FRANCHISE DISCLOSURE DOCUMENT

Sir Grout Franchising, LLC
a Delaware limited liability company
17700 Saint Clair Avenue
Cleveland, Ohio 44110
Tel: (617) 412-4464
www.sirgrout.com

The franchise offered is for the operation of a Sir Grout® business, specializing in providing distinctive grout and tile cleaning, sealing, caulking and restoration services as well as other services, including but not limited to slip resistant product application, stone restoration services and coating for tile, grout, stone, concrete and metal designed to enhance and protect a business or home's health and appearance.

The initial investment required for a Sir Grout® business ranges between $120,930 and $183,110. This includes between $70,950 and $74,050 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Donna Davidson at (617) 765-0926, info@sirgrout.com or at 17700 Saint Clair Avenue, Cleveland, Ohio 44110.

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 an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as *"A Consumer's Guide to Buying a Franchise,"* which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 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: May 1, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 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 Sir Grout® 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 Sir Grout® franchisee?	Item 20 or Exhibit E list 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 mediation, arbitration and/or litigation only in Ohio. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Ohio than in your own state.

2. **Mandatory Minimum Payments.** You must make minimum Royalty and Brand Fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

3. **Financial Condition.** The Franchisor's guarantor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

4. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than pries you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

5. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

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

NOTICE REQUIRED
BY
THE STATE OF MICHIGAN

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, according to the Michigan Department of Attorney General, Consumer Protection Division (the "Division"), the provisions are void and cannot be enforced against you:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

Franchise Administrator
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa St
G. Mennen Williams Building
Lansing, Michigan 48913
(517) 373-7117

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

To simplify the language in this disclosure document, "we," "us" or "our" means Sir Grout Franchising, LLC, the Franchisor. "You" means the individual, corporation, limited liability company or partnership who buys the franchise, the Franchisee. If the Franchisee is a corporation, partnership, limited liability company or other entity, then "you" also includes the Franchisee's shareholders, partners or members.

The Franchisor

We are a Delaware limited liability company formed on March 13, 2007. We do business under the name "Sir Grout Franchising, LLC." Our principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 4411077. Our agents for service of process are shown on Exhibit A.

We began offering Sir Grout® franchises in August 2007. We do not operate businesses of the type being offered in this disclosure document. We have not conducted any other line of business. We have not offered franchises in any other line of business. As of December 31, 2023 we had 61 franchised outlets.

Our Parent, Predecessor and Affiliates

We are a wholly owned subsidiary of Threshold Brands, LLC, which acquired us in September 2021 and maintains its principal place of business at 77 North Washington Street, Boston, MA, 02114. Threshold Brands is a wholly owned subsidiary of HS Group Holding Company, LLC ("HSGH"), which maintains its principal place of business at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111.

HSGH is majority owned through various holding companies by Riverside Micro Cap Fund V-A, L.P., which maintains its principal place of business at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111 and RMCF V AIV I, L.P., which maintains its principal place of business at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111. Each of Riverside Micro-Cap Fund V-A, L.P. and RMCF V AIV I, L.P. are managed by The Riverside Company, a global private equity firm focused on investing in and acquiring growing businesses and it maintains its principal business address at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111. Through various private equity funds managed by The Riverside Company the following portfolio companies of Riverside Company offer franchises in the U.S.

EverSmith Brands

U.S. Lawns, Inc. ("U.S. Lawns") has offered franchises under the mark "U.S. Lawns" since August 1986. U.S. Lawns' principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A U.S. Lawn franchise offers outdoor commercial property and landscaping services. As of its last fiscal year, U.S. Lawns had 208 franchises operating in the United States.

milliCare Franchising, LLC ("milliCare") and its predecessors have offered franchises since January 2011. milliCare's principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A milliCare franchise offers cleaning and maintenance of floor coverings and interior finishes and related services under the mark "milliCare Floor & Textile Care." As of December 31, 2022, milliCare had 51 franchises operating in the United States.

Kitchen Guard Franchising, Inc. ("Kitchen Guard") has offered franchises s under the mark since August 2023. Kitchen Guard's principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A Kitchen Guard franchise offers commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services. As of the date of this disclosure document, there are no Kitchen Guard franchises operating in the United States.

Evive Brands

Executive Home Care Franchising, LLC ("Executive Care") has offered franchises under the mark "Executive Home Care" since June 2013. Executive Home Care's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Executive Home Care franchise offers in-home comprehensive care and medical services to home care clients, and supplemental healthcare staffing services to institutional clients. As of December 31, 2022, Executive Care had 21 franchises operating in the United States.

B & P Burke, LLC ("B&P") has offered franchises under the mark "Grasons" since May 2014. B&P's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A Grasons franchise offers estate sale and business liquidation services. As of December 31, 2022, B&P had 31 franchises operating in the United States.

ALL Franchising, LLC ("ALL") and its predecessors have offered franchises under the mark "Assisted Living Locators" since May 2006. ALL's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Assisted Living Locators franchise assists seniors and their families in locating assisted living facilities, memory care communities, nursing homes, senior care homes and independent living senior communities. As of December 31, 2022, ALL had 134 franchises operating in the United States.

Brothers Parsons Franchising LLC ("Brothers") and its predecessor have offered franchises under the mark "The Brothers that just do Gutters" since July 2015. Brothers' principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A "The Brothers that just do Gutters" franchise provides gutter installation, maintenance, cleaning, repair, and related services and products. As of December 31, 2022, Brothers had 93 franchises operating in the United States.

Head-to-Toe Brands

BCC Franchising, LLC ("BCC") and its predecessor have offered franchises since March 2007 under the mark "Bishops". BCC's principal business address is Terminal Tower 50 Public Square, 29th Floor Cleveland, OH 44113. A Bishops franchise offers haircuts, coloring, and barber services. As of December 31, 2022, BCC had 42 franchises operating in the United States.

Frenchies, LLC ("Frenchies") has offered franchises under the mark "Frenchies Modern Nail Care" since April 2015. Frenchies' principal business address is 2679 West Main, #363, Littleton, CO 80120. A Frenchies Modern Nail Care franchise offers hand and foot care. As of

December 31, 2022, Frenchies had 22 franchisees operating in the United States.

The Lash Franchise Holdings, LLC ("Lash") and its predecessor has offered franchises under the mark "Lash Lounge" since March 2010. Lash's principal business address is 4370 Varsity Drive, Suite G, Ann Arbor, MI 48108. A Lash Lounge franchise offers permanent and temporary eyelash and eyebrow extensions and other eye enhancing services. As of December 31, 2022, Lash had 117 Lash Lounge franchises in the United States.

Best Life Brands

Blue Moon Franchise Systems, LLC ("Blue Moon") has offered franchises under the mark "Blue Moon Estate Sales" since August 2013. Blue Moon's principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Blue Moon franchise sells personal property as well as the provision of consignment sales for those who are downsizing, relocating, or are deceased. As of December 31, 2022, Blue Moon had 91 franchises in operation in the United States.

Boost Franchise Systems, LLC ("Boost") has offered franchises under the mark "Boost Home Healthcare" since July 2021. Boost's principal business address is 900 Wilshire Drive, Suite 102,Troy, MI 48084. A Boost franchise offers intermittent care ordered by a doctor and performed by a home health aide and other licensed healthcare providers to patients of all ages with acute and chronic long term complex health conditions within the patient's residence or within health care facilities. As of December 31, 2022, Boost had six franchises in operation in the United States.

ComForCare Franchise Systems, LLC ("ComForCare") and its predecessor has offered franchise under the mark "ComForCare Home Care" since April 2021. ComForCare's principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A ComForCare Home Healthcare franchise offers (i) companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (ii) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside, and (iii) private duty nursing services. As of December 31, 2022, ComForCare had 218 franchises operating in the United States.

CarePatrol Franchise Systems, LLC ("CarePatrol") and its predecessor has offered franchises under the "CarePatrol" mark since April 2009. CarePatrol's principal address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A CarePatrol franchise offers senior living placement, referral, and consulting services to families. As of December 31, 2022, CarePatrol had 160 Care Patrol franchises operating in the United States.

Affiliates

Our affiliate, PHP Franchise, LLC ("PHP") is the franchisor of plumbing services businesses operating under the mark "Plumbing Paramedics" and heating and air conditioning installation and service businesses operating under the mark "Heating + Air Paramedics". PHP began offering franchises in November 2021. PHP has the same principal place of business as we do. As of December 31, 2023, there were 5 Plumbing Paramedics and 5 Heating + Air Paramedics franchises.

Our affiliate Maid Pro Franchise, LLC ("MaidPro") is the franchisor of home cleaning services businesses for residential and commercial customers. MaidPro's principal place of business is 77 North Washington Street, Boston, Massachusetts 02114. MaidPro began offering franchises on February 1, 1997 and as of December 31, 2023 had _238 franchises in the United States and 16 in Canada.

Our affiliate FlyFoe, LLC d/b/a Patio Patrol ("Patio Patrol"), is a franchisor of businesses providing residential and commercial mosquito, wasp, fly, tick control and other general pest control services under the Patio Patrol name and marks. Patio Patrol's principal business address is 77 North Washington Street, Boston, Massachusetts 02114. Patio Patrol offered franchises from February, 2018 until April 2024. It originally offered them under the "FlyFoe" name and continued until July 15, 2022 when it began offering franchises under the name "Patio Patrol". As of December 31, 2023, there were 7 Patio Patrol franchises in operation.

Our affiliate Men In Kilts US, LLC ("MIK"), is a franchisor of businesses providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services. MIK's principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK began offering franchises in March 2019 and as of December 31, 2023 had 20 franchises.

Our affiliate Men In Kilts Canada Inc. ("MIK Canada"), is the franchisor of the Men In Kilts brand in Canada. Its principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK Canada through its predecessor has been offering Men In Kilts franchises since 2011 and as of December 31, 2023 had 22 Men In Kilts franchises in Canada.

Our affiliate Pestmaster Franchise Network, LLC ("Pestmaster"), is a franchisor of businesses providing structural and agricultural pest control and related services. Pestmaster's principal business address is 9716 South Virginia Street, Suite E, Reno, Nevada 89511. Pestmaster through its predecessor has been offering franchises since June 1991 and as of December 31, 2023 had 52 franchises.

Our affiliate USA Insulation Franchise, LLC ("USA Insulation") is a franchisor of businesses providing residential insulation services. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. USA Insulation has been offering franchises since March 2006 and as of December 31, 2023 had 100 franchises.

Our affiliate Granite Garage Floors Franchising, LLC is a franchisor of businesses that market, sell and install residential garage floor coating systems. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. It has been offering franchises since June 2013 and as of December 31, 2023 had 44 franchises.

Our affiliate Mold Medics Franchising LLC is a franchisor of businesses providing mold remediation, air duct cleaning, radon testing and mitigation services, and other services and products. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. It has been offering franchises since December 2020 and as of December 31, 2023 had 1 franchise.

Our affiliate Miracle Method, LLC is a franchisor of businesses providing restoration services for bathtubs, sinks, showers, tile, countertops, and similar surfaces in homes and businesses. Its principal business address is 4310 Arrowswest Drive, Colorado Springs, Colorado, 80907. It has been offering franchises since 1996 and as of December 31, 2023 there were 194 unit franchises and 2 master franchises operating in the United States.

Our predecessor and affiliate is Sir Grout, LLC ("SG LLC"). SG LLC was formed in 2006. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 4411077. No predecessor or affiliate has offered franchises for sale in a business like the franchise offered in this disclosure document or in any other line of business, except as disclosed above. SG LLC may sell products and services to our franchisees. See Item 5.

Threshold Brands, our immediate parent company, is also the parent company of our affiliates disclosed above.

The Franchise Offered

We franchise businesses that provide full tile and grout cleaning, sealing, caulking and restoration services as well as other services, including slip resistant product application, stone restoration services and coating for tile, grout, stone, concrete and metal; those services provided in conjunction with a proprietary system defined below (the "Franchised Business"). Our proprietary system (the "System") consists of a business format, high quality products, skilled technicians and our proprietary job booking system, among other features. The System is identified by certain trademarks, trade names, service marks, logos, emblems and indicia of origin ("Principal Trademarks"). The System is also identified by certain distinctive, identifiable trade-dress, including unique vehicle wraps; uniform standards of operation, quality and uniformity of products and services; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs. The System includes a proprietary method for tile and grout cleaning, sealing, caulking and restoration services as well as other services, including but not limited to slip resistant product application, stone restoration services and coating for tile, grout, stone, concrete and metal designed to enhance and protect a business or home's health and appearance.

We intend to offer franchises to qualified individuals, corporations, partnerships or other legal entities interested in operating in a territory with a size, location and number of marketable addresses ("Territory"). The Territory is discussed in greater detail in Item 12. There is no minimum number of Franchised Businesses you must open. You must sign a separate franchise agreement for each franchise you operate. You must sign a franchise agreement in the form attached as Exhibit B to this disclosure document ("Franchise Agreement").

You will operate your Sir Grout® Franchised Business using a vehicle with a particular model van specified in the Franchise Agreement, the Confidential Operating Manual or otherwise by us in writing. You will not be required to open a retail store location.

Market Conditions

The market for grout and tile cleaning, sealing, caulking and restoration services as well as other services, including slip resistant product application, stone restoration services and coating for tile, grout, stone, concrete and metal is established. A Sir Grout® Franchised Business offers a convenient full service, high quality, solution to the problem of grout and tile maintenance. Your typical customers will range from homeowners to small business entrepreneurs to larger commercial accounts. Your competition will include local, regional and national businesses, including franchised chains. The market is highly competitive and fragmented. Many businesses, including independent, local businesses will compete directly and indirectly with your Franchised Business. The business is not seasonal. However, if you are located in a cold weather climate the demand for your services will decrease in the wintertime on stone, concrete or other outdoor services will decrease.

Industry Regulations

There may also be industry specific laws and regulations in some areas that affect the operation of your Franchised Business. For example, the state or county in which you will operate your business may require you to obtain and maintain a general contractor, flooring contractor or remodelers license. You may also need to comply with state and federal environmental laws that regulate the use, storage and disposal of sealants and adherents.

There are other federal, state and local laws and regulations of general applicability to businesses that will impact your operation. These include Americans with Disabilities Act, the Fair Labor Standards Act; Equal Employment Opportunities Commission; Occupational Safety and Health Administration; Gramm-Leach-Bliley Act; The Patriot Act; Truth in Lending Act and other laws dealing with credit transactions and collections; Digital Millennium Copyright Act; regulations governing MMS, SMS, emails and telemarketing; the payment of license fees; and, any advertising or content related rules and regulations, etc.

Other than the above, we are unaware of any other specific industry regulations or licensing requirements governing the operation of the Franchised Business.

ITEM 2.
BUSINESS EXPERIENCE

Chairman of the Board of Managers – Tom Silk

Mr. Silk joined us as the Chairman of our Board of Managers in September 2022. Mr. Silk is the Chairman of the Board of Managers for our parent company Threshold Brands, LLC and its parent company, HS Group Holding Company, LLC. Mr. Silk is also the Chairman of the Board of Managers for Sir Grout, LLC and all of our affiliates offering franchises disclosed in Item 1. From September 2019 to August 2022 Mr. Silk was the CEO of Corporate Rewards d/b/a WorkStride in New York, NY. From January 2013 to September 2019 Mr. Silk served as WorkStride's Chief Customer Officer.

