 of the License Agreement is amended by deleting the phrase “regardless of whether installation of such products is located within Licensee’s Area of Primary Responsibility at the time the obligation to perform or pay for the work under the warranty arises.”

18. Section and subsections 7.8, 7.8.1, 7.8.2, 7.8.3, 7.8.4, 7.10, 7.10.1, and 7.10.2 of the License Agreement are deleted in their entirety.

19. The following is added to the License Agreement as new section 7.8:

“For each calendar year of this agreement, beginning with the first full calendar year of this agreement, Licensee shall have installed at least twenty-four (24) Superior Walls foundations in its projects and developments.”

20. Section 7.9 of the License Agreement is deleted in its entirety and is replaced by the following:

“7.9 Notwithstanding anything in section 1.2 to the contrary, Licensee may, with the prior written approval of SWA, open and

operate one (1) or more Superior Walls Satellites, in addition to the Approved Location, but not in any area of primary responsibility of another of SWA's licensees, or a market area or area of primary responsibility for SWA, any affiliate of SWA, or a third-party with which SWA has contracted for the sale of Superior Walls Products. A "**Superior Walls Satellite**" means a location other than Licensee's Approved Location at which Licensee is permitted to engage in the Licensed Business. Any Superior Walls Satellite(s) shall comply with all the provisions set forth in this agreement as amended."

21. Licensee shall not install any Superior Walls Products in any area of primary responsibility of another of SWA's licensees, or a market area or area of primary responsibility for SWA, any affiliate of SWA, or a third-party with which SWA has contracted for the sale of Superior Walls Products.

22. Section 7.15 of the License Agreement is amended by deleting the words "offered for sale" and replacing them with the words "being installed."

23. Section 7.17 of the License Agreement is amended by deleting the word "sell."

24. Section 7.20 of the License Agreement is deleted in its entirety.

25. Section 7.22 (but not subsections 7.22.1, 7.22.2, and 7.22.3) is amended by deleting it in its entirety and replacing it with the following:

"In connection with any web site used by Licensee (whether pre-existing or newly created), Licensee shall comply with the following requirements, and all other applicable requirements set forth by SWA in the Manuals or otherwise in writing:"

26. Subsections 7.22.1, 7.22.2, and 7.22.3 of the License Agreement shall remain in effect.

27. Subsection 11.2.1 of the License Agreement is amended by deleting the words "for the operation and marketing of the Licensed Business" and replacing them with the words "for the marketing of Superior Walls Products."

28. Subsection 11.2.2 of the License Agreement is deleted in its entirety.

29. Subsection 11.3.6 of the License Agreement is amended by deleting the phrase "Except as specified in section 1.3" and capitalizing the "t" in "the license."

30. Subsection 12.3.5 of the License Agreement is amended by adding, after the words "with respect to new licensees," the words "of the Manufacturing License Model."

31. Subsection 12.3.6 of the License Agreement is amended by: (a) adding the words ", as amended for Manufacturing License Model licensees" after the words "then-current form of license agreement"; (b) deleting the word "percentage"; and (c) deleting the phrase "a required advertising contribution, performance standards which are greater than Licensee's

Performance Standards hereunder, and a modification (or removal) of the Area of Primary Responsibility.”

32. Subsection 13.2.9 of the License Agreement is deleted in its entirety and is replaced with the following:

“13.2.9 If Licensee, on any three (3) or more occasions within any twelve-month period, installs Superior Walls Products in violation of any provision of this agreement.”

33. Subsection 13.2.10 of the License Agreement is deleted in its entirety and is replaced with the following:

“13.2.10 If Licensee sells any Superior Walls Product or related services to anyone (other than as part of its own building project or development).”

34. The following shall be added to the License Agreement as subsection 13.2.11:

“13.2.11 If Licensee fails to install in each calendar year at least twenty-four (24) foundations for two or more consecutive calendar years.”

35. Section 13.4 of the License Agreement is amended by deleting the phrase “in the event of a breach by Licensee of the provisions of section 7.10 regarding sales outside the Area of Primary Responsibility on any one or more occasions” and replacing it with the phrase “in the event of a breach by Licensee of the requirements under Paragraph 21 of this Addendum on one or more occasions.”

36. Section 13.5 of the License Agreement is deleted in its entirety.

37. Section 14.4 of the License Agreement is deleted in its entirety.

38. Subsection 15.3.2 of the License Agreement is amended by (a) adding after the words “or in competition with the Superior Walls Products,” the words “or manufacture, install or provide any such products or services”; and (b) deleting the words from “in, or offering products or services within” through the words “15.3.2.3 sixty (60) miles of the perimeter of the Area of Primary Responsibility” and replacing them with the words:

“15.3.2.1 within any projects or developments of Licensee; or

15.3.2.2 within a sixty (60) mile radius of any project or development (former, current or future) of Licensee.”

39. Section 23.1 of the License Agreement, including its subsections, is deleted in its entirety and is replaced with the following:

“23.1 Notwithstanding anything in this agreement to the contrary, SWA retains all rights, without granting Licensee any rights therein, to sell, directly or indirectly, any products (including, but not limited to, the Superior Walls Products), and conduct any

business at any location anywhere, regardless of the proximity to the Approved Location. As an illustration of the rights retained by SWA, but not in any way a limitation on those rights, Licensee acknowledges that SWA retains the rights, among others, on any terms and conditions SWA deems advisable, and without granting Licensee any rights therein:

23.1.1 to establish or operate, or franchise or license others to establish or operate, a Superior Walls manufacturing business under the System and Proprietary Marks at any location;

23.1.2 to manufacture, sell, transport, or install, or license or franchise others to manufacture, sell, transport, or install, directly or indirectly, any products or services under marks other than the Proprietary Marks at any location anywhere, regardless of proximity to the Approved Location;

23.1.3 to engage in the wholesale sale and/or distribution of the Superior Walls Products or services anywhere, regardless of proximity to the Approved Location; and

23.1.4 to offer and sell anywhere, regardless of proximity to the Approved Location, services and products which do not comprise a part of the System and, in connection therewith, to exploit the Proprietary Marks, and SWA's name, reputation and know-how."

40. Licensee agrees that as an initial purchase, it is required to purchase from SWA the following "Superior Walls Forms and Form Components" (though that phrase as used in the License Agreement includes other items as well): a minimum of 120 feet of adjustable Xi forms (capable of producing wall heights of 8' 2," 9' and 10') and 80 feet of 4 ft. forms for producing frost walls for garages and porches, plus an installation equipment package.

41. Licensee acknowledges that SWA has recommended that Licensee use in connection with this agreement, a manufacturing facility with at least 60 foot wide bays and the capability of installing 5 ton overhead cranes with a minimum 21 foot hook height.

42. All references in the License Agreement to "this agreement" shall be construed to mean "this agreement as amended."

[Signature Page Follows]

The parties are signing this Addendum on the date stated in the introductory clause.

Witness/Attest

LICENSEE

By: _____

Date: _____

Witness/Attest

LICENSOR

SUPERIOR WALLS OF AMERICA, LTD.

By: _____

Date: _____

EXHIBIT D

SAMPLE GENERAL RELEASE

SAMPLE GENERAL RELEASE

The following is our current general release language that we expect to include in a release that a licensee, and/or transferor will sign as part of a renewal or an approved transfer. We may, however, in our sole and absolute discretion, periodically modify the release.

RELEASE LANGUAGE

Licensee and Operators (for themselves and, to the extent permitted by law, on behalf of their current and former predecessors, successors, heirs and assigns, and their current and former subsidiaries, parent companies, affiliates, divisions, departments, agents, attorneys, representatives, employees, owners, shareholders, partners, officers and directors) (individually, collectively or in any combination, the “**Licensee Releasing Parties**”) hereby release and forever discharge Superior Walls of America, Ltd., and its current and former predecessors, successors, heirs and assigns, and its and their current and former subsidiaries, parent companies, affiliates, divisions, departments, agents, attorneys, representatives, employees, owners, shareholders, members, partners, officers and directors (individually, collectively or in any combination, the “**SWA Released Parties**”), from any and all suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action of every nature, character, and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected, related or unrelated to the License Agreement, the license relationship and/or any other agreement, as to law or facts or both, which Licensee, Operators and/or any of the Licensee Releasing Parties now own or hold or have at any time heretofore owned or held, or may at any time own or hold against any of the SWA Released Parties, which arose prior to the date of this Agreement. The Licensee Releasing Parties, and each of them, also covenant not to sue any of the SWA Released Parties regarding any of the claims being released under this Agreement.

Licensee

Superior Walls of America, Ltd.

Licensor

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Operator

By: _____
Name: _____
Title: _____

EXHIBIT E

LIST OF CURRENT LICENSEES

LIST OF CURRENT LICENSEES

(As of December 31, 2022)

1. **ROCKY MOUNTAIN PRECAST, LLC**
155 E. Boardwalk Drive
P.O. Box 416
Fort Collins, CO 80525
(970) 449-6292

2. **GREAT LAKES SUPERIOR WALLS**
ATTN: Dave Van Baren
4555 134th Ave.
Hamilton, MI 49419
(616) 534-6512

3. **SUPERIOR WALLS OF NEW JERSEY, LLC**
ATTN: John Ruga
92 Reese Road
Millville, NJ 08332
(866) 699-2557

4. **SUPERIOR WALLS OF UPSTATE NY**
ATTN: Gary T. Hess
7574 E. Main Rd.
Lima, NY 14485
(585) 624-9390

5. **NORTHEAST SUPERIOR WALLS**
ATTN: Doug Pfautz
68 Violet Avenue
Poughkeepsie, NY 12601
(800) 639-4033

6. **SUPERIOR WALLS SYSTEMS LLC**
ATTN: David Varner
P.O. Box 159
317 Providence Road
Oxford, NC 27565
(877) 896-9255

7. **WEAVER SUPERIOR WALLS, LLC (Ephrata, PA facility)**

ATTN: Doug Pfautz
P.O. Box 759
Ephrata, PA 17522
(717) 733-4823

8. COLLIER FOUNDATION SYSTEMS, INC.
ATTN: Pat McShane
First and Ellsworth Avenue
Heidelberg, PA 15106
(412) 279-5352
9. ADVANCED CONCRETE SYSTEMS, INC.
ATTN: Michael Daven
R.D. #2, Box 147A
Middleburg, PA 17842
(570) 837-3955
10. SUPERIOR WALLS OF EAST TENNESSEE
ATTN: Stacey Harvey
10144 Sparta Hwy
Rock Island, TN 38581
(931) 686-3240
11. SUPERIOR WALLS OF CENTRAL VIRGINIA
ATTN: Jim Avery
15305 Patrick Henry Hwy
Amelia, VA 23002
(804) 561-9255

**LICENSEES WHO HAVE SIGNED LICENSE AGREEMENTS
BUT OUTLETS NOT YET OPEN**

(As of December 31, 2022)

SKILL PRECAST, LLC
Vincennes, IN 47591
(812) 882-4344

LIST OF FORMER LICENSEES

During the most recently completed fiscal year, and through September 30, 2022, no party to a Superior Walls license agreement has had a license terminated, cancelled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under the license agreement, or has not communicated with us within the ten weeks preceding the date of this Disclosure Document, except for the following entities:

None.

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

EXHIBIT F
FINANCIAL STATEMENTS



***SUPERIOR WALLS OF AMERICA, LTD.
AND AFFILIATED ENTITY***

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2022 and 2021



TABLE OF CONTENTS

| | Pages |
|---|---------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 3 |
| COMBINED FINANCIAL STATEMENTS | |
| Combined Balance Sheets..... | 4 |
| Combined Statements of Income | 5 |
| Combined Statements of Changes in Stockholders' Equity..... | 6 |
| Combined Statements of Cash Flows | 7 |
| Notes to Combined Financial Statements | 8 - 19 |
| SUPPLEMENTARY INFORMATION | |
| Combining Balance Sheets..... | 20 - 21 |
| Combining Statements of Income | 22 |
| Combining Schedules of Selling and Administrative Expenses..... | 23 |

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Superior Walls of America, Ltd. and Affiliated Entity
New Holland, Pennsylvania**

Opinion

We have audited the accompanying combined financial statements of Superior Walls of America, Ltd. (an S corporation) and Affiliated Entity, which comprise the combined balance sheets as of December 31, 2022 and 2021, and the related combined statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Superior Walls of America, Ltd. and Affiliated Entity as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 of the combined financial statements, in 2022, Superior Walls of America, Ltd. and Affiliated Entity adopted FASB ASC 842, *Leases*. Our conclusion is not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Superior Walls of America, Ltd. and Affiliated Entity's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Superior Walls of America, Ltd. and Affiliated Entity'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Superior Walls of America, Ltd. and Affiliated Entity'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 20 to 22 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the combined financial statements. The supplementary information on page 23 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Herbein + Company, Inc.

Reading, Pennsylvania

April 21, 2023

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINED BALANCE SHEETS

December 31

| | 2022 | 2021 |
|--|---------------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,461,686 | \$ 2,133,652 |
| Trade and royalty receivables, net of allowance for doubtful accounts (\$145,000 - 2022 and \$144,000 - 2021) | 974,521 | 1,079,867 |
| Other receivables | 429 | 1,845 |
| Notes receivable - current portion | 58,612 | 925,189 |
| Inventories | 1,619,432 | 1,336,382 |
| Prepaid expenses | 133,062 | 157,293 |
| Prepaid taxes | 4,678 | 4,678 |
| | 4,252,420 | 5,638,906 |
| PROPERTY AND EQUIPMENT | | |
| Land and land improvements | 273,881 | 273,881 |
| Building | 354,837 | 354,837 |
| Machinery and equipment | 1,326,578 | 1,449,545 |
| Vehicles | 166,236 | 136,430 |
| Leasehold improvements | 489,953 | 491,377 |
| | 2,611,485 | 2,706,070 |
| Accumulated depreciation | (1,257,239) | (1,298,300) |
| | 1,354,246 | 1,407,770 |
| Equipment in process | 365,203 | 273,203 |
| | 1,719,449 | 1,680,973 |
| OTHER ASSETS | | |
| Notes receivable - noncurrent portion | 624,831 | 149,266 |
| Deposits | 506 | 506 |
| | 625,337 | 149,772 |
| | TOTAL OTHER ASSETS | 149,772 |
| | TOTAL ASSETS | \$ 7,469,651 |
| | \$ 6,597,206 | \$ 7,469,651 |

See notes to combined financial statements.

December 31

2022

2021

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

| | | |
|------------------------|-----------|-----------|
| Note payable - current | \$ 28,732 | \$ 27,361 |
| Accounts payable | 224,127 | 270,244 |
| Accrued expenses | 1,158,790 | 807,850 |
| Deferred revenue | 351,019 | 120,208 |

| | | |
|----------------------------------|-----------|-----------|
| TOTAL CURRENT LIABILITIES | 1,762,668 | 1,225,663 |
|----------------------------------|-----------|-----------|

NONCURRENT LIABILITIES

| | | |
|--------------|---------|---------|
| Note payable | 210,388 | 238,876 |
|--------------|---------|---------|

| | | |
|--------------------------|-----------|-----------|
| TOTAL LIABILITIES | 1,973,056 | 1,464,539 |
|--------------------------|-----------|-----------|

STOCKHOLDERS' EQUITY

| | | |
|---|-----------|-----------|
| Common stock, \$10 par value; 500,000 authorized shares; 1,000 shares issued and outstanding | 10,000 | 10,000 |
| Additional paid-in capital | 402,000 | 402,000 |
| Retained earnings | 4,212,150 | 5,593,112 |

| | | |
|-----------------------------------|-----------|-----------|
| TOTAL STOCKHOLDERS' EQUITY | 4,624,150 | 6,005,112 |
|-----------------------------------|-----------|-----------|

| | | |
|---|---------------------|---------------------|
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 6,597,206</u> | <u>\$ 7,469,651</u> |
|---|---------------------|---------------------|

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINED STATEMENTS OF INCOME

Year Ended December 31

| | 2022 | | 2021 | |
|--|----------------------------|-----------------------|----------------------------|-----------------------|
| | Amount | Percent of Revenue | Amount | Percent of Revenue |
| PRODUCT SALES | \$ 6,122,277 | 47.75 % | \$ 5,394,988 | 46.88 % |
| COST OF SALES | <u>5,016,272</u> | <u>39.12</u> | <u>4,375,935</u> | <u>38.02</u> |
| GROSS PROFIT ON PRODUCT SALES | 1,106,005 | 8.63 | 1,019,053 | 8.86 |
| OTHER OPERATING REVENUES | | | | |
| Royalties | 6,618,637 | 51.62 | 6,062,711 | 52.68 |
| License fees | 46,689 | 0.36 | 50,708 | 0.44 |
| Training and drafting | <u>35,000</u> | <u>0.27</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER OPERATING REVENUES | 6,700,326 | 52.25 | 6,113,419 | 53.12 |
| SELLING AND ADMINISTRATIVE EXPENSES | <u>6,209,524</u> | <u>48.43</u> | <u>5,109,021</u> | <u>44.39</u> |
| OPERATING INCOME | 1,596,807 | 12.45 | 2,023,451 | 17.59 |
| OTHER INCOME (EXPENSES) | | | | |
| Interest and dividend income | 37,806 | 0.29 | 74,333 | 0.65 |
| Miscellaneous income | 9,673 | 0.09 | 86,911 | 0.76 |
| Gain on Paycheck Protection Program loan forgiveness | - | - | 445,807 | 3.87 |
| Gain on sale of property and equipment | 8,355 | 0.07 | - | - |
| Foreign currency exchange loss | (9,112) | - | (569) | - |
| Interest expense | <u>(12,557)</u> | <u>(0.10)</u> | <u>(13,871)</u> | <u>(0.12)</u> |
| NET OTHER INCOME | <u>34,165</u> | <u>0.35</u> | <u>592,611</u> | <u>5.16</u> |
| NET INCOME | <u><u>\$ 1,630,972</u></u> | <u><u>12.80 %</u></u> | <u><u>\$ 2,616,062</u></u> | <u><u>22.75 %</u></u> |

See notes to combined financial statements.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

| | Common Stock | Additional Paid-In Capital | Retained Earnings | Treasury Stock | Total |
|-----------------------------|------------------|----------------------------------|----------------------|-------------------|---------------------|
| DECEMBER 31, 2020 | \$ 10,000 | \$ 402,000 | \$ 4,638,026 | \$ - | \$ 5,050,026 |
| Net income | - | - | 2,616,062 | - | 2,616,062 |
| Stockholders' distributions | - | - | (1,660,976) | - | (1,660,976) |
| DECEMBER 31, 2021 | 10,000 | 402,000 | 5,593,112 | - | 6,005,112 |
| Net income | - | - | 1,630,972 | - | 1,630,972 |
| Stockholders' distributions | - | - | (3,011,934) | - | (3,011,934) |
| DECEMBER 31, 2022 | <u>\$ 10,000</u> | <u>\$ 402,000</u> | <u>\$ 4,212,150</u> | <u>\$ -</u> | <u>\$ 4,624,150</u> |

See notes to combined financial statements.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINED STATEMENTS OF CASH FLOWS

| | Year Ended December 31 | |
|--|------------------------|--------------|
| | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 1,630,972 | \$ 2,616,062 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 135,775 | 143,849 |
| Gain on sale of property and equipment | (8,355) | - |
| Gain on Paycheck Protection Program loan forgiveness | - | (445,807) |
| Changes in: | | |
| Trade, royalty, and other receivables | 106,762 | (117,949) |
| Inventories | (283,050) | (658,753) |
| Prepaid expenses and other assets | 24,231 | (65,313) |
| Accounts payable | (46,117) | 177,989 |
| Accrued expenses and other liabilities | 581,751 | 268,332 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 2,141,969 | 1,918,410 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Repayments from notes receivable | 391,012 | 61,713 |
| Purchases of property and equipment | (195,651) | (274,451) |
| Proceeds from the sale of property and equipment | 29,755 | - |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 225,116 | (212,738) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on long-term borrowings | (27,117) | (25,804) |
| Proceeds from Paycheck Protection Program loan payable | - | 445,807 |
| Stockholders' distributions | (3,011,934) | (1,660,976) |
| NET CASH USED BY FINANCING ACTIVITIES | (3,039,051) | (1,240,973) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (671,966) | 464,699 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 2,133,652 | 1,668,953 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 1,461,686 | \$ 2,133,652 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid during the year for interest | \$ 12,615 | \$ 13,925 |

See notes to combined financial statements.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

Superior Walls of America, Ltd. (the “Company”) was incorporated as a Pennsylvania corporation on September 19, 1985 and changed to an S corporation effective July 1, 2007. The Company grants license rights to manufacture, transport, and install insulated concrete foundation walls. Monthly royalty fees are charged to the licensees based on the licensees' Superior Walls of America, Ltd. products gross sales. The Company also procures or manufactures and sells the necessary equipment, forms, and certain materials to the licensees. Licensees are located in various regions throughout the United States and Canada.

Superior Walls Outlets, LLC, a limited liability company (“Outlets”), leases land and a building to the Company (Note 6).

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The accompanying combined financial statements include the assets, liabilities, and operations of Superior Walls of America, Ltd., and its affiliate, Superior Walls Outlets, LLC (collectively, the “Companies”), which are under common control. All significant intercompany accounts and transactions have been eliminated in combination.

Basis for Presentation

The Companies' combined financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

Management uses estimates and assumptions in preparing the combined financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from the estimates.

Functional and Presentation Currency

The combined financial statements are measured using the currency of the primary economic environment in which the Companies operate (functional currency). The combined financial statements are presented in United States Dollars (USD), which is also the Companies' functional currency.

Foreign Currency Exchange

Assets and liabilities of the Companies that must be settled in a currency other than USD are translated into USD at rates of exchange at the time the transactions occur and adjusted at the time of settlement or at year end. The aggregate foreign currency exchange gain (loss) that is derived from transactions denominated in foreign currencies due to changes in exchange rates, which are included in determining combined net income for the years ended December 31, 2022 and 2021 was \$(9,112) and \$(569), respectively. These amounts are included in other income (expenses) on the accompanying combined statements of income.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For purposes of reporting cash flows, the Companies consider all highly-liquid debt instruments with a maturity of three months or less to be cash and cash equivalents.

Trade, Royalty and Notes Receivables

Trade and royalty receivables, which management has the intent and ability to hold for the foreseeable future or until maturity or payoff, are reported at outstanding principal adjusted for an allowance for doubtful accounts. Account balances generally are written off when management judges such balances uncollectible, such as an account in bankruptcy. Management continually monitors, and reviews accounts receivable balances. Royalty receivables over 90 days and still accruing interest amounted to \$0 and \$10,274 at December 31, 2022 and 2021, respectively.

For trade and royalty receivables, the allowance for doubtful accounts is based on management's assessment of the collectability of specific licensee accounts and the aging of the accounts receivable. If there is a deterioration of a major licensee's creditworthiness, or actual defaults are higher than the historical experience, managements' estimates of the recoverability of amounts due the Companies could be adversely affected. The allowance for doubtful accounts on trade and royalty receivables at December 31, 2022 and 2021 amounted to \$145,000 and \$144,000, respectively.

Finance charges on trade receivables are recognized as income when they are billed to the licensee. Finance charges on notes receivable are recognized as income when due from the licensee based on the repayment schedule. Licensee accounts are assessed finance charges once an invoice's original terms have lapsed without receipt of payment.

Inventories

Inventories are stated at the lower of cost or net realizable value on a first-in, first-out basis. Abnormal idle capacity, freight, handling, and spoilage costs are expensed in the period incurred. A physical count of inventories is made at least annually to support the cost values reflected in the account.