Vice President and Manager – Caroline Quoyeser

Since December 2020, Ms. Quoyeser has served as our Vice President and Manager. Since August 2021, Ms. Quoyeser has been the Vice President and a Manger of our parent, Threshold Brands, LLC, and since August 2020 Ms. Quoyeser has been the Vice President and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Ms. Quoyeser is also a Vice President and Manager for Sir Grout, LLC and all of our affiliates offering franchises disclosed in Item 1. Since January 2023 Ms. Quoyeser has been an Assistant Vice President with The Riverside

Company in Santa Monica, CA. From July 2021 to December 2022 Ms. Quoyeser was a Senior Associate with The Riverside Company in Santa Monica, CA. From July 2019 to June 2021 Ms. Quoyeser was an Associate with The Riverside Company in Santa Monica, CA. From June 2017 to June 2019 Ms. Quoyeser was an Analyst with The Riverside Company in Santa Monica, CA.

<u>Vice President, Secretary and Manager</u> – Stephen Rice

Since September 2021 Mr. Rice has served as our Vice President and Secretary and a member of our Board of Managers. Since August 2021 Mr. Rice has been the Vice President, Secretary and a Manager of our parent, Threshold Brands, LLC and since August 2020 Mr. Rice has been the Vice President, Secretary and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Rice is the Vice President, Secretary and Manager of our affiliate Sir Grout, LLC and all of our affiliates offering franchises disclosed in Item 1. Since October 2010, Mr. Rice has been a Principal of The Riverside Company, located in Cleveland, Ohio.

<u>Manager</u> – Steven Siegel

Mr. Siegel has been a member of our Board of Managers since September 2021. Since August 2021 Mr. Siegel has served as a Manager of our parent, Threshold Brands, LLC and since August 2020 Mr. Siegel has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Siegel is a Manager of our affiliate Sir Grout, LLC and all of our affiliates offering franchises disclosed in Item 1. From January 2005 to present, Mr. Siegel has served as a Managing Partner at Brookside Consulting Company.

<u>Manager</u> – Ryan Farris

Mr. Farris joined us as a member of our Board of Managers in November 2021. Mr. Farris is a Manager of our parent, Threshold Brands, LLC and its parent, HS Group Holding Company, LLC. Mr. Farris is a Manager of Sir Grout, LLC and all of our affiliates offering franchises disclosed in Item 1. Mr. Farris has been with AlphaGraphics since September 2015 and has been the President and COO of AlphaGraphics since October 2017 and, since August 2020, he has also served as the President and COO of PostNet International Franchise Corp., both located in Lakewood, Colorado.

<u>Manager – Mark Kushinsky</u>

Mr. Kushinsky has been a member of our Board of Managers since September 2021. Since August 2021 Mr. Kushinsky has served as a Manager of our parent, Threshold Brands, LLC and since August 2020 Mr. Kushinsky has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Kushinsky is a Manager of Sir Grout, LLC and all of our affiliates offering franchises disclosed in Item 1. From April 2008 to July 2020, Mr. Kushinsky was Chief Executive Officer of MaidPro Franchise Corporation, located in Boston, MA.

<u>Chief Executive Officer and Manager</u> – Theodore Demarino

Since June 2023, Mr. Demarino has been our Chief Executive Officer ("CEO") and a member of our Board of Managers. Mr. Demarino is also the CEO and a Manager of our parent, Threshold Brands, LLC and of its parent, HS Group Holding Company, LLC. He also serves as the CEO and a Manager of Sir Grout, LLC and all of our affiliates offering franchises disclosed in Item 1. From October 2019 to May 2023, Mr. Demarino was the President of Liberty Tax in Hurst, TX. Before that, Mr. Demarino served as Operating Partner of Vintage Capital Management in Frisco, TX from September 2016 to October 2019.

Chief Financial Officer – Scott A. Fink

Since June 2023, Mr. Fink has been our Chief Financial Officer ("CFO"). Mr. Fink is also the CFO of our parent, Threshold Brands, LLC and its parent, HS Group Holding Company, LLC. Mr. Fink is CFO of Sir Grout, LLC and all of our affiliates offering franchises disclosed in Item 1. From October 2020 to June 2023, Mr. Fink was the CFO of The Bazaar, Inc. in River Grove, IL. Before that, Mr. Fink Served as CFO of Akash Chemicals, Inc. in Glendale Heights, IL from April 2017 to October 2020.

Chief Legal Officer – Robert G. Huelin

Since September 2021 Mr. Huelin has served as our Chief Legal Officer ("CLO"). Since August 2021 Mr. Huelin has served as CLO of our parent, Threshold Brands, LLC. He also serves as CLO of Sir Grout, LLC and all of our affiliates offering franchises disclosed in Item 1. From December 2014 to May 2021 Mr. Huelin was the Vice President, Legal and Compliance for Wireless Zone, LLC and its predecessor in Rocky Hill, CT.

Chief Revenue Officer – Juliet Diiorio

Ms. Diiorio has served as our Chief Revenue Officer ("CRO") since August 2023. Since August 2023 Ms. Diiorio has been the CRO of our parent company, Threshold Brands, and all of our affiliates offering franchises disclosed in Item 1. From January 2023 to August 2023 Ms. Diiorio was the Chief Marketing Officer of Silvercrest Advertising in Palm Springs, CA. From April 2022 to December 2022 Ms. Diiorio was the Chief Marketing Officer of James Ryder Interactive in Delray Beach, FL. From July 2019 to September 2021 Ms. Diiorio was the Chief Marketing Officer of Liberty Tax in Hurst, TX. From April 2012 to July 2019 Ms. Diiorio was the Chief Insurance Officer for Acceptance Insurance in Nashville, TN.

Chief Operating Officer – Cory Hughes

Mr. Hughes has served as our Chief Operating Officer ("COO") since August 2023. Since August 2023 Mr. Hughes has also been the COO of our parent company, Threshold Brands, LLC, and is the COO of all of our affiliates offering franchises disclosed in Item 1. From March 2018 to August 2023 Mr. Hughes was the Executive Vice President - Operations of Liberty Tax Service in Leawood, KS.

Vice President, Human Resources – Somerset Buchanan

Since November 2022, Ms. Buchanan has been our Vice President of Human Resources, and the Vice President, Human Resources for our parent, Threshold Brands, LLC, our affiliate Sir Grout, LLC and each of our affiliates offering franchises disclosed in Item 1. From March 2022 until November 2022, Ms. Buchanan was MaidPro Franchise, LLC's Senior Director of Central Coaching in Boston, MA From December 2020 until March 2022, Ms. Buchanan was MaidPro

Franchise, LLC's Director of Central Coaching in Boston, MA. Ms. Buchanan was Director of Field and New Franchisee Learning for Dunkin Brands in Canton, MA from February 2019 to June 2020. Ms. Buchanan was previously the Senior Learning Manager of New Franchisee Learning for Dunkin Brands from January 2017 to February 2019.

Franchise Development Director – Don Champion

Mr. Champion joined us as Franchise Development Director in April 2024. Mr. Champion was the Brand President of HorsePower Brands in Omaha, NE from May 2022 to April 2024. Before that, from May 2019 to April 2022, Mr. Champion was the Franchise Director for GarageExperts in Grapevine, TX.

Brand Leader – Phillip Gill

Mr. Gill has been our Brand Leader since October 2023. Mr. Gill has been the owner and manager of GLM Gen II, LLC in Charlotte, NC since May 2021. From May 2020 to December 2022 Mr. Gill was the Director of Operations for Germinator Franchising, LLC in Atlanta, GA. From January 2018 to May 2020 Mr. Gill was an Associate Manager for SS&C in Atlanta, GA.

Franchise Development Manager – Donna Davidson

Since December 2021, Ms. Davidson has been our Franchise Development Manager. From February 2018 to October 2021 Ms. Davidson was the Vice President, Development and Operations for House Doctors Home Improvement in Milford, OH.

ITEM 3.
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4.
BANKRUPTCY

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

ITEM 5.
INITIAL FEES

Initial Franchise Fee

You must pay to us an initial franchise fee ("Initial Franchise Fee") in a lump sum payment of $60,000 upon signing the Franchise Agreement. The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement. We may offer to prospects who meet our qualifications, including creditworthiness financing of up to the full amount of the Initial Franchise Fee. The Initial Franchise Fee will be deemed fully earned and nonrefundable upon signing the Franchise Agreement. See Item 10 for additional information.

For existing franchisees, or franchisees who have a demonstrated record of success operating a franchise in our or our affiliate brands, we will offer to waive the Initial Franchise Fee in exchange for an increase to the Continuing Royalty rate by an additional 2.5% of Gross Consumer Sales (example the 5% royalty will increase to 7.5%) for the 10 year term of the franchise agreement. We refer to this program as our “Franchise Option Program”. You will enter into the Franchise Option Amendment attached to the Franchise Agreement as Exhibit 7. See Item 6 for more information related to this program.

For new franchisees who desire to participate in the Franchise Option Program, we will refund your Initial Franchise Fee within 10 days of the opening of your Franchised Business so long as it opens within the time required under the Franchise Agreement and you are not otherwise in default under the Franchise Agreement or any other agreement between you and us or any of our affiliates. You will enter into the Franchise Option Amendment attached to the Franchise Agreement as Exhibit 5.

If you are a current member of the United States Armed Forces or you received an honorable discharge from the United States Armed Forces you may be eligible for a 20% reduction of the Initial Franchise Fee on your first Franchised Business. We also offer a “First Responders” discount. If you are a police officer, firefighter, or paramedic/emergency medical technician (EMT) you may be eligible for a 20% reduction of the Initial Franchise Fee on your first Franchised Business.

We currently offer a multi-unit discount. If you purchase 3 or more Sir Grout franchises, you may be eligible to receive a 25% reduction of the Initial Franchise Fee off the second and any additional franchises you purchase at the time you purchase the initial Sir Grout franchise.

We may offer a discount of up to 10% off the Initial Franchise Fee to prospects who will be operating their franchise in a hard-to-serve or underserved market, whether geographic or demographic.

Any waiver of, or reduction in, the Initial Franchise Fee will be granted in our sole discretion. We evaluate each situation on an individual basis. We reserve the right to change, modify or discontinue any of these discount/waiver programs at any time.

During 2023 our franchise offering included discounts such that our Initial Franchise Fees ranged from $0 to $60,000.

We pay a referral fee (“Referral Fee”) to any current franchisee for each candidate referred to us who meets our qualifications and signs a Franchise Agreement. Currently, the Referral Fee is $10,000 for each successful referral of a candidate who is not a current franchisee of our brand or any of our affiliate brands.

Other Initial Fees

Before your Franchised Business opens, you must purchase from us or our affiliate, SG LLC, a package of products and supplies necessary for the implementation of the System (“Right Start Package”). The Right Start Package will cost between $10,900 and $14,000. You will pay the fee for the Right Start Package in a lump sum payment. The fee for the Right Start Package is nonrefundable and is due upon your receipt of an invoice for the Package.

We maintain websites for the marketing of Franchised Businesses and the brand (the "Websites"). You must pay us an annual fee of $50 and a monthly fee of $49 for maintenance of the Websites. The annual fee is due before the Franchised Business opens and is nonrefundable.

You pay us, or our affiliates, no other fees or payments for services or goods before your Franchised Business opens.

ITEM 6.
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty[2]	The Royalty on Gross Revenues earned from services rendered within the Territory are as follows: <u>Months</u> <u>Amount Due</u> 1-3 $600 per month Thereafter, 6% of Gross Revenues or $1,250, per month, whichever is greater. You will pay a Royalty of 8% on Gross Revenues earned from services performed outside of your Territory.	Monthly	Gross Revenues are defined in Note 2 below. Royalties are paid to us and are not refundable.
Brand Fund Fee[3]	$500 per month	Monthly	The Brand Fund Fee is due at the same time as the Royalty.
Local Advertising, Marketing and Promotional Expenditures[4]	$3,500 per month	Monthly	If you fail to pay all or any portion of this amount in any month you must pay us the difference and we will put it into the Brand Fund.
Late Payment Fee[5]	$100	As incurred	You only pay this fee if you are late in making other payments to us.
Transfer Fee[6]	$5,000	Upon application to transfer	Only payable if you would like to transfer your Franchised Business.

Type of Fee[1]	Amount	Due Date	Remarks
Audit Costs[7]	Cost of audit plus underpayment amount and interest at the maximum legal rate allowed by law	Due by automatic debit/EFT within 15 days of audit if incurred	Payable only if audit shows an understatement of at least 5% of Gross Revenues for any month.
Testing or Supplier Approval Fee	$200 to $1,000 depending on the product, service or supplier you propose	As incurred	Only payable if you would like us to review an unapproved product, service or supplier for approval and use.
Initial Training[8]	$500 per person for each person over two that attends the Initial Training Program.	At least 1 week before the Initial Training Program	
Stone Training[8]	Then-current tuition/registration fees. Current fee is $2,500 per attendee.	At least 1 week before the training begins	Payable to us.
Additional Training[8]	Then-current tuition/registration fee	As incurred	Payable to us.
Legal Fees and Expenses	All costs and expenses including attorneys' fees, for any failure to pay amounts when due or failure to comply in any way with the Franchise Agreement	As incurred	
Renewal Fee	$2,500	Upon renewal	Only payable if your franchise is renewed.
Indemnification	The amount of any claim, liability or loss we incur from your Franchised Business	As incurred	
Websites Fee[9]	$50 per year and $49 per month	Monthly	We collect this fee on behalf of a third party.
Business Center Fee[10]	$1,200 per month	Monthly	Payable to us.

Type of Fee[1]	Amount	Due Date	Remarks
Deficiency Cure Expense Fee[11]	Our costs and expenses	As incurred	Only payable if any deficiency in your operation of the Franchised Business continues after notice and we correct it.
Post-Termination or Post-Expiration Expense[12]	Reasonable costs and expenses, which generally range from $1,000 to $2,500	As incurred	Only payable if we take steps to modify, alter or de-identify the Franchised Business after termination or expiration of your Franchise Agreement.
Confidential Operating Manual Replacement Fee[13]	Our then-current fee, which is currently $250	As incurred	This fee is only due if you lose your Confidential Operating Manual.
Convention Fee[14]	Up to $1,500 depending upon costs	Due at registration	See Note 14

<u>Notes</u>:

1 The table above discloses fees or payments that you must pay to us or an affiliate or that we or an affiliate impose or collect in whole or in part on behalf of a third-party. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we uniformly impose all of these fees and expenses. Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. You must pay all amounts described in Item 6 to us, through EFT. You must sign Exhibit 2 to the Franchise Agreement, which is an EFT Authorization form. All fixed amounts stated in this disclosure document, e.g. a minimum of $1,250, may, in our sole and complete discretion, be subject to a CPI increase on an annual basis after the first anniversary of the date you sign your Franchise Agreement.

2 For Gross Revenues generated from services rendered within the Territory, your Royalty payment for the first 3 months of operation will be $600 per month beginning on the date you sign the Franchise Agreement. Thereafter until the end of the term your Royalty will be 6% of your Gross Revenues from services rendered within the Territory, as calculated based upon the immediately preceding month's Gross Revenues, or $1,250 whichever is greater.

Additionally, you will pay a Royalty in an amount equal to 8% of Gross Revenues from services rendered outside of the Territory for the immediately preceding month. Your Royalty payment for services rendered outside of the Territory are in addition to your Royalty payment for services rendered within your Territory and will not count toward the Royalty payment that you must make for services rendered within the Territory.

If you have accepted our offer to waive the Initial Franchise Fee under our Franchise Option Program your Royalty will be 8.5% of Gross Revenues for the initial 10 year term.

Gross Revenues are defined in the Franchise Agreement to include all income of any type or nature and from any source, including business interruption insurance proceeds, that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business, at any time after the signing of the Franchise Agreement and in whatever form and from whatever source, including cash, services, in kind from barter and/or exchange, on credit or otherwise, without any deduction for expenses including marketing expenses and taxes. However, the definition of Gross Revenues does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities. Gross Revenues include all income generated, whether from within the Territory or outside of the Territory.

3 We have established a separate fund for the purpose of enhancing the goodwill and public image of the System through promoting and protecting the brand ("Brand Fund"). You must contribute to the Brand Fund (a "Brand Fund Fee") $500 per month. Brand Fund Fees may, in our sole and complete discretion, be subject to a CPI increase on an annual basis after the first anniversary of your Franchise Agreement. See Item 11 for more information concerning the Brand Fund.

4 You must spend a minimum of $3,500 per month for local advertising, marketing, and promotional programs during the 2 years of operation or until you have achieved Gross Revenues of $240,000 or more for a period of 12 consecutive months. All advertising, marketing and promotional materials must meet our then current standards and specifications as published in our Confidential Operating Manual (defined below). If you fail to spend the given amount in any month, we may require you to contribute to the Brand Fund the unspent amount. On the second anniversary of the date you sign the Franchise Agreement, or sooner if you achieve $240,000 or more in Gross Revenues for a period of 12 consecutive months, we will no longer require that you spend a specific amount per month. However, we do recommend that you spend 15%-20% of your annual Gross Revenues on local advertising, marketing, and promotional programs.

In addition to your local advertising expenditures, you may wish to use Social Media Platforms (defined as web based platforms such as Facebook, Twitter, Instagram, LinkedIn, blogs and other networking and sharing sites) or use Social Media Materials (defined as any material on any Social Media Platform that makes use of our Principal Trademarks, name, brand, products or your Franchised Business whether created by us, you or a third-party). You may not use a Social Media Platform or Social Media Materials without our prior written approval. Your expenditures toward Social Media Platforms and Social Media Materials will count towards your required local advertising expenditures.

5 All payments are due on the 15th day of each month. If you are delinquent with your payment, you will be charged a fee of $100 per month.

6 The transfer fee is a one-time fee paid upon the transfer of all or substantially all of the assets of the Franchised Business and/or any direct or indirect interest in the ownership of Franchisee.

7 We have the right to conduct an audit of the books and records of the Franchised Business. If we do so, with an independent auditor or otherwise, and it is determined that you understated your Gross Revenues in any report by 5% percent or more, then you must pay within fifteen (15) days of receipt of a written notice from us, the understated amount along with the cost of conducting the audit, including travel, lodging, meals, wages, expenses and interest. The cost of an audit may vary based on several variables including your location, the size and quality of the accounting firm used to conduct the audit and the condition of your financial records.

8 You and one manager may attend the Initial Training Program without a registration or tuition fee. The fee for each additional attendee is $500 per person. We may offer specific additional training that you must complete in order to sell our recommended products. We may require you and/or a manager to attend and complete to our satisfaction this training at the times and locations that we designate. We, or the vendor supplying the training, may charge tuition and fees for these programs. We may also require you or manager to attend and complete to our satisfaction training courses that we periodically choose to provide at the times and locations that we designate. There is no limit as to how frequent we may offer this training. We may charge reasonable tuition and fees for this training,

You and your manager must complete the stone training program before you offer stone restoration services. The current version of the stone training program is a minimum 6 day program, but we can change the duration. There is a tuition fee for stone training, which is currently $2,500 per attendee. You may open the Franchised Business before completing the stone restoration training but you cannot provide stone restoration services until after you and your manager have completed this training to our satisfaction. Training will be conducted in-person at a location that we designate, but we can provide portions of the stone training program via remote means. Payment of the tuition fee will be due one week before the start of the training.

You are responsible for all costs to attend any training, including travel, room and board and living expenses incurred as well as your employees' wages while attending these programs.

9 We charge this fee to maintain the Websites and to incorporate into the Websites information relating to your Franchised Business, including your name and the location of your Franchised Business.

10 We or a third-party maintains a business center that will handle inbound and outbound calls to and from your Franchised Business (with a maximum of 70 telephone hours per week), provide calendar and dispatch functions, schedule jobs, make telephone calls or send emails to confirm appointments and conduct surveys ("Business Center"). While incoming calls will initially be handled by the Business Center, you will have access to customer information and you may also call customers to schedule jobs, reschedule jobs, confirm appointments, follow up with customers and make similar calls. We or a third-party also maintain a web-based platform containing customer relationship management software that will help you estimate, schedule and customer jobs. The web-based platform will show you what actions have been taken by the Business Center on your behalf and you may decide to contact customers to schedule jobs, reschedule jobs, confirm appointments, follow up with customers and make similar calls.

11 If after notice, any deficiency in the Franchised Business and/or your operation of the Franchised Business remains uncured, we may in our sole discretion correct the deficiency. If we

elect to correct the deficiency, you will reimburse us for our reasonable costs and expenses incurred in correcting the deficiency.

12 Upon expiration or termination of your Franchise Agreement, we may in our sole discretion take steps to modify, alter or de-identify the Franchised Business. If we elect to take steps to modify, alter or de-identify the Franchised Business, you will reimburse us for our reasonable costs and expenses associated with the cessation of the Franchised Business and any de-identification of the Franchised Business. These costs and expenses are not refundable under any circumstance and must be paid upon invoice from us.

13 If your copy of the Confidential Operating Manual is lost, destroyed or significantly damaged, you must obtain a replacement copy and pay us our then-current fee for a replacement copy.

14 We may from time-to-time conduct conventions or host meetings of some or all of our franchisees. ("Conventions"). You may be required to attend one or more of our Conventions, and to pay all of your expenses incurred in connection with attending the Conventions, including transportation cost, meals, lodging and living expenses. We determine the duration, curriculum and location of the Conventions. You must pay the applicable registration fee for each Convention at the time of registration. This fee is not refundable and will be collected even if you do not attend the Convention.

ITEM 7.
ESTIMATED INITIAL INVESTMENT YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount or Estimated Low-High Range	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[1]	$60,000	Lump sum	Upon execution of Franchise Agreement	Franchisor
The Right Start Package Fee[2]	$10,900 - $14,000	Lump sum	Before Franchised Business opens	Franchisor or an affiliate
Computer System and Website[3]	$2,650 - $4,150	Lump sum	Upon signing and as incurred	Franchisor; Third-party providers
Training Costs[4]	$10,800 - $13,000	As incurred	As incurred	Third-party providers
Insurance[5]	$1,000 - $2,000	Installments	Before Franchised Business opens	Third-party providers
Local Advertising[6]	$10,500	As incurred	Monthly	Third-party providers or Franchisor
Miscellaneous Opening Costs[7]	$5,660 - $12,040	As incurred	Before Franchised Business opens	Third-party providers

Type of Expenditure	Estimated Amount or Estimated Low-High Range	Method of Payment	When Due	To Whom Payment is Made
Opening Promotional Expenses[8]	$250 - $750	As incurred	Before Franchised Business opens	Third-party providers
Vehicle and Vehicle Wrap[9]	$3,500 - $43,500	Lump sum	Before Franchised Business opens	Third-party providers
Permits and Licenses	$180 - $1,000	Lump sum	Before Franchised Business opens	Government authorities
Prepaid Insurance Premiums; Vehicle & General Liability Insurance	$1,500 - $2,500	Lump sum	Before Franchised Business opens	Third-party providers
Credit card (Visa & Mastercard) Terminal[10]	$50 - $500	Lump sum	Before Franchised Business opens	Third-party providers
High Speed Internet Connection	$40 - $70	As incurred	Monthly	Third-party providers
Business Center Fee[11]	$1,200	As incurred	Monthly	Franchisor
Additional Funds – 3 months[12]	$12,700 - $17,900	As incurred	As incurred	Employees, suppliers, utilities
Totals[13]	$120,930 - $183,110			

Notes:

1 The Initial Franchise Fee is $60,000. We may finance up to the full amount of the Initial Franchise Fee. Except as discussed in Item 5 for new franchisees in our Franchise Option Program, this fee is non-refundable. See Items 5 and 10 for additional information.

2 The Right Start Package fee ranges from $10,900 to $14,000. The Right Start Package of products and supplies is a necessary kit for the implementation of the System. The Right Start Package includes a comprehensive assortment of equipment, sealants, applicators and other necessary items.

3 These amounts include the cost of the designated computer equipment and software. This is comprised of the estimated amount necessary to acquire a computer, mobile device, software, a fax/copy/printer machine and a portable printer. This estimate also includes the annual and monthly Websites fees and providing you with a company-based email address.

4 These estimates reflect the cost of one to two trainees (Franchisee at the low estimate and Franchisee and manager at the high estimate) to attend and complete our Initial Training Program, and the cost of two trainees to attend the stone training program. We estimate that the initial training program will typically last for five (5) days and the stone training may typically last for

six (6) days. There is a tuition fee for the stone training, which is currently $2,500 per attendee. The tuition cost for stone training may change at any time. Because you are not required to complete the stone training prior to opening your Franchised Business.

You are also responsible for all costs associated with your attendance at the Initial Training Program and the stone training program including costs for meals, lodging, rental cars and round-trip airfare for all trainees. The amounts do not include salary or wages that you may be required to pay during the initial training program and stone training program. Your cost may be greater if your trainees are required to incur additional travel and lodging expenses.

5 You must obtain the insurance coverage described in Item 8 at a minimum. These estimates represent insurance premiums for three months paid in advance as some insurance companies require. Insurance costs may vary substantially depending on the insurer, location, the value of the equipment and your claim history.

6 You must spend at least $3,500 per month in local advertising. If you do not spend this amount, you must pay us the difference. See Item 6.

7 This estimated amount includes various other start-up expenses, including opening inventory of supplies (other than those provided for in the Right Start Package), business permits and license expense, cost of incorporation and professional fees including legal and accounting fees. It does not include labor. Opening inventory supplies are estimated at $2,200 to $2,900. Business permits and license fees are estimated at $200 to $1,500 and may vary for different states and cities. Professional fees are estimated between $2,000 to $5,000, which includes fees for legal and accounting professionals and may vary for different states and cities. Because we do not expect you to operate a retail store location, we do not require you to purchase any additional signage for your franchised business. We do not provide you with any estimates for signage.

8 This amount includes estimates of $250 to $750 incurred for the printing of service menus, stationery, business cards, forms and other items needed to operate your Franchised Business.

9 You will need a vehicle for your transportation to and from the customer being serviced. We currently require that you utilize a Ford E series van, a Ford Transit Connect van or a Chevrolet Express series van. We may revise our vehicle requirements from time to time. When a vehicle wrap reaches 5 years of age, it must be replaced with the latest version of our graphics. The monthly cost of a vehicle will depend upon whether you lease or purchase the vehicle. The low end of the estimate represents the monthly cost to lease a vehicle. The high end represents the cost to purchase a vehicle. The monthly cost will also vary based upon the make and model of the vehicle, new or used condition of the vehicle, options included in the vehicle, your financing arrangements, area, etc. All vehicles must be equipped with a contractor bin package. You must also equip a hands-free phone device in your vehicle, the cost of which is included in both the low and high estimates. You must maintain the vehicle in good, clean, working order. The vehicle must be wrapped according to our specifications.

10 You must lease or purchase a credit card terminal for use in connection with your Franchised Business.

11 This estimate is for the initial monthly payment of the Business Center Fee.

12 This estimate of the amount of additional capital that you may need for other required expenses you will incur before your Franchised Business begins operating and during the initial 3 month period of operations is based on our affiliate's experience in operating a Sir Grout® business. You may have additional expenses from starting the Franchised Business. This estimate includes initial payroll taxes, payroll during pre-opening training period, Royalties, Brand Fund Fees, professional fees, advertising costs and expenses, Workers' Compensation insurance, rent, repairs and maintenance, uniform purchase costs or rental fees, bank charges, miscellaneous supplies and equipment, recruiting expenses, state tax and license fees, deposits and prepaid expenses and other miscellaneous items including 2 monthly payments of the Business Center Fee.

13 Except for a portion of the Initial Franchise Fee, we do not offer financing to you for any items. We are unable to estimate whether you will be able to obtain financing from third parties or the terms of any third-party financing. All costs given, except for the Initial Franchise Fee and Local Advertising, are estimates only. Your actual costs will vary depending on location and a number of other factors. None of your expenses are refundable. You should review these estimates with an advisor before you make any decision to purchase a franchise.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that you maintain the highest degree of consistency, quality and service, simplification of inventory and purchasing or for other reasons, you must obtain certain goods, services, supplies (including grout sealers, grout, grout sealing machinery, epoxy fillers, slip resistant products, caulking, adhesives, wood sealers, brushes, chamois, bottles, tools, maintenance cleaners, pre-grout and wood cleaning liquids and coatings for tile, grout, stone, concrete and metal) materials, equipment (including computer hardware and software, mobile and hand held electronic devices and a printer), business forms, stationary, business cards, and other products that meet our specifications and/or that you purchase from our designated or approved suppliers, vendors, manufacturers, printers, contractors and distributors ("Suppliers"), which may include us or an affiliate. We may require you to purchase these items through our website order form. Our affiliate, SG LLC, is currently the only Suppliers of grout sealers, cleaners and certain other cleaning equipment.

We will disclose to you in our Confidential Operating Manual or otherwise in writing, any specifications on goods, services, supplies, materials, equipment and products by designating approved brands, types, compositions, performance qualities or Suppliers. You must not deviate from our standards and specifications without obtaining our prior written consent. We can and expect to modify our standards and specifications as we deem necessary. We will provide you with notice of any changes as they occur. If you ask us to approve a product, service or other item that is unapproved, or you ask us to approve an unapproved supplier as discussed below we will charge you a fee of between $200-$1,000 to evaluate the item or supplier.

Suppliers

We may require you to purchase some goods, services, supplies, materials, equipment and products sourced exclusively from our Suppliers, including a single Supplier which may be us or a limited number of Suppliers. If you wish to independently source any goods, services, supplies, materials, equipment or products from someone other than one of our Suppliers, you must get our prior approval. We do not promise to evaluate or approve alternate suppliers on your request and we may decline to do so. We and our affiliates intend to make a profit on any good or services that we or an affiliate sell to you.