The components of inventory are as follows at December 31:

| | <u>2022</u> | <u>2021</u> |
|---------------------|---------------------|---------------------|
| Raw materials | \$ 421,030 | \$ 410,526 |
| Marketing materials | 45,089 | 32,018 |
| Work-in-process | 122,342 | 67,273 |
| Finished goods | <u>1,030,971</u> | <u>826,565</u> |
| | <u>\$ 1,619,432</u> | <u>\$ 1,336,382</u> |

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Property and equipment are stated at cost. Major renewals and improvements are capitalized while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed currently. When an asset is disposed of, the asset and related accumulated depreciation are eliminated, and any gain or loss on the transaction is included in other income (expenses). Equipment in process represents deposits paid on new equipment purchases that have not been put into service at year end.

Depreciation and Amortization

The Companies depreciate their property and equipment over their estimated useful lives using the straight-line method of depreciation for combined financial statement purposes. Repairs and maintenance costs are charged to expense as incurred. The estimated useful lives are as follows:

| | |
|-------------------------|---------------|
| Land improvements | 15 years |
| Building | 39 years |
| Machinery and equipment | 3 to 7 years |
| Vehicles | 5 years |
| Leasehold improvements | 2 to 39 years |

Total depreciation and amortization expense for the Companies for the years ended December 31, 2022 and 2021 amounted to \$135,775 and \$143,849, respectively.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net cash flows expected to be generated by the asset. If any such assets were considered to be impaired, the impairment to be recognized would be measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of, if any, are reported at the lower of the carrying amount or fair value less costs to sell. No impairment losses were recognized for the years ended December 31, 2022 and 2021.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (“FASB”) issued guidance (Accounting Standards Codification (“ASC”) 842, *Leases*) to increase transparency and comparability among companies by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the combined balance sheets. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Companies adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) using a modified retrospective approach, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840. The Companies elected the available practical expedients to account for their existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The Companies also elected the practical expedient to not recognize ROU assets and liabilities for operating leases with shorter than 12-month terms.

As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022 (beginning of the year of adoption) a lease liability of \$1,063,994, which represents the present value of the remaining operating lease payments of \$1,080,203, discounted using either the implicit rate or the risk-free rate, and a right-of-use asset of \$713,010, which represents the operating lease liability. This lease is with Outlets and eliminates in the combined financial statements.

The standard did not have a material impact on the Companies’ combined balance sheets, nor did not have an impact on their combined statements of income or combined statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases on the Companies’ books which eliminated in the combined financial statements

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases

The Companies lease three buildings, one of which is with Outlets, and eliminates in combination. The remaining leases can be terminated by either the lessee or lessor with 60 days notice without significant penalty and are therefore considered short-term in nature. The Companies determine if an arrangement is a lease at inception. Operating leases over one year are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the combined balance sheets, if applicable.

ROU assets represent the Companies' right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Companies' leases do not provide an implicit rate, the Companies' uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Companies' lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Companies' lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Companies consider factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Fair Value of Financial Instruments

Financial instruments consist of cash and cash equivalents, trade, royalty and notes receivable, and accounts payable, accrued expenses, and deferred revenue. The carrying amounts reported in the combined financial statements for these items approximate the fair value of such assets and liabilities. The fair value of the notes payable with a variable rate of interest are deemed to approximate their carrying value because the interest rates are adjusted based upon market rates.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition

The Company's licensees are primarily located in various regions of the United States and Canada. The licensees are made up of contractors who sell and install the Superior Walls system. The Company operates two revenue streams, Product Sales and Royalties Revenue. Product Sales, which represent between 44% - 47% of total revenue, include both manufacturing forming equipment and materials and supplies for construction of the licensed product: insulated concrete wall panels. The Company sells only to its licensees for use in their operations. Royalties Revenue, which represent between 53% - 56% of total revenue, are recognized based on the contractual royalty rate when the licensed product is sold and installed by the licensee. The earnings process is considered complete at the close of each month. Royalties are due within 10 days following the close of the month.

Upon acceptance of a new licensee, an initial license fee is charged. The fee includes onsite and offsite training, site selection, marketing and brand analysis, technical guides, start-up visits, inspections, and other obligations. The license fee is spread through the life of the contract.

The majority of the Company's product sales contracts are at the individual invoice level and have one performance obligation as the promise to transfer the individual goods. Individual goods are not separately identifiable from other promises in the contract and therefore, not distinct. The payment and terms and conditions in the Company's contracts indicate 30 days from transfer of control. Revenue is measured as the amount of consideration that is expected to be received in exchange for transferring products. All revenue is recognized when the Company satisfies the performance obligation under the contract. Revenue is recognized by transferring the promised products to the customer, with revenue recognized at the point in time the customer obtains control of the products.

Advertising

Advertising costs are charged to operations when incurred. Advertising expenses amounted to \$349,938 and \$321,167 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes

The Company has elected under the Internal Revenue Code to be treated as an S corporation for federal and state income tax purposes. Prior to July 1, 2007, the Company had been taxed as a C corporation.

Under these provisions, an S corporation generally does not pay corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal and state income taxes on their respective shares of the S corporation's taxable income.

Outlets is a limited liability company and is treated as a partnership for federal and state income tax purposes. Under these provisions, a limited liability company generally does not pay corporate income taxes on its taxable income. Instead, the members are liable for individual federal and state income taxes on their respective shares of the limited liability company's taxable income.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - continued

In accordance with generally accepted accounting principles relative to uncertainty in income taxes, the Company recognizes the income tax benefit (or liability as applicable) from an uncertain tax position when it is more likely than not that, based on technical merits, the position will be sustained upon examination, including resolutions of any related appeals or litigation process.

Research and Development

Research and development material costs are charged to operations when incurred and are included in selling and administrative expenses. Research and development expenses amounted to \$42,053 and \$72,808 for the years ended December 31, 2022 and 2021, respectively.

Shipping and Handling Costs

Shipping and handling costs are included in selling and administrative expenses on the accompanying combined statements of income. Shipping and handling expenses amounted to \$597 and \$437 for the years ended December 31, 2022 and 2021, respectively.

Agreements with Licensees

In the normal course of business, the Company is party to various agreements with licensees. As business needs require, the Company may amend and/or temporarily amend certain agreement terms as deemed appropriate during the contract period. Receivables or liabilities resulting from these agreements are reflected in the accompanying combined balance sheets.

Deferred Revenue

Deferred revenue primarily represents licensee fees paid at the commencement of a license agreement. The licensee fees are amortized over the life of the contract.

Taxes Collected and Paid on Revenue-Producing Transactions

Sales taxes assessed by a governmental authority on applicable revenue-producing transactions between the Companies and their customers are recorded on a net basis, excluding both the collection and payment of such taxes from the Companies' revenues and expenses.

Subsequent Events

Subsequent events have been evaluated through April 21, 2023, which represents the date the combined financial statements were available to be issued. No events have occurred between year end and this date, which require recording in these combined financial statements.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 2 - NOTES RECEIVABLE

During 2020, the Company entered into agreements with two of its licensees to term out a portion of their existing trade accounts receivable balance. The individual agreements have terms, which include monthly payments of principal and/or interest, with any unpaid principal and interest due at maturity. One note is due December 2022 and the other is due January 2025. The note due December was renewed in the current year and extended for a 10-year term due December 2032, with a stipulation that a significant portion be paid upon execution of the agreement. The stipulation was satisfied.

The balance on the notes are as follows at December 31:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------|---------------------|
| Notes receivable - current portion | \$ 58,612 | \$ 925,189 |
| Notes receivable - noncurrent portion | <u>624,831</u> | <u>149,266</u> |
| | <u>\$ 683,443</u> | <u>\$ 1,074,455</u> |

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Companies to concentration of credit risk consist principally of cash deposits and trade accounts receivable. The Companies grant credit to licensees for forms, equipment, and materials purchased from or through the Companies. The Companies' customers are located in various regions throughout the United States and Canada. Generally, the Companies do not obtain full security from customers in support of trade accounts receivable.

The Companies maintain their cash and cash equivalents in one institution located in Pennsylvania. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC), and balances may at times exceed federally insured limits.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 4 - ACCRUED EXPENSES

The following is a summary of accrued expenses as of December 31:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------------|---------------------|-------------------|
| Accrued salaries and wages | \$ 522,719 | \$ 529,951 |
| Accrued legal and professional fees | 60,000 | 50,000 |
| Accrued interest | 504 | 562 |
| Accrued other liabilities | <u>575,567</u> | <u>227,337</u> |
| | <u>\$ 1,158,790</u> | <u>\$ 807,850</u> |

NOTE 5 - NOTE PAYABLE AND LINE OF CREDIT

Note payable is as follows at December 31:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Note payable (Outlets), bank, due February 2030. Due in monthly payments of \$3,311, including principal and interest at 4.90%. The note is collateralized by all general business assets of the Companies. | \$ 239,120 | \$ 266,237 |
| Current maturities | <u>(28,732)</u> | <u>(27,361)</u> |
| | <u>\$ 210,388</u> | <u>\$ 238,876</u> |

Maturity of the note payable is as follows for the years ending December 31:

| | |
|-------------|-------------------|
| 2023 | \$ 28,732 |
| 2024 | 30,172 |
| 2025 | 31,685 |
| 2026 | 32,272 |
| 2027 | 34,940 |
| 2028 - 2030 | <u>81,319</u> |
| | <u>\$ 239,120</u> |

The Companies have an agreement with its primary lending institution for a line of credit up to \$1,000,000.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 5 - NOTE PAYABLE AND LINE OF CREDIT - CONTINUED

Interest accrues on the outstanding balance at the bank's prime rate (as reflected in the Wall Street Journal) plus 1%, but not less than 4% (8.5% at December 31, 2022 and 4.25% at December 31, 2021). A default on the line of credit is considered a default on any other debt the Companies have or would have in the future with the bank. The line is collateralized by the general assets of the Companies. There was no amount borrowed on the line of credit for each of the years ended December 31, 2022 and 2021.

During the first quarter of 2021, the Company borrowed \$445,807 in a second Paycheck Protection Program loan under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In July 2021, the loan was forgiven and the gain on extinguishment of the debt is recorded in other income (expense) on the combined statements of income.

NOTE 6 - RELATED PARTY TRANSACTIONS AND OPERATING LEASES

The Company leases the use of its facility from the Outlets under the terms of a triple-net, noncancelable, operating lease. The lease agreement renewed on January 1, 2021 and calls for annual rent payments of \$360,068 payable in monthly installments of \$30,006 through December 31, 2021. The lease agreement requires the Company to pay all operating costs of the facility, which are considered variable lease expenses, and will remain in effect on a month-to-month basis beginning in January 2022. The ROU asset and lease liability as well as the rental income and rent expense as related to this lease are eliminated in combination.

Outlets lease certain warehouse and manufacturing space from a third party through operating leases, to which the Company subleases from Outlets. The Company pays the rent directly to the landlord. The manufacturing space lease is on a month-to-month basis and requires monthly rent of \$1,858. The warehouse space lease is on a month-to-month basis and requires monthly rent of \$1,579. Both of these leases can be terminated by either the lessee or lessor with 60 days notice without significant penalty and are therefore considered short-term in nature. Rent expense for these two leases amounted to \$41,244 for both years ended December 31, 2022 and 2021.

The components of lease expense were as follows for the year ended December 31, 2022:

| | | |
|--------------------------|----|--------|
| Short-term lease expense | \$ | 41,244 |
|--------------------------|----|--------|

The Company has not restated prior year information for the adoption of ASC 842. Total rent charged to expense for the year ended December 31, 2021 was \$41,244.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 7 - PROFIT SHARING PLAN

The Company has a 401(k) profit sharing plan, covering substantially all full-time employees who meet certain eligibility requirements. The Company matches dollar for dollar (100%) on the first 3% of employee contributions and fifty cents (50%) for every employee dollar contributed between 3% and 5% for a maximum employer contribution of 4%. Company contributions amounted to \$100,878 and \$81,834 for the years ended December 31, 2022 and 2021, respectively.

NOTE 8 - CONCENTRATIONS

The Company had sales to five customers that comprised approximately 75% of sales for the year ended December 31, 2022. The Company had sales to three customers that comprised approximately 57% of sales for the year ended December 31, 2021. The Company had trade receivables from these customers totaling approximately \$293,000 and \$277,000 at December 31, 2022 and 2021, respectively.