If we elect to evaluate a proposed supplier, vendor, manufacturer, printer, contractor or distributor ("Proposed Supplier") at your request, you must provide us with adequate information and product samples to evaluate the Proposed Supplier. We will consider the following factors in our evaluation: (1) whether the goods, services, supplies, materials, equipment and other products and customer service provided by the Proposed Supplier meet our specifications and standards; (2) the reputation of the Proposed Supplier for quality and reliability; (3) the frequency and method of delivery; (4) competitiveness of pricing offered; and (5) whether the goods, services, supplies, materials, equipment and other products add anything to the range of products and services offered or are redundant of existing approved goods, services, supplies, materials, equipment and other products. There are currently no other criteria for approval of Proposed Suppliers. However, we may consider any other reasonable criteria for the approval of Proposed Suppliers. If we agree to evaluate a Proposed Supplier, we will provide you with notification of our approval or disapproval within 30 days after we receive all information and samples necessary to process your request. We may revoke approval of any Supplier upon written notice to you. Our officers and managers do not own any interest in any Supplier although our affiliate is a Supplier.

We have negotiated purchasing terms for franchisees from certain Suppliers. We cannot guaranty that any Supplier will offer or continue any particular pricing, warranty or other terms of sale. We have negotiated a continued supply of goods, services, supplies, materials, equipment and products from various Suppliers but cannot guaranty a continuing supply from any particular Supplier. We are not under any obligation to you with respect to the terms negotiated or any terms of any Supplier.

During our fiscal year ended December 31, 2023, we received $2,400 from the sale of goods or services to franchisees, representing approximately .001% of our total revenue of $2,536,867. During the fiscal year ended December 31, 2023, our affiliate, Sir Grout, LLC received $520,951 in revenues from purchases or leases to franchisees. This information was taken from our and their internal records.

We and our affiliates currently do not have arrangements or agreements with Suppliers to receive rebates, overrides or other consideration on account of your purchases. We, or our affiliates, may enter into such arrangements or agreements in the future. We, and our affiliates, reserve the right to retain any such rebates, overrides or other consideration and have no obligation to share any portion of such rebates, overrides or other consideration with you.

There are no purchasing or distribution cooperatives at this time. We do not provide you with any material benefits (for example, renewal or granting additional franchises) for your use of Suppliers. You can expect that the items you purchase to meet our specifications will represent approximately 40% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent approximately 85% of your total annual expenses.

Websites

We or a designated third-party will design, update and host the Websites. You may not operate or maintain a website for your Franchised Business or a website that uses the Principal Trademarks, our proprietary information, our name or advertises your Franchised Business. You will be assigned one email address for use with your Franchised Business. You must use only this email address in conjunction with the operation of your Franchised Business. You cannot create any other email address for use in conjunction with the operation of your Franchised Business.

Local Advertising

All advertising, marketing and promotional materials, signs, decorations, paper goods, including stationery and business cards (such materials whether created by Franchisor, Franchisee or any third-party are collectively defined as "Advertising Materials"), use of Social Media Platforms, Social Media Materials, and other items we designate must meet our specifications.

You must obtain our approval (i) before you use any Advertising Materials and Social Media Materials if we have not prepared or approved such Advertising Materials or Social Media Materials within the previous 12 months; and (ii) before you initially use any Social Media Platform. You must submit all unapproved Advertising Materials, Social Media Materials and requests to use Social Media Platforms to us. We will approve or disapprove your request within 10 business days after submission. If you do not receive written approval within 10 business days after submission of your request for approval, the request will be deemed denied. You may not use any unapproved Advertising Materials, Social Media Materials or Social Media Platform. We have the right to revoke our prior approval of your use of any Advertising Materials, Social Media Materials or Social Media Platform. You must promptly discontinue use of any Advertising Materials, Social Media Materials or Social Media Platform whether or not previously approved, on notice from us. We can access your Social Media Platform accounts to stop, revise, delete or remove any objectionable Social Media Material from any Social Media Platform, as we determine. You must provide us your usernames, passwords, account information and all other information we may require in connection with your use of Social Media Platforms upon your initial use of a Social Media Platform and immediately upon our request.

Insurance Coverage

Before you open your Franchised Business, you must obtain insurance coverage for the Franchised Business in at least the amounts specified below. This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible carrier or carriers rated "A" or better by A.M. Best & Company, Inc. and be approved by us.

You must obtain the following insurance coverage for your Franchised Business: (i) commercial general liability insurance providing coverage on an occurrence form basis with limits of not less than $1,000,000 per person per occurrence for bodily injury and property damage combined, $2,000,000 annual general aggregate and $2,000,000 products and completed operations annual aggregate; (ii) an "umbrella" policy, providing per occurrence coverage limits of not less than $1,000,000 and annual aggregate limits of not less than $2,000,000; (iii) Workers' Compensation insurance or similar insurance as required by the law of the state or jurisdiction in which your Franchised Business is located with a minimum coverage limit of the greater of

$100,000 or the statutory minimum limit; (iv) crime (inside/outside money and securities) and employee and third-party dishonesty insurance with minimum per occurrence coverage of $10,000; (v) automobile liability coverage, including coverage of owned, non-owned and hired vehicles with coverage in amounts not less than $1,000,000 with combined single limit of $500,000 per occurrence for bodily injury and property damage; (vi) employment practices liability insurance covering claims made by your employees or potential employees including, but not limited to discrimination, wrongful termination, sexual harassment and other employment related claims; (vii) cybersecurity insurance with coverage in an amount not less than $1,000,000; and (viii) any insurance required by law in the state or locality in which your Franchised Business will operate.

All of the policies must name us and any other parties we require as additional insureds and must include a waiver of subrogation in favor of all parties.

You must provide us with written proof of your purchase of the above required insurance policies no later than the business day before you open your Franchised Business. You must provide us with written proof of your continued insurance coverage no later than 30 days before the expiration of your insurance policies. If you fail to purchase or maintain the required insurance policies, we may, in our sole discretion, pay for the required insurance policies for you and charge you for reimbursement of our expenditures. The insurance purchased by you will in no way be limited by any insurance policy or policies we may maintain.

ITEM 9.
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable	Not applicable
b. Pre-opening purchases/leases	Articles V and VI of the Franchise Agreement	Item 7
c. Site development and other pre-opening requirements	Article V of the Franchise Agreement	Item 11
d. Initial and ongoing training	Article VI of the Franchise Agreement	Item 11
e. Opening	Article VII of the Franchise Agreement	Item 11
f. Fees	Article IV of the Franchise Agreement	Items 5, 6, and 7

Obligation	Section in Agreement	Disclosure Document Item
g. Compliance with standards and policies/ Confidential Operating Manual	Article VI of the Franchise Agreement	Items 8 and 11
h. Trademarks and proprietary information	Article XXII of the Franchise Agreement	Items 1, 13 and 14
i. Restrictions on products/services offered	Articles I and VI of the Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quota	Not applicable	Not applicable
l. Ongoing product/service purchases	Article VII of the Franchise Agreement	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
n. Insurance	Article VII of the Franchise Agreement	Items 7 and 8
o. Advertising	Articles VI and VII of the Franchise Agreement	Items 6, 7, 8, 11 and 17
p. Indemnification	Article VII of the Franchise Agreement	Items 6 and 13
q. Owner's participation/ management/staffing	Article VII of the Franchise Agreement	Items 11 and 15
r. Records and reports	Articles IV and VII of the Franchise Agreement	Items 6 and 11
s. Inspections and audits	Article VII of the Franchise Agreement	Item 6
t. Transfer	Article X of the Franchise Agreement	Items 6 and 17
u. Renewal	Article III and XIV of the Franchise Agreement	Items 6 and 17
v. Post termination obligations	Article XIV of the Franchise Agreement	Item 17
w. Non-competition covenants	Articles IX and XIV of the Franchise Agreement	Item 17
x. Dispute resolution	Article XXIII of the Franchise Agreement	Item 17

Obligation	Section in Agreement	Disclosure Document Item
y. Other - Licensing and Legal Compliance	Articles I and VII of the Franchise Agreement	Items 1, 7 and 17
z. Guaranty	Article XXIV of the Franchise Agreement	Items 15, 17 and 22

ITEM 10.
FINANCING

Except as disclosed below, we offer no financing arrangements to Sir Grout franchisees and we do not receive payment or other consideration for the placing of financing. We do not guaranty any note, lease or obligation you enter into for your Franchised Business.

We may offer financing of up to the full amount of the Initial Franchise Fee as disclosed in Item 5 to prospects who meet our qualifications, including creditworthiness.

If you qualify and accept financing from us, you must sign the Promissory Note attached as Exhibit 8 to the Franchise Agreement. Your owners must guaranty the payment of all amounts you owe under the Promissory Note.

The Promissory Note will provide for payment by electronic funds transfer (EFT) in scheduled monthly installments of up to 24 months. We will charge interest at an annual rate of 12%. The Promissory Note may be prepaid at any time without penalty.

If you fail to make payment under the Promissory Note within 10 days after a payment date we may impose a late charge of 5% of the unpaid amount. If any payment is not made within 30 days after the due date we may impose an additional late charge of 5% of the unpaid amount plus a 5% late charge of the unpaid amount for each 30 day period that the amount remains unpaid. (Section 1).

Under the Promissory Note, you waive: (1) the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce your obligations under the Note (Section 6); (2) the right to demand, presentment for payment, notices of nonperformance or nonpayment, protest and notice of protest, notice of dishonor, diligence in bringing suit and notice of acceleration (Section 7); (3) questions of governing law, personal jurisdiction and convenience of forum and venue (Section 12 and 14); (4) trial by jury (Section 13); and (5) all claims that you may have against us and any persons and entities related to us, other than our obligations under the Franchise Agreement, accruing on or before the date of the Promissory Note (Section 16). If any of the events of default described in Section 5 of the Note occur, the entire unpaid principal and accrued interest, if any, of the Note will become immediately due and payable without further notice. Under Section 8 of the Note, you must pay all of our expenses and costs of collection, including attorneys’ fees and expenses, court costs, costs of sale and costs of maintenance and repair we incur in connection with the enforcement of the Note, collection of amounts due and sale or other disposition of any collateral.

A default under the Franchise Agreement or any other agreement with us constitutes a default under the Promissory Note (Section 5). A default under the Promissory Note constitutes a default under the Franchise Agreement, which gives us the right, among other remedies, to terminate the Franchise Agreement.

We may sell, assign or discount the Promissory Note. If we do assign the Promissory Note we will not remain primarily obligated under the Note. You will also lose all of your defenses against us as they relate to the Promissory Note as a result of the sale or assignment (Section 17).

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

Except as listed below, Sir Grout Franchising, LLC is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your Franchised Business, we will:

1. Designate a Territory for the operation of your Franchised Business. (Franchise Agreement, Sections 2.1 and 6.4(a) and Exhibit 1 to the Franchise Agreement.)

2. Provide our Initial Training Program at no charge to you and your manager before you commence operating your Franchised Business. We will also coordinate stone training for two individuals. You and/or your manager must fulfill the stone training requirements before you can offer stone restoration services (Franchise Agreement, Sections 6.2 and 6.4(b).)

3. Sell you our "Right Start Package" of products and supplies necessary for implementation of the Sir Grout® System. You will be responsible to maintain, keep in stock and reorder all products, supplies, equipment and inventory contained in Right Start Package. (Franchise Agreement, Section 6.4(c).)

4. Loan you a copy of the Confidential Operating Manual, handbooks and other related materials. (Franchise Agreement, Sections 6.1 and 6.4(d).). The Table of Contents of the Confidential Operating Manual is attached at Exhibit C. The total number of pages in the Confidential Operating Manual is 128.

5. Review all Advertising Materials and Social Media Materials developed by you for the purpose of determining our approval or disapproval for the proposed use of such material. (Franchise Agreement, Section 6.4(h).)

6. Specify minimum policy limits for certain types of insurance coverage. You must submit for our approval any insurance policy before purchasing the policy. We will have 30 days to approve or disapprove of your insurance policies. We may, in our sole discretion, revise our insurance requirements for franchisees and we may, in our sole discretion, require you to obtain additional or different insurance policies. (Franchise Agreement, Section 6.4(i) and 7.10.)

7. Establish standards and specifications for the System, which we may enforce, in our sole discretion. (Franchise Agreement, Section 6.4(j).)

8. Provide criteria for the model, body and style type for vehicles used in connection with the Franchised Business. (Franchise Agreement, Section 6.4(e).)

9. Provide you with a list of Suppliers, as revised from time to time. (Franchise Agreement, Sections 6.4(k) and 6.3.). Provide you with a list of approved products, including buffing machines, scrubbers and mops, as revised from time to time. (Franchise Agreement, Section 6.4(l).)

10. Design, update and host the Websites. You will be assigned one email address for use with your Franchised Business. (Franchise Agreement, Section 6.5(e).)

Pre-Opening Optional Assistance

Before you open your Franchised Business, we may:

1. Provide you with business forms, stationery or cards to be used in the operation of the Franchised Business. (Franchise Agreement, Section 6.4(g).)

2. Conduct advertising and/or public relations activities in local, regional and national print publications, use Social Media Platforms and develop and use Advertising Materials and Social Media Materials. We have developed Advertising Materials and Social Media Materials which you may use. We will provide you access to ready artwork and layouts of these materials. (Franchise Agreement, Section 6.4(f).)

3. Assist you in obtaining equipment described in Items 7 and 11; including (i) directing you in the purchase of required computer equipment, including an office computer; and (ii) advising you in the purchase of a fax machine/printer/copier (Franchise Agreement, Section 6.4(m).) Although we may provide you with suggestions for pricing of your services and products we have no obligation to do so and you are solely responsible for setting these prices.

Site Selection

We do not require that you obtain a site for your Franchised Business and you may operate your Franchised Business from an office located within your home. We do not provide you any assistance in locating a site for your Franchised Business. We do not own or lease premises from others for the purpose of leasing those premises to our franchisees for the site of their respective Franchised Business. If you choose to operate your Franchised Business from a site other than your home, we will not approve your site. We do not provide franchisees with any factors to be considered in connection with selecting a site for their respective Franchised Business. We do not impose a time limit on franchisees to locate and obtain a site for their respective Franchised Business.

Post-Opening Obligations

After you open your Franchised Business, we will:

1. Invite you to attend any meetings with our personnel and other Sir Grout® franchisees; if and when these meetings occur will be determined in our discretion. (Franchise Agreement, Section 6.5(b).)

2. Establish standards and specifications for the System, which we may enforce in our sole discretion. (Franchise Agreement, Section 6.5(g).)

3. Institute, maintain and administer a Brand Fund for such advertising, marketing, lead generation or public relations programs as we, in our sole discretion, may deem necessary or appropriate to advertise, market and promote the System. (Franchise Agreement, Sections 6.5(k) and 6.6.)

4. Administer and grant you access to a web-based platform containing customer relationship management software that will help you to estimate, schedule and invoice customer jobs. We and/or a third-party will have independent access to your web-based calendar. (Franchise Agreement, Section 6.5(l).)

5. Administer a Business Center. (Franchise Agreement, Section 6.5(m).)

6. Review all Advertising Materials and Social Media Materials developed by you for the purpose of determining our approval or disapproval for the proposed use of such material. We may rescind our approval of any such materials at any time. (Franchise Agreement, Section 6.5(p).)

<u>Post-Opening Optional Assistance</u>

After you open your Franchised Business, we may:

1. Conduct advertising, marketing and/or promotional activities in local, regional and national print publications, use Social Media Platforms and develop and use Advertising Materials and Social Media Materials. Develop Advertising Materials and Social Media Materials which you may use. Provide you access to ready artwork and layouts of these materials. (Franchise Agreement, Section 6.5(c).)

2. Provide you with business forms, stationery or cards to be used in conjunction with the Franchised Business. (Franchise Agreement, Section 6.5(d).)

3. Refer prospective personnel to you from time to time. (Franchise Agreement, Section 6.5(f).)

4. Provide you with a list of Suppliers, as revised from time to time (Franchise Agreement Section 6.3 and 6.5(h).)

5. Provide you with a list of approved products, as revised from time to time. (Franchise Agreement Section 6.5(i).)

6. Assist you in obtaining equipment described in Items 7 and 11; including (i) directing you in the purchase of required computer equipment, including an office computer;

and (ii) advising you in the purchase of a fax machine/printer/copier (Franchise Agreement, Section 6.5(j).)

7. Provide criteria for the model, body and style type for vehicles used in connection with the Franchised Business. (Franchise Agreement, Section 6.5(n).)

8. Provide additional guidance as to the operation of your Franchised Business, such as: (i) new products, services and/or methods developed for the System; (ii) purchasing, renting and using supplies, uniforms, equipment and products; (iii) forming and implementing advertising, marketing and promotional programs; (iv) maintaining your financial and accounting records; and (v) other general operating issues you may encounter. (Franchise Agreement, Section 6.5(q).)

Except as discussed above, we have obligation to provide assistance to you to obtain equipment, signs, fixtures, opening inventory or supplies for your Franchised Business. Other than the items in the Right Start Package, we do not provide any of these items to you. We do not deliver or install any of these items for you but we will ship the Right Start Package items to you. W will provide you with the names of Suppliers and specifications for certain items you will use in the operation of your Franchised Business.

Local Advertising

You must spend a minimum of $3,500 per month for local advertising, marketing and promotional programs during the first two years of operation or until you have achieved Gross Revenues of $240,000 or more for a period of 12 consecutive months. After the first 2 years or sooner if you achieve $240,000 or more in Gross Revenues for a period of 12 consecutive months, we will not require you to spend a mandated amount on local advertising, marketing and/or promotional programs per month or per year. (Franchise Agreement Section 7.8(a))Your expenditures toward Social Media Platforms and Social Media Materials will count towards your required Local Advertising expenditures.

We will consult with you on the appropriate boundaries of the "local area." We must approve all advertising, marketing and promotional materials before you use it. (Franchise Agreement 7.8(a)). Upon our request, you must submit an itemized report documenting proof of expenditures to us, in a form we may require.

All Advertising Materials, Social Media Materials and other items we designate must meet our specifications. You must obtain our prior approval before: (i) you use any Advertising Materials or Social Media Materials we have not prepared or approved within the previous 12 months; and (ii) before you initially use any Social Media Platform. You must submit all unapproved Advertising Materials, Social Media Materials and requests to use Social Media Platforms to us. We will approve or disapprove a request within 10 business days after submission. If you do not receive written approval within this time period, your request will be deemed denied. We may withhold our approval of your use of any Advertising Materials, Social Media Materials or Social Media Platform for any reason. You may not use any unapproved Advertising Materials, Social Media Materials or Social Media Platforms. You must promptly discontinue use of any Advertising Material, Social Media Material and/or Social Media Platform, whether or not previously approved, on notice from us. We have the right to require you to stop, revise, delete or remove any objectionable Social Media Material from any Social Media Platform we determine.

We can access your Social Media Platform accounts to stop, revise, delete or remove any objectionable Social Media Material from any Social Media Platform, as we determine. You must give us your usernames, passwords, account information and all other information we may require to access your Social Media Platforms accounts upon your initial use of a Social Media Platform and immediately upon our request. (Franchise Agreement Section 7.8(e)).

We have no advertising cooperative in the System at this time. We may create a regional advertising cooperative and require you to contribute monies to this advertising cooperative. We will have the right to expend the funds accumulated in the advertising cooperative at our sole discretion. Any financial contributions made by you to this advertising cooperative may be credited against your required expenditures for local advertising, marketing and promotional programs. Company-owned units may be active members of any advertising cooperative and may possess voting power in accordance with the rules of the advertising cooperative, as we may determine.

There are no franchisee advertising councils in the System at this time. We may create a franchisee advertising council in the future. We are not required to spend any amount on advertising in your Territory.

<u>Brand Fund</u>

All franchisees must contribute to the Brand Fund. You must contribute $500 a month to the Brand Fund.

Brand Fund fees are paid into the Brand Fund which is administered by us. The purpose of the Brand Fund is to develop programs that benefit the Sir Grout brand. This means we may use monies in the Fund for any purpose that promotes the Sir Grout name or any other names we choose to use in the Sir Grout System, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance, including salaries, and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. We may also use money in the Fund to pay for coaching and training for the franchisees in marketing, advertising, recruiting and sales. It is our responsibility to determine how monies in the Brand Fund are spent. (Franchise Agreement – Section 6.6(a))

We will decide whether to use advertising agencies and which ones or whether to create advertising materials in-house; and decide which media to use, which may include Internet, print, radio, television, direct mail, or local in-store promotions. The Brand Fund will prepare annual income and expense statements. Income and expense statements will be available to you upon request. Excess funds not spent in any given fiscal year will be carried forward to the next fiscal year. If any taxes become due based upon the activities of the Brand Fund, these taxes may be paid out of the funds in the Brand Fund. We can terminate the Fund only after all monies have been spent for advertising and promotion. As our franchise system expands, we may create an advertising council. (Franchise Agreement – Section 6.6(a))

We will direct all Brand Fund programs, with sole discretion over: (i) the creative concepts, materials, endorsements and media used in connection with such programs (which may include television, radio, internet and print advertising as funds permit); (ii) the source of the advertising, marketing, lead generation and/or promotional efforts (which may be in-house or through an outside agency located locally, regionally or nationally); (iii) the placement and allocation of such programs (which may be local, regional or national) and for using Social Media Platforms as we may deem necessary or appropriate; and (iv) the composition of all geographic territories and market areas for the development and implementation of such programs.

The Brand Fund will be administered by us in our discretion. Any unused funds in any calendar year will be carried over to the next year. Upon your request, we will provide an un-audited accounting for the Brand Fund once a year that shows how the fund proceeds have been spent for the previous year within 120 days after our fiscal year end. We do not provide any other periodic accountings of how the Brand Fund is spent.

Neither we nor our affiliates have any obligation to contribute to the Brand Fund for Sir Grout businesses operated by us or our affiliates. No portion of the funds collected will be used principally to sell franchises. However, a brief statement about availability of information regarding the purchase of Sir Grout franchises may be included in advertising and other items produced and/or distributed using the Brand Fund. We may collaborate with the advertising and marketing funds of certain franchise systems affiliated with us. There can be no assurance that the Brand Fund's participation in these collaborations and joint efforts will benefit Sir Grout franchisees proportionately or equivalently to the benefits received by the other franchised businesses or the other franchised systems affiliated with us that also participate. We are not obligated to make proportionate expenditures of your contributions per market area or otherwise. (Franchise Agreement – Section 6.6(A)). We do not guarantee that expenditures from the Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We may, but have no obligation to, loan amounts to the Fund and can determine the repayment obligation of the Fund, including interest rate of the loan and repayment terms, as we see fit.

Expenditures from the Brand Fund in 2023 were spent as follows: Digital Marketing Services – 55%, Research – 16%, and Administrative – 29%.

Computer Equipment and Software

You must obtain and maintain computer hardware and software, including an office computer, a laptop computer, mobile and hand held devices, a point of sale system, a printer, information or communications systems that meet our specifications and you must utilize specific Internet service providers, and other information technology, including back office administrative programs as we require. We may require you to obtain and maintain smart phones, tablets or other comparable devices in the amount we specify in a make, model and type we require.

You must acquire and use the financial and accounting software and job estimating software that we designate. You must also purchase a monthly data plan so that the laptop computer is able to connect to the Internet. The laptop computer will be used to perform all job estimates and the device must be taken to all customer job estimates.

The computer hardware and software you use must be able to access information that is available on the Internet, be able to send and receive email and give us access to your records via the Internet, if we require access. You must afford us unimpeded and independent access to your computer hardware and software in the manner, form and at times we may require. We will have the right to use such access to retrieve data, including, customer and financial data. We can use this data in any manner that we deem appropriate and without compensation to you.

We estimate that the initial cost of computer hardware and software is between $1,500 and $3,000 and is included in Item 7.

We may periodically require you to upgrade and/or update the computer hardware and software at your expense. We may require that you acquire additional, new or substitute hardware and software. We may make substantial modifications to our computer hardware and software specifications and we may require that you comply with those modifications and/or install an entirely different computer system with a more advanced or larger system capable of assuming and discharging all the computer-related tasks and functions we specify. There are no limitations on the frequency and cost of these upgrades and updates. Neither we, any affiliate or any third party has any obligation to provide ongoing maintenance, repairs, updates or upgrades to your computer systems.

You must at your expense, keep your computer system in good maintenance and repair. You are solely responsible for protecting yourself from viruses, computer hackers and other computer-related problems and you may not sue us for any harm caused by such computer-related problems. We cannot estimate the cost of maintaining, updating or upgrading your hardware, software and Internet services because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time.

Additionally, you must comply with the most current version of the Payment Card Industry Data Security Standards and validate compliance with those standards as may be periodically required by us or third parties.

Opening for Business

We estimate that the time from the signing of the Franchise Agreement to the opening of your Franchised Business will be approximately 45 to 60 days. This time may be significantly shorter or longer depending upon the time necessary to obtain financing and to obtain the permits and licenses necessary to operate the Franchised Business. Additional time may be needed due to shortages, delivery schedules and other similar factors, and to complete preparation for operating the Franchised Business including purchasing goods, services, inventory, supplies, materials, equipment and other products.

You must open the Franchised Business and begin business within 90 days after you sign the Franchise Agreement, unless you obtain a written extension of this time period from us. If you fail to open within this time period, we may terminate the Franchise Agreement and retain all amounts you have paid us or our affiliates. (Franchise Agreement Section 7.1(a)).

Training

Initial Training Program

We will provide an Initial Training Program at no cost for tuition or materials to you and your manager. Initial training for additional personnel will be charged at a rate of $500 per person. You are responsible for all expenses, including the cost of your travel, lodging and meals.

You and your manager must complete the Initial Training Program within 90 days of the signing of your Franchise Agreement and before you open your Franchised Business to the public. (Franchise Agreement Section 6.2(d)). If you or your manager fail to complete the Initial Training Program to our satisfaction, we may terminate your Franchise Agreement. (Franchise Agreement Section 6.2(d)).

Before your Initial Training Program begins you must prepare a financial plan, review the Confidential Operating Manual, coordinate a plan for local advertising, marketing and/or promotional programs, acquire proper insurance, acquire any permits, licenses, business materials, uniforms, office equipment, computers, pertinent software, banking materials and approved vehicles and address all other business requirements necessary to open the Franchised Business. We expect the Initial Training Program to take approximately 5 days.

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Day 1			
Breakfast, Welcome & Orientation		0	As designated by us
Sales & Marketing Basics	2.5	0	As designated by us
Equipment Knowledge	2.0	0	As designated by us
Technical Application Training	2.5	0	As designated by us
Day 2			
Technical Application Training	7.0	0	As designated by us
Day 3			
Sales and Product/Services Presentation	3.0	0	As designated by us

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Mobile System and Estimate Training	4.0	0	As designated by us
Day 4			
Accounting and Reporting System	5.0	0	As designated by us
Ordering Process	0.5	0	As designated by us
Day in the Life of a Franchisee	0.5	0	As designated by us
Review and Q & A Session	1.0	0	As designated by us
Day 5			
Additional Sales Training and Review	7.0	0	As designated by us
Total Hours	**35**	**0**	

We may amend, modify, supplement, vary and/or delete any portion of the contents of the Initial Training Program. We conduct the initial training program as needed. The instructional materials for the initial training program consist of our Confidential Operating Manual, software manuals, lectures, demonstrations (videos and in person demonstrations), computer software, budget templates, marketing templates, handouts and other printed materials. Portions of the training may be completed via remote means at our discretion. Training will be conducted in-person at a location that we designate.

The Initial Training Program will be overseen by our Brand Leader, Phillip Gill. Mr. Gill joined our company in October 2023 and he has 2 years of experience in the grout and tile installation industry. We may utilize vendors, contractors, consultants, stone experts, and home improvement professionals to facilitate training between tile, grout and stone restoration. No other formal training staff is maintained.

The Initial Training Program and the training discussed below are for the purpose of protecting the goodwill related to our Sir Grout franchise system and the Marks and not to control the day-to-day operation of your Franchised Business.

Stone Training

You and your manager must complete the stone training program before you offer stone restoration services. The current version of the stone training program is a minimum 6 day program, but we can change the duration. There is a tuition fee for stone training, which is currently $2,500 per attendee. You may open the Franchised Business before completing the stone restoration training but you cannot provide stone restoration services until after you and your manager have completed this training to our satisfaction. Portions of the stone training program may be completed via remote means at our discretion. Training will be conducted in-person at a location that we designate.

Specialized Product Training

We may offer specific additional training that you must complete in order to sell our recommended products. We may require you and/or a manager to attend and complete to our satisfaction this training at the times and locations that we designate. We, or the vendor supplying the training, may charge tuition and fees for these programs and you are responsible for all costs to attend, including travel, room and board and living expenses incurred as well as your employees' wages while attending these programs.

Additional Training

We may also require you or manager to attend and complete to our satisfaction training courses that we periodically choose to provide at the times and locations that we designate. There is no limit as to how frequent we may offer this training. We may charge reasonable tuition and fees for this training. You are responsible for all costs to attend, including travel, room and board and living expenses incurred as well as any attendees' wages while attending these programs.

ITEM 12.
TERRITORY

Your Franchise Agreement will grant you certain limited rights with respect to a specific, but not exclusive, Territory which will be identified on an attachment to the Franchise Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We will not establish or license another party to establish a Sir Grout® Franchised Business that is physically located in your Territory while your Franchise Agreement is in effect and so long as you and your owners are in full compliance with the Franchise Agreement and any other agreement between us and you or any of your affiliates.