Additionally, the Company had purchases from four vendors that approximated 52% of the purchases for the year ended December 31, 2022. The Company had purchases from three vendors that approximated 41% of the purchases for the year ended December 31, 2021. The Company had accounts payable to these vendors totaling approximately \$94,000 and \$46,000 for the years ended December 31, 2022 and 2021, respectively.

NOTE 9 - LITIGATION

In the normal course of business, the Company is party to various claims and legal proceedings. After consultation with legal counsel, the Company's management does not believe that the resolution of these matters will have a material adverse effect upon the Company's financial condition or results of operations.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 10 - STOCKHOLDERS' EQUITY

Retained earnings of Superior Walls of America, Ltd. and Affiliated Entity consists of the following components at December 31:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------|---------------------|---------------------|
| S Corporation retained earnings | \$ (81,131) | \$ 1,299,831 |
| C Corporation retained earnings | <u>4,293,281</u> | <u>4,293,281</u> |
| | <u>\$ 4,212,150</u> | <u>\$ 5,593,112</u> |

NOTE 11 - ACCOUNTING PRONOUNCEMENT NOT YET IMPLEMENTED

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)*, as amended by ASU 2021-01 in January 2021, directly addressing the effects of reference rate reform on financial reporting as a result of the cessation of the publication of certain LIBOR rates beginning December 31, 2021, with complete elimination of the publication of the LIBOR rates by June 30, 2023. The guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform by virtue of referencing LIBOR or another reference rate expected to be discontinued. This guidance became effective on March 12, 2020 and can be adopted no later than December 31, 2024, with early adoption permitted. The Companies are evaluating the impact this guidance will have on its combined financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments*, which changes the way companies evaluate credit losses for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking expected loss model to evaluate impairment, potentially resulting in earlier recognition of allowances for losses. Enhanced disclosures are also required, including the requirement to disclose the information used to track credit quality by year or origination for most financing receivables. The new standard is effective for fiscal years beginning after December 15, 2022. The Companies are evaluating the impact that the guidance will have on its combined financial statements and related disclosures.

SUPPLEMENTARY INFORMATION

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINING BALANCE SHEETS

December 31, 2022 and 2021

| | Superior Walls of America, Ltd. | Superior Walls Outlets, LLC | Eliminations | 2022 Combined | 2021 Combined |
|--|---------------------------------------|-----------------------------------|---------------------|---------------------|---------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,366,831 | \$ 94,855 | \$ - | \$ 1,461,686 | \$ 2,133,652 |
| Trade and royalty receivables, net of allowance for doubtful accounts (\$145,000 - 2022 and \$144,000 - 2021) | 974,521 | - | - | 974,521 | 1,079,867 |
| Other receivables | 429 | - | - | 429 | 1,845 |
| Notes receivables - current portion | 58,612 | - | - | 58,612 | 925,189 |
| Inventories | 1,619,432 | - | - | 1,619,432 | 1,336,382 |
| Prepaid expenses | 133,062 | - | - | 133,062 | 157,293 |
| Prepaid taxes | 4,678 | - | - | 4,678 | 4,678 |
| TOTAL CURRENT ASSETS | 4,157,565 | 94,855 | - | 4,252,420 | 5,638,906 |
| PROPERTY AND EQUIPMENT | | | | | |
| Land and land improvements | - | 273,881 | - | 273,881 | 273,881 |
| Building | - | 354,837 | - | 354,837 | 354,837 |
| Machinery and equipment | 1,254,080 | 72,498 | - | 1,326,578 | 1,449,545 |
| Vehicles | 166,236 | - | - | 166,236 | 136,430 |
| Leasehold improvements | 489,953 | - | - | 489,953 | 491,377 |
| | 1,910,269 | 701,216 | - | 2,611,485 | 2,706,070 |
| Accumulated depreciation | (882,451) | (374,788) | - | (1,257,239) | (1,298,300) |
| | 1,027,818 | 326,428 | - | 1,354,246 | 1,407,770 |
| Equipment in process | 365,203 | - | - | 365,203 | 273,203 |
| NET PROPERTY AND EQUIPMENT | 1,393,021 | 326,428 | - | 1,719,449 | 1,680,973 |
| OTHER ASSETS | | | | | |
| Notes receivable - noncurrent portion | 624,831 | - | - | 624,831 | 149,266 |
| Deposits | 10,506 | - | (10,000) | 506 | 506 |
| Operating lease - right-of-use assets | 713,010 | - | (713,010) | - | - |
| TOTAL OTHER ASSETS | 1,348,347 | - | (723,010) | 625,337 | 149,772 |
| TOTAL ASSETS | \$ 6,898,933 | \$ 421,283 | \$ (723,010) | \$ 6,597,206 | \$ 7,469,651 |

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINING BALANCE SHEETS - CONTINUED

December 31, 2022 and 2021

| | Superior Walls of America, Ltd. | Superior Walls Outlets, LLC | Eliminations | 2022 Combined | 2021 Combined |
|---|---------------------------------------|-----------------------------------|---------------------|---------------------|---------------------|
| CURRENT LIABILITIES | | | | | |
| Note payable - current | \$ - | \$ 28,732 | \$ - | \$ 28,732 | \$ 27,361 |
| Accounts payable | 224,127 | - | - | 224,127 | 270,244 |
| Accrued expenses | 1,158,286 | 504 | - | 1,158,790 | 807,850 |
| Deferred revenue | 351,019 | - | - | 351,019 | 120,208 |
| Current portion of operating lease liabilities | 354,652 | - | (354,652) | - | - |
| TOTAL CURRENT LIABILITIES | 2,088,084 | 29,236 | (354,652) | 1,762,668 | 1,225,663 |
| NONCURRENT LIABILITIES | | | | | |
| Deposits | - | 10,000 | (10,000) | - | - |
| Note payable | - | 210,388 | - | 210,388 | 238,876 |
| Operating lease liabilities | 358,358 | - | (358,358) | - | - |
| TOTAL NONCURRENT LIABILITIES | 358,358 | 220,388 | (368,358) | 210,388 | 238,876 |
| TOTAL LIABILITIES | 2,446,442 | 249,624 | (723,010) | 1,973,056 | 1,464,539 |
| STOCKHOLDERS' EQUITY | | | | | |
| Common stock, \$10 par value; 500,000 authorized shares; 1,000 shares issued and outstanding | 10,000 | - | - | 10,000 | 10,000 |
| Additional paid-in capital | 96,000 | 306,000 | - | 402,000 | 402,000 |
| Retained earnings (deficit) | 4,346,491 | (134,341) | - | 4,212,150 | 5,593,112 |
| TOTAL STOCKHOLDERS' EQUITY | 4,452,491 | 171,659 | - | 4,624,150 | 6,005,112 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 6,898,933 | \$ 421,283 | \$ (723,010) | \$ 6,597,206 | \$ 7,469,651 |

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINING STATEMENTS OF INCOME

Years Ended December 31, 2022 and 2021

| | Superior Walls of America, Ltd. | Superior Walls Outlets, LLC | Eliminations | 2022 Combined | 2021 Combined |
|--|---------------------------------------|-----------------------------------|--------------|---------------------|---------------------|
| PRODUCT SALES | \$ 6,122,277 | \$ - | \$ - | \$ 6,122,277 | \$ 5,394,988 |
| COST OF SALES | 5,016,272 | - | - | 5,016,272 | 4,375,935 |
| GROSS PROFIT ON PRODUCT SALES | 1,106,005 | - | - | 1,106,005 | 1,019,053 |
| OTHER OPERATING REVENUES | | | | | |
| Royalties | 6,618,637 | - | - | 6,618,637 | 6,062,711 |
| Rental income | - | 360,068 | (360,068) | - | - |
| License Fees | 46,689 | - | - | 46,689 | 50,708 |
| Training and drafting | 35,000 | - | - | 35,000 | - |
| TOTAL OTHER OPERATING REVENUES | 6,700,326 | 360,068 | (360,068) | 6,700,326 | 6,113,419 |
| SELLING AND ADMINISTRATIVE EXPENSES | 6,560,459 | 9,133 | (360,068) | 6,209,524 | 5,109,021 |
| OPERATING INCOME | 1,245,872 | 350,935 | - | 1,596,807 | 2,023,451 |
| OTHER INCOME (EXPENSES) | | | | | |
| Interest and dividend income | 37,806 | - | - | 37,806 | 74,333 |
| Miscellaneous income | 9,673 | - | - | 9,673 | 86,911 |
| Gain on Paycheck Protection Program loan forgiveness | - | - | - | - | 445,807 |
| Gain on sale of property and equipment | 8,355 | - | - | 8,355 | - |
| Foreign currency exchange loss | (9,112) | - | - | (9,112) | (569) |
| Interest expense | - | (12,557) | - | (12,557) | (13,871) |
| NET OTHER INCOME (EXPENSES) | 46,722 | (12,557) | - | 34,165 | 592,611 |
| NET INCOME | <u>\$ 1,292,594</u> | <u>\$ 338,378</u> | <u>\$ -</u> | <u>\$ 1,630,972</u> | <u>\$ 2,616,062</u> |

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINING SCHEDULES OF SELLING AND ADMINISTRATIVE EXPENSES

Years Ended December 31, 2022 and 2021

| | Superior Walls of America, Ltd. | Superior Walls Outlets, LLC | Eliminations | 2022 Combined | 2021 Combined |
|--|---------------------------------------|-----------------------------------|---------------------|---------------------|---------------------|
| SELLING AND ADMINISTRATIVE EXPENSES | | | | | |
| Advertising and marketing | \$ 349,938 | \$ - | \$ - | \$ 349,938 | \$ 321,167 |
| Bad debts | 76,000 | - | - | 76,000 | 73,000 |
| Code work | 38,823 | - | - | 38,823 | 19,429 |
| Contributions | 167,347 | - | - | 167,347 | 123,950 |
| Depreciation and amortization | 126,688 | 9,087 | - | 135,775 | 143,849 |
| Director fees | 44,950 | - | - | 44,950 | 21,067 |
| Dues and subscriptions | 10,442 | - | - | 10,442 | 7,986 |
| Employee benefits | 528,424 | - | - | 528,424 | 457,542 |
| Equipment rental | 564 | - | - | 564 | 1,065 |
| Insurance | 60,824 | - | - | 60,824 | 44,254 |
| Licenses | 76,380 | - | - | 76,380 | 108,117 |
| Meals and entertainment | 26,232 | - | - | 26,232 | 14,935 |
| Miscellaneous | 31,862 | 46 | - | 31,908 | 26,158 |
| Office | 63,434 | - | - | 63,434 | 34,666 |
| Payroll taxes | 201,853 | - | - | 201,853 | 182,275 |
| Professional fees | 1,578,008 | - | - | 1,578,008 | 1,012,189 |
| Real estate taxes | 13,900 | - | - | 13,900 | 13,707 |
| Rent | 401,312 | - | (360,068) | 41,244 | 41,244 |
| Research and development | 42,053 | - | - | 42,053 | 72,808 |
| Shipping and handling | 597 | - | - | 597 | 437 |
| Shop and office maintenance | 17,788 | - | - | 17,788 | 37,715 |
| Shop supplies | 50,109 | - | - | 50,109 | 41,980 |
| Taxes - other | 8,989 | - | - | 8,989 | 10,555 |
| Training services | 1,372 | - | - | 1,372 | - |
| Utilities | 83,383 | - | - | 83,383 | 81,575 |
| Vehicle and travel | 103,678 | - | - | 103,678 | 55,848 |
| Wages and salaries | 2,453,298 | - | - | 2,453,298 | 2,161,503 |
| Warranty | 2,211 | - | - | 2,211 | - |
| TOTAL SELLING AND ADMINISTRATIVE EXPENSES | \$ 6,560,459 | \$ 9,133 | \$ (360,068) | \$ 6,209,524 | \$ 5,109,021 |



***SUPERIOR WALLS OF AMERICA, LTD.
AND AFFILIATED ENTITY***

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2021 and 2020

TABLE OF CONTENTS

| | Pages |
|---|---------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 3 |
| COMBINED FINANCIAL STATEMENTS | |
| Combined Balance Sheets..... | 4 |
| Combined Statements of Income | 5 |
| Combined Statements of Changes in Stockholders' Equity..... | 6 |
| Combined Statements of Cash Flows | 7 |
| Notes to Combined Financial Statements | 8 - 17 |
| SUPPLEMENTARY INFORMATION | |
| Combining Balance Sheets..... | 18 - 19 |
| Combining Statements of Income | 20 |
| Combining Schedules of Selling and Administrative Expenses..... | 21 |



Herbein + Company, Inc.
2763 Century Boulevard
Reading, PA 19610
P: 610.378.1175
F: 610.378.0999
www.herbein.com

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Superior Walls of America, Ltd. and Affiliated Entity
New Holland, Pennsylvania**

Opinion

We have audited the accompanying combined financial statements of Superior Walls of America, Ltd. (an S corporation) and Affiliated Entity, which comprise the combined balance sheets as of December 31, 2021 and 2020, and the related combined statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Superior Walls of America, Ltd. and Affiliated Entity as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Combined Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Superior Walls of America, Ltd. and Affiliated Entity's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Superior Walls of America, Ltd. and Affiliated Entity'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Superior Walls of America, Ltd. and Affiliated Entity'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information in the supplementary schedules on pages 18 to 21 is presented for purposes of additional analysis and it is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Herbein + Company, Inc.