The Territory will be determined by us, in our sole discretion, based in part on population density, number of competing businesses within the Territory, potential customer base and other economic, demographic and geographic factors to be determined by us. We typically assign franchisees a Territory containing approximately 100,000 qualified households, where a qualified household has an annual income of $100,000 or more. Territories may be described using geographic boundaries, such as zip codes, a city, county, a portion of a county, specific streets or highways. Because residential figures generally fluctuate throughout time, we do not guaranty that during the entire term of your Franchise Agreement, the Territory will be comprised of at least 100,000 qualified households. Currently, the source of data we use to determine the number of "qualified households" within any Territory is census data and customer analytic profiling. We may change our demographics provider at our discretion. We have the final say in any dispute about Territory.

Other than the right to develop a franchised business in the Territory, you will not be granted any other right with respect to the Territory, including the right to sell products through alternative channels of distribution or develop franchised businesses in non- traditional locations (defined below). If we develop alternative channels of distribution, we do not guarantee that those alternative channels of distribution will be offered as franchises, we are not obligated to offer to you the right to sell products or services through any alternative channels of distribution, including the Internet, within your Territory or otherwise, under our Principal Trademarks or otherwise and we reserve these rights to ourself.

We reserve for ourself and our affiliates the right to operate, plan to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those that you will sell in or outside of your Territory. We will not compensate you for any solicitation or acceptance of orders made by us in your Territory.

Other franchisees are permitted to solicit business, advertise and accept orders from outside of their territories with our approval, but not within your Territory without your written consent. You will not be permitted to solicit sales from outside of your Territory if rights to that area have been granted to another franchisee. You may solicit sales outside of your Territory in areas that are not subject to another franchise agreement (an "unassigned territory"), with our advanced written approval. We may revoke our previously given approval at any time, upon written notice to you. However, except as discussed in this Item 12, you do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing to solicit or accept orders from customers outside of your Territory.

Soliciting sales in an unassigned territory does not grant any right of first refusal or any other right to you for another Franchised Business in an unassigned territory. We may grant to a franchisee, territory rights or the right to solicit sales in any area outside of your Territory. You will not be permitted to accept business from another franchisee's territory without written permission, and any such leads will have to be referred to the franchisee in whose territory the customer resides. When advertising in a publication or medium that is circulated or distributed in another franchisee's territory, you must include as part of that advertisement the location of any franchise whose territory falls within the circulation or distribution area of the advertising publication or medium employed. If such advertising contains information unique to your Franchised Business, for example a special promotion not offered by other franchisees, then your advertisement must meet our requirements.

You may not relocate your Franchised Business without our approval.

To maintain your Territory you must continue to meet the requirements of your Franchise Agreement. There are no financial performance requirements imposed upon you to maintain your Territory. If we merge with, acquire or are acquired by another company that competes with our System, we and our affiliates may offer, sell and authorize others to offer and sell competing products and services under any other names and marks in the Territory or elsewhere.

ITEM 13.
TRADEMARKS

We grant you the right to operate your Franchised Business under the name "Sir Grout®" and to use all of the Principal Trademarks identified below in the operation of your Franchised Business. The term "Principal Trademarks" as used in this disclosure document means the symbols, trademarks, service marks, logos and trade names that we will license to you.

The following is a description of the Principal Trademarks. The Principal Trademarks have been registered with the U.S. Patent and Trademark Office and appear on the Principal Register.

PRINCIPAL TRADEMARKS	REGISTRATION NUMBER	REGISTRATION DATE
SIR GROUT	3,223,414	March 27, 2007
SIR GROUT	3,668,210	August 18, 2009

All required affidavits for the Principal Trademarks have been filed. We intend to file renewal applications for the Principal Trademarks.

You must follow our rules when you use the Principal Trademarks. You cannot use any part of the Principal Trademarks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use any of the Principal Trademarks in connection with the sale of an unauthorized product or service or in any manner not authorized by us.

There are no existing or pending material determinations of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, any state trademark administrators or any court. There are no pending infringements, opposition or cancellation actions nor any pending material litigation involving the Principal Trademarks.

The Franchise Agreement will require you to notify us of the use of, or claims of rights to a Principal Trademark or confusingly similar trademark. We will take affirmative action as we deem necessary when notified of these uses or claims. We will remain in control of any such proceeding. We will indemnify and hold you harmless for any expense associated with a claim made against you relating to your use of the Principal Trademarks, unless the claim is based upon your misuse of the Principal Trademarks in a manner not permitted under the Franchise Agreement.

We know of no superior prior rights or infringing uses that materially affect your use of the Principal Trademarks in any jurisdiction. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Principal Trademarks in any manner material to your Franchised Business.

We may modify or change the Principal Trademarks. You must make any changes we require and pay all expenses in connection with any changes.

ITEM 14. PATENTS COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents nor patent applications pending that are material to a Sir Grout franchise.

We claim trade secret and copyright protection for our manuals, intranet and database of materials, forms, video and audio recordings, social media postings, documents, images, training materials, advertising materials, trademarks, trade names, service marks, word marks and trade dress, financial information, our trade secrets and other proprietary and confidential materials whether or not marked or designated as confidential. These copyrights have not been registered with the United States Registrar of Copyrights. You may not use our proprietary information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. We may modify or change the copyrights.

The Franchise Agreement requires you to notify us of the use of or claims of rights to our proprietary information. The Franchise Agreement will also require you to assist us with protecting our claims of right to the copyrighted material by (i) providing us with support, as we determine, and (ii) signing documents, as we require. We will take affirmative action as we deem necessary when notified of these uses or claims. We will remain in control of any proceeding. We will indemnify and hold you harmless for any expense associated with a claim made against you relating to the use of our proprietary information, unless the claim is based upon your misuse of our proprietary information in a manner not permitted under the Franchise Agreement. You will include, where required by us, any intellectual property notices required by us.

If you or your owners develop any new concept, process, product or improvement in operating or promoting the Franchised Business, you must promptly notify us and provide us with any information, samples or instructions we request, without charge. Any new concept process, product or improvement will become our exclusive property if we approve it for use in the System. We may then freely distribute the concept process, product or improvement to other franchisees without compensation to you.

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

You and your manager must at all times faithfully, honestly and diligently perform your obligations under the Franchise Agreement. Your manager must serve as our primary contact with the Franchised Business. The manager will personally supervise the day-to-day activities of the Franchised Business. The manager must successfully complete our Initial Training Program and undergo any required additional training, as we may deem necessary. In addition, the manager must continuously exert his or her full time best efforts to manage, promote and enhance the Franchised Business and not engage in any other business or activity that in our opinion conflicts with his or her obligations to operate the Franchised Business on a full- time basis. You may not hire, retain or engage sub-contractors to perform the services required under the Franchise Agreement without our advance written consent, which we may withhold for any reason.

If you are a legal entity, each shareholder, partner or member and their respective spouses must personally guarantee your obligations under the Franchise Agreement and also to be personally bound by, and personally liable for breach of, the Franchise Agreement. This guarantee is included as Exhibit 5 to the Franchise Agreement.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services that we require including grout and tile cleaning, sealing, caulking and restoration services, slip resistant product application, stone restoration services and coating for tile, grout, stone, concrete and metal. You must notify us immediately if any products or services are prohibited, restricted by law or regulation or are adverse to any community standards. You may not offer and sell any products and/or services that we have not specifically authorized or that we subsequently disapprove. You will not engage in any activities, nor divert any business or customers to non-affiliated businesses, including those owned by you. We may periodically eliminate certain products and/or services, or add additional products and/or services, upon notice to you. If we disapprove authorization for the sale or offer for sale any product and/or services, you must immediately cease selling and offering for sale the goods and/or services. If we add additional products and/or services, we are not obligated to offer the sale of those additional products and/or services to you. In some instances we may authorize you to test-market a new product and/or service. If we offer you the ability to test-market a new product or service, you must sign an agreement with us authorizing the test-market.

You will not use the premises of your Franchised Business if any, or your vehicle (i) to operate any business other than a Sir Grout® business or (ii) for selling or displaying any product and/or service that we decide may offend an appreciable segment of the public or may adversely affect the public's acceptance, favorable reputation or extensive goodwill associated with the Sir Grout® name, brands and Principal Trademarks. Similarly, you cannot place any non-Sir Grout signage at the premises of your Franchised Business or on any vehicle used in conjunction with the Franchised Business.

You may not solicit sales from outside of your Territory if rights to that area have been granted to another franchisee. You may solicit sales outside of your Territory in areas that are not subject to another franchise agreement but only with our consent. You may not accept business from another franchisee's territory without written permission, and any such leads must be referred to the franchisee in whose territory the customer resides.

ITEM 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Term	Article III	10 years
b. Renewal	Article III	Franchisee has the option to renew, if eligible, for an additional term equal to the then-current term of Sir Grout franchises we are offering at that time.
c. Requirements for Franchisee to Renew or Extend	Article III	(i) Franchisor is then offering franchises in the Territory in which the Franchised Business is located; (ii) Franchisee and its owners must not have received 3 or more notices of default during the term of the Franchise Agreement; (iii) Franchisee must not be in default under the Franchise Agreement or any ancillary agreement; (iv) Franchisee has paid all monies owed to Franchisor and its Suppliers; (v) Franchisee must sign Franchisor's then-current form of franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement), along with the then-current Renewal Amendment, which contains a general release, the current form of which is attached at Exhibit 9 to the Franchise Agreement; (vi) Franchisee has all relevant licenses and permits necessary to operate the Franchised Business; (vii) Franchisee has provided written notice to Franchisor of intent to seek renewal of the Franchised Business at least 6 months before the expiration of the Franchise Agreement; (viii) Franchisee must pay the renewal fee of $2,500; (ix) Franchisee and its owners must execute a general release, in a form satisfactory to us; (x) Franchisee must satisfy any other conditions for renewal we require.

Provision	Section in Franchise Agreement	Summary
d. Termination by Franchisee	Article XIV	You can terminate the Franchise Agreement under any grounds permitted by applicable state law.
e. Termination by Franchisor without cause	Not applicable	None
f. Termination by Franchisor with cause	Article XIV	We can terminate if you fail to cure a default, or if you default under certain conditions (subject to applicable state law).
g. "Cause" defined –curable defaults	Article XIV	Curable defaults, which must be cured on 10 days written notice unless otherwise provided by law, include, among others: (i) non-payment within the time period required; (ii) default on any obligation to any Supplier; (iii) violation of transfer requirements; (iv) failure to comply with laws; (v) failure to maintain licenses or certificates; (vi) failure to comply with the Confidential Operating Manual; operating at a risk to public safety or health; and failure to meet any other obligation of the Franchise Agreement; (vii) failure to maintain required insurance; (viii) failure to complete training; and (ix) you or any of your employees or independent contractors engage in any dishonest or unethical conduct that adversely affects the reputation or goodwill of the Sir Grout® brand.
h. "Cause" defined – defaults which cannot be cured	Article XIV	Non-curable defaults include, among others: (i) insolvency or bankruptcy; (ii) breach of requirements relating to proprietary information or Principal Trademarks; (iii) underreporting of Gross Revenues; (iv) unauthorized business activity; (v) material, false statements or reports; (vi) breach of non-competition covenants; (vii) repeated events of default; (viii) failure to develop, open and operate the Franchised Business within time period required; (ix) conviction of or plea of no contest to a felony; (x) engaging in any dishonest or unethical conduct that adversely affects the reputation of the Franchised Business or the goodwill associated with the Principal Trademarks; (xi) unauthorized disclosure of confidential information; (xii) abandonment of the Franchised Business; and (xiii) failure to pay taxes when dues.

Provision	Section in Franchise Agreement	Summary
i. Franchisee’s obligations on termination/ nonrenewal	Articles IX and XIV	Obligations include, among others: (i) cease to be a Sir Grout® franchisee; (ii) cease operating the Franchised Business or any other business under our marks or confusingly similar marks; (iii) comply with the noncompete and our right to purchase your assets, if exercised; (iv) refrain from representing to the public that you are or were a Sir Grout franchisee; (v) refrain from using in advertising or in any manner, any methods, procedures or techniques associated with the System; (vi) de-identify the Franchised Business; (vii) at our request and expense, deliver any signs to us; (viii) transfer to us all telephone numbers; (ix) transfer to us all customer lists and any customer data, in whatever form maintained by you; (x) return the Confidential Operating Manual, training materials, proprietary software, database material, customer lists, records, files, instructions, forms, Advertising Materials, Social Media Materials signs and related items which bear the Principal Trademarks, all trade secrets and confidential material, and any copies, equipment and other property we provided to you; (xi) cancel any assumed name that contains Sir Grout®, within 15 days; (xii) pay all sums owed; and (xiii) pay all sums owed to any lender that has provided financing to you under an arrangement with us.
j. Assignment of contract by Franchisor	Article X	We have the right to transfer or assign the Franchise Agreement to any person or entity, including a competitor, without restriction.
k. “Transfer” by Franchisee defined	Article X	Includes the sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Franchised Business or you (if you are a business entity).
l. Franchisor approval of transfer by Franchisee	Article X	You must obtain our prior written consent before entering into any transfer.

Provision	Section in Franchise Agreement	Summary
m. Conditions for Franchisor approval of transfer by Franchisee	Article X	Conditions include: (i) you must first notify us in writing of the proposed transfer and provide us with a complete description of the terms of the proposed transfer; (ii) transferee has sufficient business experience, aptitude and financial resources to operate the Franchised Business and must meet all then-current requirements for new franchisees; (iii) you must pay the transfer fee; (iv) transferee must pass credit and criminal background check; (v) transferee must sign then – current franchise agreement and comply in all respects with all of our requirements; (vi) transferee must upgrade the Franchised Business to current standards; (vii) transferee must attend a training program at least 4 days in duration and pay the fee for this training program; (viii) you must pay all debts and obligations, and enter into a non-competition agreement for 2 years, subject to certain other terms and conditions; (ix) the transferee must sign any personal guarantees required; (x) the parties must sign our then-current Conditional Consent to Transfer, which includes a general release, the current form of which is attached as Exhibit F to this disclosure document; (xi) we determine that the terms of the purchase will not adversely affect the operation of the Franchised Business; (xii) transferee acknowledges that we are not responsible for any representations not included in our disclosure document or Franchise Agreement; (xiii) we determine that the terms of the transfer are substantially the same as those offered to us via our right of first refusal; and (xiv) you must comply with all other applicable transfer requirements we may impose.
n. Franchisor's right of first refusal to acquire Franchisee's business	Article XI	Within 60 days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third-party except for transfers to your immediate family members.
o. Franchisor's option to purchase Franchisee's business	Article XIV	Other than assets on termination, nonrenewal or right of first refusal, we have no right or obligation to purchase your Franchised Business.

Provision	Section in Franchise Agreement	Summary
p. Death or disability of Franchisee	Article X	Upon death or permanent disability of you or any of your owners interests must be transferred to someone approved by us within 6 months after death or 6 months after notice of permanent disability.
q. Non-competition covenants during the term of the franchise	Article IX and Exhibit 3 to Franchise Agreement	You and your owners may not: (i) divert or attempt to divert any actual or potential business or customer of the Franchised Business to any competitor; (ii) take any action injurious or prejudicial to the goodwill associated with the our trademarks and the System; (iii) solicit or encourage any independent contractor providing services to us to terminate or diminish their relationship with us; or (iv) own, maintain, develop, operate, engage in, franchise or license, make loans or gifts to or have any direct or indirect interest in or render services as a director, officer, manager, employee, consultant, representative, or agent or give advice to any Competitive Business. A Competitive Business means (i) any business involving grout and/or tile cleaning, sealing, caulking and/or restoration services as well as other services, including slip resistant product application, stone restoration services and coating services for tile, grout, stone, concrete and metal, or (ii) any business granting franchises or licenses to others to operate such a business.
r. Non-competition covenants after the franchise is terminated or expires	Articles IX and XIV, Exhibit 3	The restrictions in q. above apply for a period of 18 months after termination or expiration of the Franchise Agreement at (i) the location of the Franchised Business; (ii) within the Territory assigned to the Franchised Business and within 10 miles of the outer boundaries of the Territory; (iii) within 10 miles of the location of any Sir Grout® franchise. For 2 years following termination or expiration of the Franchise Agreement may not sell, assign, lease or transfer the Franchised Business location to any party that franchisee or its owners know or has reason to know intends to operate a Competitive Business at the location.

Provision	Section in Franchise Agreement	Summary
s. Modification of the agreement	Article XX	The Franchise Agreement may not be modified unless mutually agreed to in writing, except as we may reduce the scope of covenants, as provided by the Franchise Agreement. But we can unilaterally change our manuals.
t. Integration/ merger clause	Article XX	Only the terms of the Franchise Agreement and any related agreements are binding (subject to applicable state law). Any representations or promises outside the disclosure document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement or in any related document is intended to disclaim any representations we made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Not applicable	Except for certain claims brought by us, all disputes must be submitted to arbitration in Cleveland, Ohio, subject to applicable state law.
v. Choice of forum	Article XXIII	Arbitration must be at the American Arbitration Association located in or closest to Cleveland, Ohio. We may initiate certain litigation in the state or federal courts located in Cleveland, Ohio, subject to applicable state law. See the State Addenda attached as Exhibit D for more information.
w. Choice of law	Article XXIII	Ohio law applies, subject to applicable state law. See the State Addends attached as Exhibit D for more information. Choice of law may be subject to applicable state law.

ITEM 18.
PUBLIC FIGURES

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

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item provides Gross Sales for all of our franchisees that operated in 2023 for at least 6 months and that utilized our financial reporting software. We have also included the results of operations for a franchise operated by an individual disclosed in Item 2. We have excluded 2 franchisees that did not use our financial reporting software and for which we were not provided data. We have also excluded 3 franchisees that were open for less than six months in 2023. This Item provides information for 38 franchisees that operated a total of 56 territories. The first of these franchisees opened in 2007 and the latest opened in 2023. No franchisees were excluded from this Item because they closed during the relevant time period.

Over the years, we have made various changes to how we assign territories. Before 2022, we typically assigned territories made up of 175,000 residential addresses. In 2023 we typically assigned franchisees a territory made up of approximately 100,000 qualified households, where a qualified household has an annual income of $75,000 or more. In 2024 we increased our annual income qualification to $100,000.

2023 GROSS SALES[1]

Franchise	No. of Territories	Gross Sales
Franchise #1	4	$1,941,138
Franchise #2	1	$301,543
Franchise #3	2	$472,089
Franchise #4	3	$638,498
Franchise #5	3	$1,023,133
Franchise #6	3	$756,777
Franchise #7	1	$233,420
Franchise #8	2	$226,926
Franchise #9	1	$479,222
Franchise #10	1	$823,988
Franchise #11	2	$439,162
Franchise #12	2	$704,655
Franchise #13	2	$364,698

Franchise #14	1	$974,571
Franchise #15	1	$644,620
Franchise #16	2	$1,039,104
Franchise #17	1	$589,595
Franchise #18	1	$797,132
Franchise #20	1	$535,168
Franchise #21	1	$395,825
Franchise #22	1	$581,306
Franchise #23	2	$1,186,157
Franchise #24	1	$1,618,875
Franchise #25	1	$252,202
Franchise #26	1	$206,130
Franchise #27	1	$386,433
Franchise #28	1	$153,459
Franchise #29	2	$641,953
Franchise #30	1	$310,465
Franchise #31	1	$74,405
Franchise #32	2	$196,325
Franchise #33	1	$51,059
Franchise #34	1	$238,835
Franchise #35*	1	$151,078
Franchise #36*	1	$136,490
Franchise #37*	1	$30,838
Franchise #38*	1	$80,453

*Opened in 2023; operated at least 6 months

Franchise Owned by Individual Disclosed in Item 2

Franchise #19	1	$518,661

NOTES:

"Gross Sales" has the same meaning as Gross Revenues in the Franchise Agreement. Under the Franchise Agreement, Gross Revenues includes all revenues and income of any type or nature and from any source, the franchisee derives or receives directly or indirectly from the operation of the Franchised Business whether received in cash, in services, in kind, from barter and/or exchange, on credit, or otherwise. Sales taxes collected from customers and actually transmitted to the appropriate taxing authorities are not included in Gross Revenues. Except as discussed earlier in this Item 19, if a franchisee had more than one territory, the Gross Sales include revenues from all of the franchisee's territories.

The dollar amounts shown in this Item 19 have been rounded to the nearest dollar.

The above figures, which reflect Gross Sales, not profits, were calculated based upon information reported to us by our franchisees. The figures do not reflect all costs of sales, operating expenses or other costs and expenses that must be deducted from the Gross Sales figures to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Sir Grout Franchised Business. Other franchisees may be one source of this information.

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

Written substantiation for the financial performance representations will be made available to you in writing, upon reasonable request.

Other than the preceding financial performance representation, any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Juliet Diiorio, 77 North Washington Street, Boston, MA 02114, (617) 586-3458, the Federal Trade Commission, and the appropriate state Regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

Table 1 – Systemwide Outlet Summary for Fiscal Years 2021 to 2023:

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	40	43	+3
	2022	43	51	+9
	2023	51	61*	+10
Company Owned	2021	2	0	-2
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	42	43	+1
	2022	43	51	+9
	2023	51	61	+10

*Includes a franchised outlet owned by individual disclosed in Item 2.

Table 2 – Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor) For Fiscal Years 2021 to 2023:

State	Year	Number of Transfers
Arizona	2021	0
	2022	2
	2023	0
Delaware	2021	0
	2022	0
	2023	1
Florida	2021	1
	2022	0
	2023	1
New Jersey	2021	0
	2022	1
	2023	0
North Carolina	2021	1
	2022	0
	2023	0
Texas	2021	1
	2022	0
	2023	0
Total	2021	3
	2022	3
	2023	2

Table 3 – Status of Franchisee Owned Outlets for Fiscal Years 2021 to 2023:

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Arizona	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
California	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Colorado	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Connecticut	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Delaware	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
District of Columbia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Florida	2021	5	0	0	0	0	0	5
	2022	5	3	0	0	0	0	8
	2023	8	3	0	0	0	0	11
Georgia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Illinois	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Maryland	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Massachusetts	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Michigan	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
New Jersey	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
New York	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
North Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	2	0	0	0	0	4*
Pennsylvania	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
South Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Texas	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Washington	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	0	3
Total	2021	40	3	0	0	0	0	43
	2022	43	8	0	0	0	0	51
	2023	51	10	0	0	0	0	61

*Includes a franchised outlet owned by individual disclosed in Item 2.

<u>Table 4 – Status of Company Owned Outlets for Fiscal Years 2021 to 2023</u>:

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Connecticut	2021	2	0	0	0	2	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total	2021	2	0	0	0	2	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

<u>Table 5 – Projected Openings as of December 31, 2023</u>:

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in 2024	Projected New Company Owned Outlets in 2024
California	0	3	0
Colorado	0	1	0
Connecticut	1	1	0
Florida	0	3	0
Michigan	1	1	0
Minnesota	0	1	0
Nevada	0	3	0
Virginia	2	2	0
Washington	2	3	0
Total	6	18	0

All of the information in the preceding charts is as of December 31 of the applicable year.

The names of our franchisees and their addresses and telephone numbers are listed in Exhibit E of this disclosure document as of December 31, 2023.

The name and last known address and telephone number of every franchisee who has had a unit terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks of the disclosure document issuance date, are also listed in Exhibit E. There are 3 franchisees on this list.

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

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no trademark-specific franchise associations required to be disclosed in this Item.

ITEM 21.
FINANCIAL STATEMENTS

Included as Exhibit G are the audited consolidated financial statements of our parent, HS Group Holding Company, LLC, for the years ended December 31, 2021, 2022 and 2023. We have also included the unaudited Balance Sheet and Profit and Loss Statement of HS Group Holding Company, LLC, as of, and for the period ended, March 31, 2024. Our parent, HS Group Holding Company, LLC guarantees our performance under the Franchise Agreement (see Exhibit G).

ITEM 22.
CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document:

Exhibit B – Form Sir Grout Franchise Agreement with Exhibits
- Exhibit 1 – Territory Attachment
- Exhibit 2 – Electronic Funds Authorization
- Exhibit 3 – Confidentiality, Non-Use and Non-Competition Agreement
- Exhibit 4 – Assignment of Telephone and Internet Listings and Advertisements
- Exhibit 5 – Guarantee
- Exhibit 6 – Franchise Compliance Questionnaire
- Exhibit 7 – Franchise Option Amendment
- Exhibit 8 - Promissory Note
- Exhibit 9 – Renewal Amendment

Exhibit D – State Specific Addenda and Riders
Exhibit F – Conditional Consent to Transfer

ITEM 23.
RECEIPTS

The last page of the disclosure document is a detachable document acknowledging receipt of the disclosure document by you.

EXHIBIT A
AGENTS FOR SERVICE OF PROCESS/STATE ADMINISTRATORS

State Administrators

California
Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, CA 95834
(866) 275-2677

Connecticut
The Banking Commissioner
The Department of Banking, Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8299

Hawaii
Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
King Kalakaua Building
335 Merchant Street, Rm. 205
Honolulu, Hawaii 96813
(808) 586-2744

Illinois
Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland
Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-7786

Michigan
Michigan Dept. of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
525 W. Ottawa St.
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Minnesota
Minnesota Department of Commerce
Registration and Licensing Division
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
(651) 296-6328

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – Fourteenth Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon
Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
350 Winter St. NE, Rm. 410
Salem, OR 97301-3881
(503) 378-4140

Rhode Island
Rhode Island Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, RI 02920
(401) 222-3048

South Dakota
South Dakota Department of Labor & Regulation
Division of Insurance – Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington
Washington Dept. of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8760

Wisconsin
Department of Financial Institutions
Division of Securities
4822 Madison Yards Way,
North Tower
Madison, WI 53705
(608) 261-9555

Agents For Service of Process

California
California Commissioner of Financial Protection and Innovation
California Dept. of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, CA 95834
(866) 275-2677

Connecticut
The Banking Commissioner
The Department of Banking, Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8299

Hawaii
Commissioner of Securities for the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
King Kalakaua Building
335 Merchant Street, Rm. 205
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

Indiana
Indiana Secretary of State
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan
Michigan Dept. of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
525 W. Ottawa St.
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Minnesota
Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

New York
New York Secretary of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – Fourteenth Floor, Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Director
Rhode Island Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, RI 02920
(401) 462-9527

South Dakota
Director of South Dakota Division of Insurance – Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Washington
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

Wisconsin
Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way,
North Tower
Madison, WI 53705
(608) 266-8557

EXHIBIT B
FRANCHISE AGREEMENT AND RELATED MATERIALS

SIR GROUT ®

SIR GROUT FRANCHISING, LLC

FRANCHISE AGREEMENT

DATE: ______________________

SRG # - _________________

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FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into by and between **Sir Grout Franchising, LLC**, a Delaware limited liability company with its principal office at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 (the "Franchisor") and ______________________, a ______________________ whose principal address is __________________________________ (the "Franchisee").

RECITALS

WHEREAS, as a result of the expenditure of time, skill, effort and money, Franchisor has developed a unique, proprietary system ("System") that governs the establishment and operation of a Sir Grout® business specializing in providing high quality and distinctive grout and tile cleaning, sealing, caulking and restoration services as well as other services, including but not limited to slip resistant product application, stone restoration services and coating for tile, grout, stone, concrete and metal designed to enhance and protect a business or home's health and appearance ("Services");

WHEREAS, the System is identified by means of certain the trade name "Sir Grout", and service marks, trademarks, logos, emblems and indicia of origin using that name (collectively the "Principal Trademarks");

WHEREAS, the distinguishing characteristics of the System include distinctive design, identifiable trade-dress, including, but not limited to vehicle wraps; uniform standards of operation, quality and uniformity of products and services; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which Franchisor may change, improve and further develop from time to time;

WHEREAS, Franchisee desires to obtain a franchise to operate and develop a business as a Sir Grout® franchisee; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high uniform standards of quality and service and the necessity of operating the Franchised Business (as defined below) in conformity with Franchisor's standards and specifications ("System Standards");

NOW THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

I. GRANT OF FRANCHISE AND LICENSE

1.1 Grant and Limited Scope of Grant

Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee the right and license and Franchisee accepts the right and obligation, to operate a Sir Grout® business under the Principal Trademarks and in accordance with the System and the provisions of this Agreement ("Franchised Business") within the geographical area specified in the Territory Attachment in Exhibit 1 (“Territory”). The Territory will be determined in Franchisor’s sole discretion. Franchisee shall have no right or license to operate the Franchised Business or to use the System or the Principal Trademarks to offer or sell any services associated with the Sir Grout® business through any channel of distribution except within the Territory and in accordance with this Agreement.

1.2 Limitation to Grant

Franchisee agrees and acknowledges that this Agreement does not grant Franchisee any area, market, territory or franchise or other rights except as provided herein and Franchisor shall retain for itself any right not granted to Franchisee.

1.3 Grant of License to Principal Trademarks

Franchisor hereby grants to Franchisee a limited and non-exclusive license to use, during the term of this Agreement, the Principal Trademarks, subject to the terms, limitations and conditions of this Agreement and to all quality control standards and requirements of Franchisor.