Reading, Pennsylvania
April 12, 2022

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINED BALANCE SHEETS

December 31

| | 2021 | 2020 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 2,133,652 | \$ 1,668,953 |
| Trade and royalty receivables, net of allowance for doubtful accounts (\$144,000 - 2021 and \$71,000 - 2020) | 1,079,867 | 962,628 |
| Other receivables | 1,845 | 1,135 |
| Notes receivable - current portion | 925,189 | 65,030 |
| Inventories | 1,336,382 | 677,629 |
| Prepaid expenses | 157,293 | 91,980 |
| Prepaid taxes | 4,678 | 4,678 |
| | 5,638,906 | 3,472,033 |
| PROPERTY AND EQUIPMENT | | |
| Land and land improvements | 273,881 | 273,881 |
| Building | 354,837 | 354,837 |
| Machinery and equipment | 1,449,545 | 1,447,200 |
| Vehicles | 136,430 | 136,430 |
| Leasehold improvements | 491,377 | 448,777 |
| | 2,706,070 | 2,661,125 |
| Accumulated depreciation | (1,298,300) | (1,186,957) |
| | 1,407,770 | 1,474,168 |
| Equipment in process | 273,203 | 76,203 |
| | 1,680,973 | 1,550,371 |
| OTHER ASSETS | | |
| Notes receivable - noncurrent portion | 149,266 | 1,071,138 |
| Deposits | 506 | 506 |
| | 149,772 | 1,071,644 |
| | 5,638,906 | 3,472,033 |
| | 7,469,651 | 6,094,048 |
| | \$ 7,469,651 | \$ 6,094,048 |

See notes to combined financial statements.

December 31

2021

2020

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

| | | |
|------------------------|-----------|-----------|
| Note payable - current | \$ 27,361 | \$ 26,055 |
| Accounts payable | 270,244 | 92,255 |
| Accrued expenses | 807,850 | 551,056 |
| Deferred revenue | 120,208 | 108,670 |

TOTAL CURRENT LIABILITIES 1,225,663 778,036

NONCURRENT LIABILITIES

| | | |
|--------------|---------|---------|
| Note payable | 238,876 | 265,986 |
|--------------|---------|---------|

TOTAL LIABILITIES 1,464,539 1,044,022

STOCKHOLDERS' EQUITY

| | | |
|---|-----------|-----------|
| Common stock, \$10 par value; 500,000 authorized shares; 1,000 shares issued and outstanding | 10,000 | 10,000 |
| Additional paid-in capital | 402,000 | 402,000 |
| Retained earnings | 5,593,112 | 4,638,026 |

TOTAL STOCKHOLDERS' EQUITY 6,005,112 5,050,026

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 7,469,651 \$ 6,094,048

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINED STATEMENTS OF INCOME

Year Ended December 31

| | 2021 | | 2020 | |
|--|---------------------|--------------------|---------------------|--------------------|
| | Amount | Percent of Revenue | Amount | Percent of Revenue |
| PRODUCT SALES | \$ 5,394,988 | 46.88 % | \$ 3,654,232 | 43.62 % |
| COST OF SALES | <u>4,375,935</u> | <u>38.02</u> | <u>2,961,322</u> | <u>35.35</u> |
| GROSS PROFIT ON PRODUCT SALES | 1,019,053 | 8.86 | 692,910 | 8.27 |
| OTHER OPERATING REVENUES | | | | |
| Royalties | 6,062,711 | 52.68 | 4,665,924 | 55.69 |
| License fees | 50,708 | 0.44 | 22,583 | 0.27 |
| Training and drafting | <u>-</u> | <u>-</u> | <u>35,000</u> | <u>0.42</u> |
| TOTAL OTHER OPERATING REVENUES | 6,113,419 | 53.12 | 4,723,507 | 56.38 |
| SELLING AND ADMINISTRATIVE EXPENSES | <u>5,109,021</u> | <u>44.39</u> | <u>4,326,816</u> | <u>51.65</u> |
| OPERATING INCOME | 2,023,451 | 17.59 | 1,089,601 | 13.00 |
| OTHER INCOME (EXPENSES) | | | | |
| Interest and dividend income | 74,333 | 0.65 | 37,600 | 0.45 |
| Miscellaneous income | 86,911 | 0.76 | 1,417 | 0.02 |
| Gain on Paycheck Protection Program loan forgiveness | 445,807 | 3.87 | 445,807 | 5.32 |
| Loss on sale of fixed assets | - | - | (5,669) | (0.07) |
| Foreign currency exchange gain (loss) | (569) | - | 2,124 | 0.02 |
| Interest expense | <u>(13,871)</u> | <u>(0.12)</u> | <u>(15,832)</u> | <u>(0.19)</u> |
| NET OTHER INCOME | <u>592,611</u> | <u>5.16</u> | <u>465,447</u> | <u>5.55</u> |
| NET INCOME | <u>\$ 2,616,062</u> | <u>22.75 %</u> | <u>\$ 1,555,048</u> | <u>18.55 %</u> |

See notes to combined financial statements.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

| | Common Stock | Additional Paid-In Capital | Retained Earnings | Treasury Stock | Total |
|---|------------------|----------------------------------|----------------------|-------------------|---------------------|
| DECEMBER 31, 2019 | \$ 6,667 | \$ 405,333 | \$ 5,527,527 | \$ (178,920) | \$ 5,760,607 |
| Correction of an error - deferred revenue | - | - | (81,000) | - | (81,000) |
| Net income | - | - | 1,555,048 | - | 1,555,048 |
| Stockholders' distributions | - | - | (2,184,629) | - | (2,184,629) |
| Stock recharacterization | 3,333 | (3,333) | - | - | - |
| Retirement of Treasury Stock | - | - | (178,920) | 178,920 | - |
| DECEMBER 31, 2020 | 10,000 | 402,000 | 4,638,026 | - | 5,050,026 |
| Net income | - | - | 2,616,062 | - | 2,616,062 |
| Stockholders' distributions | - | - | (1,660,976) | - | (1,660,976) |
| DECEMBER 31, 2021 | <u>\$ 10,000</u> | <u>\$ 402,000</u> | <u>\$ 5,593,112</u> | <u>\$ -</u> | <u>\$ 6,005,112</u> |

See notes to combined financial statements.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINED STATEMENTS OF CASH FLOWS

| | Year Ended December 31 | |
|--|------------------------|--------------|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 2,616,062 | \$ 1,555,048 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 143,849 | 128,511 |
| Loss on sale of fixed assets | - | 5,669 |
| Gain on Paycheck Protection Program loan forgiveness | (445,807) | (445,807) |
| Changes in: | | |
| Trade, royalty, and other receivables | (117,949) | (26,856) |
| Inventories | (658,753) | 68,629 |
| Prepaid expenses and other assets | (65,313) | 57,181 |
| Accounts payable | 177,989 | 29,007 |
| Accrued expenses and other liabilities | 268,332 | (119,977) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 1,918,410 | 1,251,405 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Repayments from notes receivable | 61,713 | 36,974 |
| Purchases of property and equipment | (274,451) | (736,417) |
| NET CASH USED BY INVESTING ACTIVITIES | (212,738) | (699,443) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on long-term borrowings | (25,804) | (24,516) |
| Proceeds from Paycheck Protection Program loan payable | 445,807 | 445,807 |
| Stockholders' distributions | (1,660,976) | (2,184,629) |
| NET CASH USED BY FINANCING ACTIVITIES | (1,240,973) | (1,763,338) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 464,699 | (1,211,376) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,668,953 | 2,880,329 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 2,133,652 | \$ 1,668,953 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid during the year for interest | \$ 13,925 | \$ 15,216 |

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020

Superior Walls of America, Ltd. (the “Company”) was incorporated as a Pennsylvania corporation on September 19, 1985, and changed to an S corporation effective July 1, 2007. The Company grants license rights to manufacture, transport, and install insulated concrete foundation walls. Monthly royalty fees are charged to the licensees based on the licensees' Superior Walls of America, Ltd. products gross sales. The Company also procures or manufactures and sells the necessary equipment, forms, and certain materials to the licensees. Licensees are located in various regions throughout the United States and Canada.

Superior Walls Outlets, LLC, a limited liability company (the “Outlets”), leases land and a building to the Company (Note 6).

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The accompanying combined financial statements include the assets, liabilities, and operations of Superior Walls of America, Ltd., and its affiliate, Superior Walls Outlets, LLC (collectively, the “Companies”), which are under common control. All significant intercompany accounts and transactions have been eliminated in combination.

Basis for Presentation

The Companies' combined financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

Management uses estimates and assumptions in preparing the combined financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from the estimates.

Functional and Presentation Currency

The combined financial statements are measured using the currency of the primary economic environment in which the Companies operate (functional currency). The combined financial statements are presented in United States Dollars (USD), which is also the Companies' functional currency.

Foreign Currency Exchange

Assets and liabilities of the Companies that must be settled in a currency other than USD are translated into USD at rates of exchange at the time the transactions occur and adjusted at the time of settlement or at year end. The aggregate foreign currency exchange gain (loss) that is derived from transactions denominated in foreign currencies due to changes in exchange rates, which are included in determining combined net income for the years ended December 31, 2021 and 2020 was \$(569) and \$2,124, respectively. These amounts are included in other income (expenses) on the accompanying combined statements of income.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For purposes of reporting cash flows, the Companies consider all highly-liquid debt instruments with a maturity of three months or less to be cash and cash equivalents.

Trade, Royalty and Notes Receivables

Trade and royalty receivables, which management has the intent and ability to hold for the foreseeable future or until maturity or payoff, are reported at outstanding principal adjusted for an allowance for doubtful accounts. Account balances generally are written off when management judges such balances uncollectible, such as an account in bankruptcy. Management continually monitors, and reviews accounts receivable balances. Royalty receivables over 90 days and still accruing interest amounted to \$10,274 and \$7,499 at December 31, 2021 and 2020, respectively.

For trade and royalty receivables, the allowance for doubtful accounts is based on management's assessment of the collectability of specific licensee accounts and the aging of the accounts receivable. If there is a deterioration of a major licensee's creditworthiness, or actual defaults are higher than the historical experience, managements' estimates of the recoverability of amounts due the Companies could be adversely affected. The allowance for doubtful accounts on trade and royalty receivables at December 31, 2021 and 2020 amounted to \$144,000 and \$71,000, respectively.

Finance charges on trade receivables are recognized as income when they are billed to the licensee. Finance charges on notes receivable are recognized as income when due from the licensee based on the repayment schedule. Licensee accounts are assessed finance charges once an invoice's original terms have lapsed without receipt of payment.

During 2020, the Company entered into note agreements with two licensees in order to satisfy their existing trade receivable balances (see Note 2). The notes were collateralized such that the allowance for doubtful accounts was reduced. The effect of this was to decrease bad debt expense and increase net income by \$159,000.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Inventories

Inventories are stated at the lower of cost or net realizable value on a first-in, first-out basis. Abnormal idle capacity, freight, handling, and spoilage costs are expensed in the period incurred. A physical count of inventories is made at least annually to support the cost values reflected in the account.

The components of inventory are as follows at December 31:

| | <u>2021</u> | <u>2020</u> |
|---------------------|---------------------|-------------------|
| Raw materials | \$ 410,526 | \$ 221,348 |
| Marketing materials | 32,018 | 40,317 |
| Work-in-process | 67,273 | 73,759 |
| Finished goods | <u>826,565</u> | <u>342,205</u> |
| | <u>\$ 1,336,382</u> | <u>\$ 677,629</u> |

Property and Equipment

Property and equipment are stated at cost. Major renewals and improvements are capitalized while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed currently. When an asset is disposed of, the asset and related accumulated depreciation are eliminated, and any gain or loss on the transaction is included in other income (expenses). Equipment not placed in process represents deposits paid on new equipment purchases that have not been put into service at year end.

Depreciation and Amortization

The Companies depreciate their property and equipment over the estimated useful lives using straight-line of depreciation for combined financial statement purposes. Repairs and maintenance costs are charged to expense as incurred. The estimated useful lives are as follows:

| | |
|-------------------------|---------------|
| Land improvements | 15 years |
| Building | 39 years |
| Machinery and equipment | 3 to 7 years |
| Vehicles | 5 years |
| Leasehold improvements | 2 to 39 years |

Total depreciation and amortization expense for the Companies for the years ended December 31, 2021 and 2020 amounted to \$143,849 and \$128,511, respectively.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net cash flows expected to be generated by the asset. If any such assets were considered to be impaired, the impairment to be recognized would be measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of, if any, are reported at the lower of the carrying amount or fair value less costs to sell. No impairment losses were recognized for the years ended December 31, 2021 and 2020.

Fair Value of Financial Instruments

Financial instruments consist of cash and cash equivalents, trade, royalty and notes receivable, and accounts payable, accrued expenses, and deferred revenue. The carrying amounts reported in the combined financial statements for these items approximate the fair value of such assets and liabilities. The fair value of the notes payable with a variable rate of interest are deemed to approximate their carrying value because the interest rates are adjusted based upon market rates.

Revenue Recognition

The Company's licensees are primarily located in various regions of the United States and Canada. The licensees are made up of contractors who sell and install the Superior Walls system. The Company operates two revenue streams, Product Sales and Royalties Revenue. Product Sales, which represent between 44% - 47% of total revenue, include both manufacturing forming equipment and materials and supplies for construction of the licensed product: insulated concrete wall panels. The Company sells only to its licensees for use in their operations. Royalties Revenue, which represent between 53% - 56% of total revenue, are recognized based on the contractual royalty rate when the licensed product is sold and installed by the licensee. The earnings process is considered complete at the close of each month. Royalties are due within 10 days following the close of the month.

Upon acceptance of a new licensee, an initial license fee is charged. The fee includes onsite and offsite training, site selection, marketing and brand analysis, technical guides, start-up visits, inspections, and other obligations. Prior to 2020, the license fee was fully earned and recognized as revenue at the time of license execution and was deemed non-refundable. During 2020, the Company determined that the accounting treatment for recognizing revenue on license fees should be spread over the life of the contract. As a result of correcting this error, beginning retained earnings as of January 1, 2020 was reduced by \$81,000 and deferred revenue was increased \$81,000 which represents deferred revenue on two active license fees as of December 31, 2019.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition - continued

The majority of the Company's product sales contracts are at the individual invoice level and have one performance obligation as the promise to transfer the individual goods. Individual goods are not separately identifiable from other promises in the contract and therefore, not distinct. The payment and terms and conditions in the Company's contracts indicate 30 days from transfer of control. Revenue is measured as the amount of consideration that is expected to be received in exchange for transferring products. All revenue is recognized when the Company satisfies the performance obligation under the contract. Revenue is recognized by transferring the promised products to the customer, with revenue recognized at the point in time the customer obtains control of the products.

Advertising

Advertising costs are charged to operations when incurred. Advertising expenses amounted to \$321,167 and \$320,034 for the years ended December 31, 2021 and 2020, respectively.

Income Taxes

The Company has elected under the Internal Revenue Code to be treated as an S corporation for federal and state income tax purposes. Prior to July 1, 2007, the Company had been taxed as a C corporation.

Under these provisions, an S corporation generally does not pay corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal and state income taxes on their respective shares of the S corporation's taxable income.

The Outlets is a limited liability company and is treated as a partnership for federal and state income tax purposes. Under these provisions, a limited liability company generally does not pay corporate income taxes on its taxable income. Instead, the members are liable for individual federal and state income taxes on their respective shares of the limited liability company's taxable income.

In accordance with generally accepted accounting principles relative to uncertainty in income taxes, the Company recognizes the income tax benefit (or liability as applicable) from an uncertain tax position when it is more likely than not that, based on technical merits, the position will be sustained upon examination, including resolutions of any related appeals or litigation process.

Research and Development

Research and development material costs are charged to operations when incurred and are included in selling and administrative expenses. Research and development expenses amounted to \$72,808 and \$11,780 for the years ended December 31, 2021 and 2020, respectively.

Shipping and Handling Costs

Shipping and handling costs are included in selling and administrative expenses on the accompanying combined statements of income. Shipping and handling expenses amounted to \$437 and \$621 for the years ended December 31, 2021 and 2020, respectively.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Agreements with Licensees

In the normal course of business, the Company is party to various agreements with licensees. As business needs require, the Company may amend and/or temporarily amend certain agreement terms as deemed appropriate during the contract period. Receivables or liabilities resulting from these agreements are reflected in the accompanying combined balance sheets.

Deferred Revenue

Deferred revenue primarily represents licensee fees paid at the commencement of a license agreement. The licensee fees are amortized over the life of the contract.

Taxes Collected and Paid on Revenue-Producing Transactions

Sales taxes assessed by a governmental authority on applicable revenue-producing transactions between the Companies and their customers are recorded on a net basis, excluding both the collection and payment of such taxes from the Companies' revenues and expenses.

Subsequent Events

Subsequent events have been evaluated through April 12, 2022, which represents the date the combined financial statements were available to be issued. No events have occurred between year end and this date, which require recording in these combined financial statements.

NOTE 2 - NOTES RECEIVABLE

During 2020, the Company entered into agreements with two of its licensees to term out a portion of their existing trade accounts receivable balance. The individual agreements have terms, which include monthly payments of principal and/or interest, with any unpaid principal and interest due at maturity. One note is due December 2022 and the other is due January 2025.

The balance on the notes are as follows at December 31:

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------|---------------------|---------------------|
| Notes receivable - current portion | \$ 925,189 | \$ 65,030 |
| Notes receivable - noncurrent portion | <u>149,266</u> | <u>1,071,138</u> |
| | <u>\$ 1,074,455</u> | <u>\$ 1,136,168</u> |

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Companies to concentration of credit risk consist principally of cash deposits and trade accounts receivable. The Companies grant credit to licensees for forms, equipment, and materials purchased from or through the Companies. The Companies' customers are located in various regions throughout the United States and Canada. Generally, the Companies do not obtain full security from customers in support of trade accounts receivable.

The Companies maintain their cash and cash equivalents in one institution located in Pennsylvania. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC), and balances may at times exceed federally insured limits.

NOTE 4 - ACCRUED EXPENSES

The following is a summary of accrued expenses as of December 31:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|-------------------|-------------------|
| Accrued salaries and wages | \$ 529,951 | \$ 406,011 |
| Accrued legal and professional fees | 50,000 | 50,000 |
| Accrued interest | 562 | 616 |
| Accrued other liabilities | <u>227,337</u> | <u>94,429</u> |
| | <u>\$ 807,850</u> | <u>\$ 551,056</u> |

NOTE 5 - NOTE PAYABLE AND LINE OF CREDIT

Note payable is as follows at December 31:

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|-------------------|
| Note payable (the Outlets), bank, due February 2030. Due in monthly payments of \$3,311, including principal and interest at 4.90%. The note is collateralized by all general business assets of the Companies. | \$ 266,237 | \$ 292,041 |
| Current maturities | <u>(27,361)</u> | <u>(26,055)</u> |
| | <u>\$ 238,876</u> | <u>\$ 265,986</u> |

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 5 - NOTE PAYABLE AND LINE OF CREDIT - CONTINUED

Maturity of the note payable is as follows for the years ending December 31:

| | |
|-------------|-------------------|
| 2022 | \$ 27,361 |
| 2023 | 28,732 |
| 2024 | 30,172 |
| 2025 | 31,685 |
| 2026 | 33,272 |
| 2027 - 2030 | <u>115,015</u> |
| | <u>\$ 266,237</u> |

The Company has an agreement with its primary lending institution for a line of credit up to \$1,000,000.

Interest accrues on the outstanding balance at the bank's prime rate (as reflected in the Wall Street Journal) plus 1%, but not less than 4% (4.25% at December 31, 2021 and 2020). A default on the line of credit is considered a default on any other debt the Companies have or would have in the future with the bank. The line is collateralized by the general assets of the Company. There was no amount borrowed on the line of credit for each of the years ended December 31, 2021 and 2020.

During the first quarter of 2021, the Company borrowed \$445,807 in a second Paycheck Protection Program loan under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In July 2021, the loan was forgiven and the gain on extinguishment of the debt is recorded in other income (expense) on the combined statements of income.

NOTE 6 - RELATED PARTY TRANSACTIONS AND OPERATING LEASES

The Company leases the use of its facility from the Outlets under the terms of a triple-net, noncancelable, operating lease. The lease agreement renewed on January 1, 2021 and calls for annual rent payments of \$360,068 payable in monthly installments of \$30,006 through December 31, 2021. The lease agreement requires the Company to pay all operating costs of the facility and will remain in effect on a month-to-month basis beginning in January 2022. The rent expense incurred for this facility lease amounted to \$360,068 for both years ended December 31, 2021 and 2020. The rental payments and receipts are eliminated in combination.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 6 - RELATED PARTY TRANSACTIONS AND OPERATING LEASES - CONTINUED

The Outlets lease certain warehouse and manufacturing space from a third party through operating leases, to which the Company subleases from the Outlets. The Company pays the rent directly to the landlord. The manufacturing space lease is on a month-to-month basis and requires monthly rent of \$1,858. The warehouse space lease is on a month-to-month basis and requires monthly rent of \$1,579. Rent expense for these two leases amounted to \$41,244 for both years ended December 31, 2021 and 2020.

The Company leased copiers under the terms of a five-year operating lease which ended in September 2020, at which time the copiers were purchased. The lease expense incurred amounted to \$0 and \$8,024 for the years ended December 31, 2021 and 2020, respectively.

NOTE 7 - PROFIT SHARING PLAN

The Company has a 401(k) profit sharing plan, covering substantially all full-time employees who meet certain eligibility requirements. The Company matches dollar for dollar (100%) on the first 3% of employee contributions and fifty cents (50%) for every employee dollar contributed between 3% and 5% for a maximum employer contribution of 4%. Company contributions amounted to \$81,834 and \$86,248 for the years ended December 31, 2021 and 2020, respectively.

NOTE 8 - CONCENTRATIONS

The Company had sales to three customers that comprised approximately 57% of sales for the year ended December 31, 2021. The Company had sales to five customers that comprised approximately 94% of sales for the year ended December 31, 2020. The Company had trade receivables from these customers totaling approximately \$277,000 and \$155,000 at December 31, 2021 and 2020, respectively.

Additionally, the Company had purchases from three vendors that approximated 41% of the purchases for the year ended December 31, 2021. The Company had purchases from one vendor that approximated 16% of the purchases for the year ended December 31, 2020. The Company had accounts payable to these vendor(s) totaling approximately \$46,000 and \$6,000 for the years ended December 31, 2021 and 2020, respectively.

NOTE 9 - LITIGATION

In the normal course of business, the Company is party to various claims and legal proceedings. After consultation with legal counsel, the Company's management does not believe that the resolution of these matters will have a material adverse effect upon the Company's financial condition or results of operations.

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 10 - STOCKHOLDERS' EQUITY - AMENDED BYLAW

Effective January 1, 2020, the bylaws of the Company were amended to account for a restructuring of the owners' capital. Two of the owners personally purchased the equity of a third owner. This transaction resulted in the following changes:

- Establishment of Class A voting and Class B non-voting stock. The Company increased the number of shares authorized to issue to 500,000 from 100,000.
- Management retired 33.33 shares of Treasury Stock totaling \$178,920 effective December 31, 2020.
- Common stock issued increased to 1,000 shares from 666.66 shares through recharacterization of additional paid in capital.

Retained earnings of Superior Walls of America, Ltd. and Affiliated Entity consists of the following components at December 31:

| | <u>2021</u> | <u>2020</u> |
|---------------------------------|---------------------|---------------------|
| S Corporation retained earnings | \$ 1,299,831 | \$ 344,745 |
| C Corporation retained earnings | <u>4,293,281</u> | <u>4,293,281</u> |
| | <u>\$ 5,593,112</u> | <u>\$ 4,638,026</u> |

NOTE 11 - ACCOUNTING PRONOUNCEMENT NOT YET IMPLEMENTED

Lease Accounting

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, and subsequent amendments to the initial guidance: ASU 2017-13, ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20, and ASU 2019-01 (collectively, Topic 842). Topic 842 introduces a new lessee model that brings substantially all leases onto the balance sheet. Under the new guidance, lessees are required to recognize a lease liability, which represents the discounted obligation to make future minimum lease payments and a related right-of-use asset. On November 15, 2019, the FASB issued ASU No. 2019-10, *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which deferred the effective date of Topic 842 by one year. Subsequently, on June 3, 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606), and Leases (Topic 842): Effective Dates for Certain Entities*, which defers the effective date of Topic 842 by an additional one year. The guidance in Topic 842 is effective for fiscal years beginning after December 15, 2021. Topic 842 is effective for the Companies beginning January 1, 2022. Early application is permitted. The Companies are evaluating the impact this guidance will have on their combined financial statements.

SUPPLEMENTARY INFORMATION

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINING BALANCE SHEETS

December 31, 2021 and 2020

| | <u>Superior Walls of America, Ltd.</u> | <u>Superior Walls Outlets, LLC</u> | <u>Eliminations</u> | <u>2021 Combined</u> | <u>2020 Combined</u> |
|---|--|--|---------------------------|----------------------------|----------------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$ 2,059,088 | \$ 74,564 | \$ - | \$ 2,133,652 | \$ 1,668,953 |
| Trade and royalty receivables, net of allowance for doubtful accounts (\$144,000 - 2021 and \$71,000 - 2020) | 1,079,867 | - | - | 1,079,867 | 962,628 |
| Other receivables | 1,845 | - | - | 1,845 | 1,135 |
| Notes receivables - current portion | 925,189 | - | - | 925,189 | 65,030 |
| Inventories | 1,336,382 | - | - | 1,336,382 | 677,629 |
| Prepaid expenses | 157,293 | - | - | 157,293 | 91,980 |
| Prepaid taxes | 4,678 | - | - | 4,678 | 4,678 |
| TOTAL CURRENT ASSETS | 5,564,342 | 74,564 | - | 5,638,906 | 3,472,033 |
| PROPERTY AND EQUIPMENT | | | | | |
| Land and land improvements | - | 273,881 | - | 273,881 | 273,881 |
| Building | - | 354,837 | - | 354,837 | 354,837 |
| Machinery and equipment | 1,377,047 | 72,498 | - | 1,449,545 | 1,447,200 |
| Vehicles | 136,430 | - | - | 136,430 | 136,430 |
| Leasehold improvements | 491,377 | - | - | 491,377 | 448,777 |
| | <u>2,004,854</u> | <u>701,216</u> | <u>-</u> | <u>2,706,070</u> | <u>2,661,125</u> |
| Accumulated depreciation | (932,600) | (365,700) | - | (1,298,300) | (1,186,957) |
| | <u>1,072,254</u> | <u>335,516</u> | <u>-</u> | <u>1,407,770</u> | <u>1,474,168</u> |
| Equipment in process | 273,203 | - | - | 273,203 | 76,203 |
| NET PROPERTY AND EQUIPMENT | 1,345,457 | 335,516 | - | 1,680,973 | 1,550,371 |
| OTHER ASSETS | | | | | |
| Notes receivable - noncurrent portion | 149,266 | - | - | 149,266 | 1,071,138 |
| Deposits | 10,506 | - | (10,000) | 506 | 506 |
| TOTAL OTHER ASSETS | 159,772 | - | (10,000) | 149,772 | 1,071,644 |
| TOTAL ASSETS | <u>\$ 7,069,571</u> | <u>\$ 410,080</u> | <u>\$ (10,000)</u> | <u>\$ 7,469,651</u> | <u>\$ 6,094,048</u> |

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINING BALANCE SHEETS - CONTINUED

December 31, 2021 and 2020

| | Superior Walls of America, Ltd. | Superior Walls Outlets, LLC | Eliminations | 2021 Combined | 2020 Combined |
|---|---------------------------------------|-----------------------------------|--------------------|---------------------|---------------------|
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Note payable - current | \$ - | \$ 27,361 | \$ - | \$ 27,361 | \$ 26,055 |
| Accounts payable | 270,244 | - | - | 270,244 | 92,255 |
| Accrued expenses | 807,288 | 562 | - | 807,850 | 551,056 |
| Deferred revenue | 120,208 | - | - | 120,208 | 108,670 |
| TOTAL CURRENT LIABILITIES | 1,197,740 | 27,923 | - | 1,225,663 | 778,036 |
| NONCURRENT LIABILITIES | | | | | |
| Deposits | - | 10,000 | (10,000) | - | - |
| Note payable | - | 238,876 | - | 238,876 | 265,986 |
| TOTAL NONCURRENT LIABILITIES | - | 248,876 | (10,000) | 238,876 | 265,986 |
| TOTAL LIABILITIES | 1,197,740 | 276,799 | (10,000) | 1,464,539 | 1,044,022 |
| STOCKHOLDERS' EQUITY | | | | | |
| Common stock, \$10 par value; 500,000 authorized shares; 1,000 shares issued and outstanding | 10,000 | - | - | 10,000 | 10,000 |
| Additional paid-in capital | 96,000 | 306,000 | - | 402,000 | 402,000 |
| Retained earnings (deficit) | 5,765,831 | (172,719) | - | 5,593,112 | 4,638,026 |
| TOTAL STOCKHOLDERS' EQUITY | 5,871,831 | 133,281 | - | 6,005,112 | 5,050,026 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 7,069,571 | \$ 410,080 | \$ (10,000) | \$ 7,469,651 | \$ 6,094,048 |

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINING STATEMENTS OF INCOME

Years Ended December 31, 2021 and 2020

| | Superior Walls of America, Ltd. | Superior Walls Outlets, LLC | Eliminations | 2021 Combined | 2020 Combined |
|--|---------------------------------------|-----------------------------------|--------------|---------------------|---------------------|
| PRODUCT SALES | \$ 5,394,988 | \$ - | \$ - | \$ 5,394,988 | \$ 3,654,232 |
| COST OF SALES | 4,375,935 | - | - | 4,375,935 | 2,961,322 |
| GROSS PROFIT ON PRODUCT SALES | 1,019,053 | - | - | 1,019,053 | 692,910 |
| OTHER OPERATING REVENUES | | | | | |
| Royalties | 6,062,711 | - | - | 6,062,711 | 4,665,924 |
| Rental income | - | 360,068 | (360,068) | - | - |
| License Fees | 50,708 | - | - | 50,708 | 22,583 |
| Training and drafting | - | - | - | - | 35,000 |
| TOTAL OTHER OPERATING REVENUES | 6,113,419 | 360,068 | (360,068) | 6,113,419 | 4,723,507 |
| SELLING AND ADMINISTRATIVE EXPENSES | 5,457,679 | 11,410 | (360,068) | 5,109,021 | 4,326,816 |
| OPERATING INCOME | 1,674,793 | 348,658 | - | 2,023,451 | 1,089,601 |
| OTHER INCOME (EXPENSES) | | | | | |
| Interest and dividend income | 74,333 | - | - | 74,333 | 37,600 |
| Miscellaneous income | 86,911 | - | - | 86,911 | 1,417 |
| Gain on Paycheck Protection Program loan forgiveness | 445,807 | - | - | 445,807 | 445,807 |
| Loss on sale of fixed assets | - | - | - | - | (5,669) |
| Foreign currency exchange gain (loss) | (569) | - | - | (569) | 2,124 |
| Interest expense | - | (13,871) | - | (13,871) | (15,832) |
| NET OTHER INCOME (EXPENSES) | 606,482 | (13,871) | - | 592,611 | 465,447 |
| NET INCOME | <u>\$ 2,281,275</u> | <u>\$ 334,787</u> | <u>\$ -</u> | <u>\$ 2,616,062</u> | <u>\$ 1,555,048</u> |

SUPERIOR WALLS OF AMERICA, LTD. AND AFFILIATED ENTITY

COMBINING SCHEDULES OF SELLING AND ADMINISTRATIVE EXPENSES

Years Ended December 31, 2021 and 2020

| | Superior Walls of America, Ltd. | Superior Walls Outlets, LLC | Eliminations | 2021 Combined | 2020 Combined |
|--|---------------------------------------|-----------------------------------|---------------------|---------------------|---------------------|
| SELLING AND ADMINISTRATIVE EXPENSES | | | | | |
| Advertising and marketing | \$ 321,167 | \$ - | \$ - | \$ 321,167 | \$ 320,034 |
| Bad debts | 73,000 | - | - | 73,000 | (159,000) |
| Code work | 19,429 | - | - | 19,429 | 10,677 |
| Contributions | 123,950 | - | - | 123,950 | 115,000 |
| Depreciation and amortization | 132,440 | 11,409 | - | 143,849 | 128,511 |
| Director fees | 21,067 | - | - | 21,067 | 15,300 |
| Dues and subscriptions | 7,986 | - | - | 7,986 | 6,903 |
| Employee benefits | 457,542 | - | - | 457,542 | 448,665 |
| Equipment rental | 1,065 | - | - | 1,065 | 423 |
| Insurance | 44,254 | - | - | 44,254 | 46,582 |
| Licenses | 108,117 | - | - | 108,117 | 118,840 |
| Meals and entertainment | 14,935 | - | - | 14,935 | 10,842 |
| Miscellaneous | 26,157 | 1 | - | 26,158 | 21,523 |
| Office | 34,666 | - | - | 34,666 | 46,451 |
| Payroll taxes | 182,275 | - | - | 182,275 | 176,857 |
| Professional fees | 1,012,189 | - | - | 1,012,189 | 541,038 |
| Real estate taxes | 13,707 | - | - | 13,707 | 13,619 |
| Rent | 401,312 | - | (360,068) | 41,244 | 41,244 |
| Research and development | 72,808 | - | - | 72,808 | 11,780 |
| Shipping and handling | 437 | - | - | 437 | 621 |
| Shop and office maintenance | 37,715 | - | - | 37,715 | 20,896 |
| Shop supplies | 41,980 | - | - | 41,980 | 53,116 |
| Taxes - other | 10,555 | - | - | 10,555 | 13,517 |
| Training services | - | - | - | - | 2,707 |
| Utilities | 81,575 | - | - | 81,575 | 62,019 |
| Vehicle and travel | 55,848 | - | - | 55,848 | 57,193 |
| Wages and salaries | 2,161,503 | - | - | 2,161,503 | 2,201,301 |
| Warranty | - | - | - | - | 157 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL SELLING AND ADMINISTRATIVE EXPENSES | \$ 5,457,679 | \$ 11,410 | \$ (360,068) | \$ 5,109,021 | \$ 4,326,816 |

EXHIBIT G

TABLE OF CONTENTS TO MANUALS

EXHIBIT H

STATE-SPECIFIC DISCLOSURES

The following are additional disclosures for the Franchise Disclosure Document of Superior Walls of America, Ltd. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

Illinois Disclosure

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the Franchise Disclosure Document for Superior Walls of America, Ltd. for use in the State of Illinois shall be amended as follows:

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Maryland Disclosure

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for Superior Walls of America, Ltd. for use in the State of Maryland shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

The general releases required for renewal or transfer shall not apply with respect to any claim you may have which arises 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.

2. Item 17, Part v., "Choice of Forum" shall be amended by the addition of the following language:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Minnesota Disclosure

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document for Superior Walls of America, Ltd. for use in the State of Minnesota shall be amended to include the following:

1. In Item 13, under the heading “Trademarks,” the sixth paragraph shall be deleted in its entirety, and shall be replaced by the following new paragraph:

Under the License Agreement, you must notify SWA of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity or ownership of the Proprietary Marks, or any challenge to SWA’s right to use and to license others to use, or your right to use, the Proprietary Marks. SWA will make all commercially reasonable efforts to enforce its right to use and to license others to use, and your right to use, the Proprietary Marks against uses by others that may constitute infringement of the Proprietary Marks. SWA has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of such administrative proceeding or litigation. Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights which you have to use our proprietary rights.

2. Item 17, under the heading “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following new paragraphs:

With respect to franchisees/developers governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee/developer be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this Addendum to the Disclosure Document.

North Dakota Disclosure

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Superior Walls of America, Ltd. shall be amended by the addition of the following language:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise (i.e., Item 17(c) of this Disclosure Document).

2. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-1 through 51-19-17, are met independently without reference to this Addendum to the Disclosure Document.

Washington Disclosure

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for Superior Walls of America, Ltd. in connection with the offer and sale of licenses for use in the State of Washington shall be amended to include the following:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs at the conclusion of the Item:

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

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

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

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

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

2. Each provision of this addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, are met independently without reference to this addendum to the Disclosure Document.

EXHIBIT I

STATE-SPECIFIC AMENDMENTS

Illinois Amendment to Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Superior Walls of America, Ltd. Franchise Agreement (the “**Agreement**”) agree as follows:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee’s right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois amendment to the License Agreement in duplicate on the date first above written.

Licensee

Superior Walls of America, Ltd.
Licensor

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Maryland Amendment to License Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg., §§ 14-201 through 14-233, the parties to the attached Superior Walls of America, Ltd. Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.6 of the Agreement, under the heading "Term and Renewal," shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

2.2.6 Licensee and each of its shareholders with an ownership interest in excess of 5%, directors, and officers, shall execute a general release, in the form attached hereto as Exhibit C. **The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law;**

2. Section 12.3.3 of the Agreement, under the heading "Transfer," shall be modified by adding the following statement:

The general releases required shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Sections 20.1.1 of the Agreement, under the heading "Applicable Law; Dispute Resolution," shall be amended by adding the following sentence:

Notwithstanding the above, the Licensee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Section 20.6 of the Agreement, under the heading "Applicable Law; Dispute Resolution," shall be amended by adding the following sentence:

This Section 20.6 does not apply to any and all claims arising under the Maryland Franchise Registration and Disclosure Law, which shall be commenced within three (3) years from the grant of the franchise.

5. Section 23 of the Agreement, under the heading "Acknowledgments; Retained Rights," shall be supplemented by the following new Section 23.7:

23.7 The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland amendment to the License Agreement in duplicate on the date first above written.

Licensee

Superior Walls of America, Ltd.

Licensor

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Minnesota Amendment to License Agreement

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Superior Walls of America, Ltd. License Agreement (the “Agreement”) agree as follows:

1. Subsection 2.2.6 of the Agreement, under the heading “Term and Renewal,” shall be supplemented by the addition of the following at the end of the subsection:

excluding only such claims as Licensee may have that have arisen under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

2. Section 2.2 of the Agreement, under the heading “Term and Renewal,” shall be supplemented by the addition of the following new subsection 2.2.9:

2.2.9 Minnesota law provides licensees with certain non-renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that a licensee be given 180 days’ notice of non-renewal of a license agreement.

3. Section 11 of the Agreement, under the heading “Proprietary Marks,” shall be supplemented by the addition of the following new subsection 11.4:

11.4 Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), Licensor is required to protect any rights Licensee may have to the Proprietary Marks.

4. Subsection 12.3.3 of the Agreement, under the heading “Transfer of Interest,” shall be deleted in its entirety and shall have no force or effect, and the following new subsection 12.3.3 shall be inserted in lieu thereof:

12.3.3 That the transferor Licensee and SWA have executed mutual general releases, in a form required by SWA, of any and all claims between transferor and SWA and between Licensee and SWA, and their respective current and former affiliates, and their respective current and former officers, directors, shareholders, agents, and employees, excluding only such claims relating to (i) any provision or covenant of this agreement which expressly or by its nature imposes obligations beyond the expiration of this agreement; (ii) claims for indemnification relating to actions of third parties; (iii) outstanding accounts payable or royalties payable to SWA; (iv) all obligations of Licensee to SWA in connection with the Licensed Business which arose prior to the effective date of the Transfer; and (v) such claims as the transferor may have under the Minnesota Franchises Law and

the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

5. Section 12 of the Agreement, under the heading “Transfer of Interest,” shall be supplemented by the addition of the following new subsection 12.7:

12.6 Minnesota law provides licensees with certain transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 5) currently requires that consent to the transfer of the license may not be unreasonably withheld.

6. Section 13 of the Agreement, under the heading “Default and Termination,” shall be supplemented by the addition of the following new subsection 13.6:

13.6 Minnesota law provides licensees with certain termination rights. In sum, Minn. Stat. § 80C.14 (subd. 3) currently requires, except in certain specified cases, that a licensee be given 90 days notice of termination (with 60 days to cure) of a license agreement.

7. Section 20.7 of the Agreement, under the heading “Applicable Law; Dispute Resolution,” shall be deleted in its entirety and shall have no force or effect, and the following new subsection 20.6 shall be substituted in lieu thereof:

20.7 Nothing herein contained shall bar the right of Licensor to seek injunctive relief against threatened conduct that will cause it loss or damages (including, but not limited to, those matters set forth in Section 20.3, as well as potential violations of the terms of Sections 8, 9, 11, 12, 14, and 15 of this Agreement) under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

8. Section 20 of the Agreement, under the heading “Applicable Law; Dispute Resolution,” shall be supplemented by the addition of the following new subsection 20.8:

20.8 Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit Licensor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Minnesota amendment to the License Agreement in duplicate on the date first above written.

Licensee

Superior Walls of America, Ltd.

Licensor

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

North Dakota License Agreement Amendment

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached License Agreement (the “Agreement”) agree as follows:

1. Sections 2.2.6 and 12.3.3 of the Agreement each contain a provision requiring a general release as a condition of renewal or transfer of the franchise. Each release is subject to and will exclude claims arising under the North Dakota Franchise Investment Law.

2. Section 20.1.1 of the Agreement requires that Licensee consent to the jurisdiction of a court located in the judicial district in which Licensor has its principal place of business at the time the action is initiated. This provision may not be enforceable under North Dakota law because North Dakota law precludes Licensee from consenting to jurisdiction of any court outside of North Dakota.

3. Although Section 20.1 of the Agreement provides that the Agreement will be interpreted and construed in accordance with the laws of the Commonwealth of Pennsylvania, Licensor agrees that the laws of the State of North Dakota will govern the Agreement.

4. Section 20.4 of the Agreement requires that Licensees to consent to a waiver of trial by jury. The North Dakota Securities Commissioner has determined this provision to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law; therefore, the provision is deemed null and void.

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

6. Licensor and Licensee 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.

7. Notwithstanding anything contained in the Agreement to the contrary, each party shall bear its own costs and expenses in connection with any enforcement action brought by either party under the Agreement.

8. Each provision of this Amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Amendment.

9. To the extent this Amendment is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Amendment shall govern.

[Signatures Appear on Following Page]

Each of the undersigned hereby acknowledges having read, understood, and executed this Amendment _____, 20____.

Licensee

Superior Walls of America, Ltd.

Licensor

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Washington Addendum to the Franchise Agreement, Franchisee Disclosure Questionnaire, and Related Agreements

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached License Agreement (the “Agreement”) agree as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
2. RCW 19.100.180, may supersede the license agreement in your relationship with the licensor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the license agreement in your relationship with the licensor including the areas of termination and renewal of your license.
3. In any arbitration or mediation involving a license purchased in Washington, the arbitration or mediation will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the license agreement, a licensee may bring an action or proceeding arising out of or in connection with the sale of licenses, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a licensee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the licensor’s reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, are met independently without reference to this amendment.

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

| | |
|-------------|---------------------------------|
| _____ | Superior Walls of America, Ltd. |
| Licensee | Licensor |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |

EXHIBIT J

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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 |
|--------------|-----------------------|
| Illinois | Pending |
| Indiana | Pending |
| Maryland | Pending |
| Minnesota | Pending |
| North Dakota | Pending |
| South Dakota | Pending |
| Virginia | Pending |
| Washington | Pending |
| Wisconsin | Pending |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT K

RECEIPTS

RECEIPT
(Retain this Copy)

This Disclosure Document summarizes certain provisions of the license agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Superior Walls of America, Ltd. offers you a license, 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 license sale or grant.

New York requires that Superior Walls of America, Ltd. gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the license or other agreement or the payment of any consideration that relates to the license relationship. Michigan requires that Superior Walls of America, Ltd. gives you this Disclosure Document at least 10 business days before the execution of any binding license or other agreement or the payment of any consideration, whichever occurs first.

If Superior Walls of America, Ltd. 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 your state agency.

Issuance Date: April 26, 2023

The name, principal business address, and telephone number of each franchise seller is as follows:

Andrew Zimmerman, Keith Weller and Marcus Blomeier
Superior Walls of America, Ltd.
937 East Earl Road
New Holland, PA 17557
Fax: (717) 351-9263

Superior Walls of America, Ltd. authorizes the agencies identified on **Exhibit B** to receive service of process for it in the states listed thereon.

I received a Disclosure Document dated April 26, 2023 that included the following Exhibits:

- | | |
|---|---------------------------------|
| A. List of State Administrators | F. Financial Statements |
| B. Agents for Service of Process | G. Table of Contents to Manuals |
| C-1. License Agreement | H. State-Specific Disclosures |
| C-2. Manufacturing License Model Addendum | I. State-Specific Amendments |
| D. Sample General Release | J. State Effective Dates |
| E. List of Current and Former Licensees | K. Receipts |

Date

Prospective Licensee

Printed Name

RECEIPT

(Sign, Date and Return this Copy to Us)

This Disclosure Document summarizes certain provisions of the license agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Superior Walls of America, Ltd. offers you a license, 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 license sale or grant.

New York require that Superior Walls of America, Ltd. gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the license or other agreement or the payment of any consideration that relates to the license relationship. Michigan requires that Superior Walls of America, Ltd. gives you this Disclosure Document at least 10 business days before the execution of any binding license or other agreement or the payment of any consideration, whichever occurs first.

If Superior Walls of America, Ltd. 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 your state agency.

Issuance Date: April 26, 2023

The name, principal business address, and telephone number of each franchise seller is as follows:

Andrew Zimmerman, Keith Weller and Marcus Blomeier
Superior Walls of America, Ltd.
937 East Earl Road
New Holland, PA 17557
Fax: (717) 351-9263

Superior Walls of America, Ltd. authorizes the agencies identified on **Exhibit B** to receive service of process for it in the states listed thereon.

I received a Disclosure Document dated April 26, 2023 that included the following Exhibits:

- A. List of State Administrators
- B. Agents for Service of Process
- C-1. License Agreement
- C-2. Manufacturing License Model Addendum
- D. Sample General Release
- E. List of Current and Former Licensees
- F. Financial Statements
- G. Table of Contents to Manuals
- H. State-Specific Disclosures
- I. State-Specific Amendments
- J. State Effective Dates
- K. Receipts

Date

Prospective Licensee

Printed Name