1.4 Services Offered by Franchisee

(a) General Requirements

Except to the extent otherwise provided in this Section, Franchisee agrees to offer, sell and furnish all current and future Services and Ancillary Services and Products (as these terms are defined in subsections [b] and [c] below), and other programs and products which are part of the System and which Franchisor designates as mandatory in this Agreement or otherwise, including but not limited to in the Confidential Operating Manual. Franchisee may not use the Sir Grout® name or the Principal Trademarks for the benefit of any business other than the Franchised Business. Franchisee is prohibited from offering or selling any service, program or product which is not a part of the Sir Grout® System or which Franchisor deleted from the System without Franchisor’s specific prior written approval. Franchisee may not conduct (or permit anyone else to conduct) any business other than the business contemplated by this Agreement at or from the Franchised Business location or from any vehicles used in conjunction with the Franchised Business without first obtaining Franchisor’s written consent, which Franchisor is under no obligation to grant and which Franchisor may at Franchisor’s choosing subsequently withdraw. Franchisee may not place onto any vehicle used in conjunction with the Franchised Business any signage not used in conjunction with the Franchised Business without first obtaining Franchisor’s written consent, which Franchisor is under no obligation to grant and which Franchisor may at Franchisor’s choosing subsequently withdraw. Franchisee shall, at its sole cost and expense, replace all vehicle signage/wraps not less than every five (5) years, in accordance with Franchisor’s then-current vehicle signage/wrap requirements. If Franchisor permits Franchisee to furnish, offer or sell any service, program or product which is not a part of the Sir Grout® System at or from the Franchised Business location or from any vehicle used in conjunction with the Franchised Business, then Franchisor has the right to set conditions for this approval including, without limitation, (i) requirements that Franchisee inform the public (in the manner that Franchisor requires) that such services, programs or products are not associated with the Principal Trademarks and/or are not endorsed or offered by Franchisor or Sir Grout® franchisees; (ii) Franchisor's right to withdraw its consent to the services, programs or products, in which event Franchisee shall immediately cease and desist all activities with respect to these services, programs or products; (iii) Franchisee agrees that any such services, programs or products may, in Franchisor's sole discretion, be incorporated into the Sir Grout® System and be used by Franchisor and/or Sir Grout® franchisees without restriction or compensation, as Franchisor's property; and (iv) Franchisee waives and releases any proprietary rights Franchisee may have in that regard to the services, programs and products. Franchisor may periodically eliminate certain products and/or services, or add additional products and/or services, in either case in its sole discretion and without the necessity of further notice to Franchisee.

(b) The Services

This Agreement authorizes Franchisee to offer, sell and perform the Services. Some states or localities may regulate and/or require the licensing of persons performing the Services. It is Franchisee's obligation to determine if Franchisee must be licensed to perform the Services in its Territory and to take whatever steps are necessary to meet the requirements of any regulations regarding the Services.

(c) Ancillary Services and Products

Franchisor reserves the right to extend the Sir Grout® brand into other areas of business. Franchisor is under no obligation to offer to Franchisee the right to sell those services or products if and when they are established ("Ancillary Services" and "Ancillary Products.") If Franchisor notifies Franchisee of new Ancillary Services or Ancillary Products to be included in the Franchised Business by separate notice or by revised Confidential Operating Manual, then Franchisee agrees to offer such Ancillary Services or Ancillary Products if Franchisor describes them as mandatory. Franchisee may choose to offer such Ancillary Services or Ancillary Products if Franchisor describes them as optional. If mandatory, Franchisee agrees, at its expense to: (i) obtain all necessary products, services, promotional materials, training and, if required, licensed personnel or equipment, which Franchisor advises Franchisee is necessary to offer the Ancillary Services or Ancillary Products; and (ii) begin offering, selling, using and furnishing the Ancillary Services or Ancillary Products as soon as is possible in a commercially reasonable manner after receipt of a notice to that effect.

II. TERRITORY

2.1 Limited Territory Rights

(a) Franchisee may market, advertise and solicit customers for the Franchised Business within the Territory in accordance with the terms of this Agreement.

(b) Franchisee may market, advertise and solicit customers for the Franchised Business outside of the Territory in the geographic areas that are not subject to another franchise agreement ("unassigned territory"), if Franchisee has obtained the prior written permission of Franchisor, which permission may be revoked at any time. Franchisor may, at any time in its sole discretion, designate as the territory of a new franchisee any geographic area that has not been assigned as the territory of an existing franchisee. Advertising and soliciting customers in an unassigned territory does not grant Franchisee any right of first refusal or any other right to purchase or otherwise acquire a Sir Grout® franchised business in the unassigned territory.

(c) During the term of this Agreement, subject to Franchisee's and its Owners' (as defined in Section 9.3(c) herein) full compliance with this Agreement and any other agreement among Franchisee or any of its affiliates and Franchisor, Franchisor will not establish or license another party to establish a Sir Grout® business that is physically located in the Territory. When advertising in a publication or other medium that is circulated or distributed in another Sir Grout® franchisee's territory or the territory assigned to a company-owned unit operating under the Principal Trademarks, Franchisee must include as part of such advertisement the location of and franchisee or company-owned unit operating under the Principal Trademarks whose territory falls within the circulation or distribution area of the publication or medium employed. If such advertising contains information unique to the Franchised Business, for example a special promotion not offered by any other Sir Grout® franchisees, then Franchisee's advertisement must also include the disclaimer: "At participating locations only."

2.2 Limitations on Territory Rights

Franchisee acknowledges and agrees that this Agreement grants to Franchisee the right to operate a franchise in the Territory and does not grant Franchisee any area, market, territorial, franchise or other rights except as provided herein. Franchisor and its affiliates reserve all rights not expressly granted herein, including, but not limited to, the right to: (i) establish and license others to establish a Sir Grout® business, at any location outside the Territory notwithstanding the proximity to the Territory or the actual or threatened impact on the sales of the Franchised Business; (ii) acquire, establish and license others to establish businesses under other systems or proprietary marks which businesses may offer or sell products and services that are similar or not to the Franchised Business at any location including within the Territory and notwithstanding the actual or threatened impact on the sales of the Franchised Business; and (iii) sell and distribute directly or indirectly, through any channels of distribution, any products to any party in any location, whether or not located within the Territory, using the Principal Trademarks, the System and any other marks and or system in Franchisor's sole discretion. Franchisor also reserves for itself all rights not exclusively granted to Franchisee.

III. TERM AND RENEWAL

3.1 Initial Term

The term of this Agreement shall commence on the Effective Date, as stated in Section 22.1(f), and shall continue for a period of ten (10) years unless earlier terminated in accordance with this Agreement (the "Term"). If this Agreement is signed as part of the renewal of the Franchise, then the Effective Date shall be the first day after the expiration of the Term of the prior franchise agreement, or the date upon which all parties hereto have signed this Agreement, whichever is later.

3.2 Renewal

(a) Franchisee shall have the right to enter to renew the grant of right to operate the Franchised Business at the expiration of the Term, commencing immediately upon the expiration (but not the termination) of this Agreement, provided that all of the following conditions have been fulfilled:

(i) Franchisor is then offering franchises in the Territory in which the Franchised Business is located;

(ii) Franchisee (and its Owners) have, during the entire term of this Agreement, substantially complied with all of its provisions; Franchisor has the absolute right to refuse to enter into a renewal agreement if Franchisee has received three (3) or more notices of default within the Term, regardless of whether such defaults were cured;

(iii) Franchisee is not in default under this Agreement, or any other agreement ancillary hereto, including agreements with our affiliates and Suppliers;

(iv) Franchisee has satisfied all monetary obligations owed to Franchisor and/or Suppliers (as defined herein) and has met those obligations in a timely manner throughout the Term;

(v) Franchisee enters into Franchisor's then-current form of franchise agreement, which may contain terms different from those contained herein including, but not limited to, different performance standards, renewal terms, royalty structures or fees, and territory, along with the then-current form of Renewal Amendment, the current form of which is attached as Exhibit 9;

(vi) Franchisee maintains all relevant licenses and permits necessary for the operation of the Franchised Business;

(vii) Franchisee has provided written notice to Franchisor of Franchisee's intent to seek renewal of the Franchised Business not less than six (6) months prior to the expiration of the Term. Failure to provide the required notice shall act as a waiver of any right to seek renewal;

(viii) Pay the renewal fee of two-thousand five hundred dollars ($2,500); and

(ix) Franchisee and its Owners have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its owners, officers, directors, agents and employees.

(b) Franchisor, after receipt of the notice required under Section 3.2(a)(vii) shall provide Franchisee with a written description of any conditions upon renewal, including:

(i) any obligation to remodel, expand, improve or modify the Franchised Business;

(ii) any obligation to remodel, improve, modify or replace Franchisee's vehicles or vehicle wrap;

(iii) the need to cure, and conditions to cure, any outstanding defaults or other defects in Franchisee's compliance with Franchisor's then-applicable specifications and standards for a Sir Grout® franchise; and

(iv) any training Franchisee is required to complete prior to renewal.

(c) If Franchisee continues to operate after the end of the Term without renewing by entering into a new franchise agreement, Franchisee shall be deemed to be operating on a month-to-month basis under the terms and conditions of this Agreement. In such circumstances, and notwithstanding the foregoing, Franchisor may on 10 days written notice, terminate this Agreement and Franchisee's right to operate the Franchised Business.

IV. PAYMENTS TO FRANCHISOR

4.1 Initial Franchise Fee

Simultaneously with the execution of this Agreement, Franchisee shall pay to Franchisor an initial franchise fee $60,000 (the "Initial Franchise Fee"), unless Franchisee is financing the Initial Franchise Fee, in which case Franchisee shall execute the Promissory Note attached as Exhibit H to this Agreement. Franchisee acknowledges and agrees that the Initial Franchise Fee is nonrefundable and fully earned upon execution of this Agreement.

4.2 Royalty

During the term of this Agreement, Franchisee shall pay to Franchisor, a continuing fee ("Royalty") in the following amount: (i) $600 per month for the first three (3) months subsequent to the execution of this Agreement (months 1 through 3 inclusive); (ii) thereafter, the greater of $1,250 or six percent (6.0%) of Franchisee's Gross Revenues (as defined in Section 4.9 below) for the prior month.

4.3 Brand Fund Fee and Local Advertising

Franchisor operates a fund, as further set out in Section 6.6, for use in any purpose that promotes the Principal Trademarks and the System and to enhance, promote and protect the goodwill and public image of the System ("Brand Fund"). Franchisee shall pay to the Brand Fund a minimum continuing contribution ("Brand Fund Fee") in the amount of $500 per month.

4.4 Payment of Royalties and Fees

(a) Royalties, Brand Fund Fee and any other fees required by this Agreement that are calculated on the basis of Gross Revenues, shall be payable monthly based on the Gross Revenues for the preceding month and are payable to Franchisor and/or the Brand Fund, as applicable, by electronic funds transfer ("EFT") pursuant to the EFT Authorization attached hereto as Exhibit 2, or such other method as Franchisor shall designate, from Franchisee's designated bank account on the date due. Franchisee agrees to comply with Franchisor's payment instructions.

(b) Each Royalty payment will be preceded or accompanied by a report ("Royalty Report") that itemizes Gross Revenues for the preceding month generated by the Franchised Business. Franchisee must provide the information in the Royalty Report via electronic data communication, facsimile transmission or such other method as Franchisor may reasonably designate. Franchisor may require other periodic payments at any time upon reasonable notice, which shall be provided in writing.

(c) Franchisor shall issue a draft against the savings, checking and/or operating accounts of Franchisee for the Royalty, Brand Fund Fee and any other fees required by this Agreement that are calculated based on Gross Revenues when due. In the event that Franchisee fails to provide a Royalty Report by the fifteenth (15th) day of any month, then Franchisor shall be authorized to issue a draft against the savings, checking and/or operating accounts of Franchisee in an amount equal to the amount payable for the immediately preceding month or an amount estimated by Franchisor to be payable for the current month, whichever is greater, subject to later adjustment upon Franchisee's submission of the required Royalty Report.

(d) Franchisee authorizes Franchisor and its affiliates to initiate debit entries and credit correction entries to Franchisee's savings, checking, operating or other accounts for the payment of the Royalty, Brand Fund Fee and any other amounts due from Franchisee under this Agreement or otherwise. Franchisee shall comply with the procedures and instruction in connection with the direct debit process and sign any documents and take any actions that may be required to effect this authorization.

4.5 Other Fees and Payments

(a) Transfer Fees

Except for the transfer by Franchisee to a corporation or limited liability company formed solely for the convenience of ownership, or a transfer to Franchisee's (or an Owner's) spouse, parent, or child in the event of Franchisee's death or disability, for which there shall be no fee, in the event of any transfer of the franchise Franchisee shall pay a transfer fee of $5,000.

(b) Late Charge

Franchisee shall pay to Franchisor a late charge in the amount of $100 on all past due amounts, as provided herein.

(c) Deficiency Cure Expense

In the event Franchisee fails to cure after notice, any deficiency in the Franchised Business location or operations of the Franchised Business, then Franchisor may, at its option, correct such deficiency in which event Franchisee shall pay to Franchisor, on demand, the reasonable cost and fees to correct such deficiency.

(d) Accounting Fees

(i) Franchisor has the right to conduct an audit of the books and records of Franchisee, including all sales and income records and tax returns, as provided herein. If Franchisor elects to conduct such an audit, Franchisor will provide Franchisee with written notice ten (10) days prior to conducting the audit. The audit may be conducted by Franchisor or other persons designated by Franchisor. Franchisor may conduct the audit in Franchisee's offices, Franchisor's offices or at the office of a third party. Franchisee may be required to send such records to such location as Franchisor may designate in its sole discretion and at Franchisee's expense. If Franchisee fails to furnish reports, supporting documents or other information as required by Franchisor in writing, Franchisor may elect to conduct an audit of the books and records of Franchisee and Franchisee shall pay the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses and reasonable accounting and legal fees incurred by Franchisor.

(ii) The disclosure of certain information by an audit will cause specific consequences, as follows:

(1) If Franchisee has understated Gross Revenues in any report or statement by less than five percent (5%), Franchisee shall pay Franchisor the underreported amount plus late charges within fifteen (15) days of Franchisee's receipt of Franchisor's written notice;

(2) If Franchisee has understated Gross Revenues in any report or statement by five percent (5%) or more, Franchisee shall pay the underreported amount plus late charges together with the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses and reasonable accounting and legal fees incurred by Franchisor within fifteen (15) days of Franchisee's receipt of Franchisor's written notice;

(3) If Franchisee has understated Gross Revenues in any report or statement by five percent (5%) or more then, in addition to the above, Franchisor may also, in its sole discretion, require Franchisee to provide periodic audited statements to Franchisor;

(4) If Franchisee has understated Gross Revenues in any report or statement by five percent (5%) or more then, in addition to the above, Franchisor

may terminate this Agreement, without an opportunity cure, pursuant to Article 14; and

(5) If Franchisee has understated Gross Revenues in any report or statement by more than two (2%) percent three (3) or more times in any thirty-six (36) month period, Franchisor may terminate this Agreement, without opportunity for cure, pursuant to Article 14.

(e) Business Center Fee

Franchisor or a third-party maintains a business center ("Business Center") that will handle all inbound and outbound calls to and from the Franchised Businesses with a maximum of seventy (70) hours per week, provide calendar and dispatch functions, schedule jobs, make telephone calls or send emails to confirm appointments and conduct surveys. Franchisor or a third-party also maintains a web-based platform containing customer relationship management software that will help Franchisee to estimate, schedule and complete customer jobs. The Business Center and web based platform have been established for the benefit of the System and Sir Grout® businesses. Franchisor shall charge Franchisee a monthly fee ("Business Center Fee") of $1,200 per month. Franchisor reserves the right to require the Franchisee remit payment of the Business Center Fee monthly via EFT. Franchisee shall pay a separate Business Center Fee for each territory.

(f) De-identification Expenses

In addition to Franchisee's obligations stated in Section 14.6, upon termination or expiration of this Agreement for any reason, Franchisor shall have the right but not the obligation to modify, alter or de-identify the Franchised Business. If Franchisor undertakes efforts to modify, alter or de-identify the Franchised Business, Franchisee shall pay to Franchisor the reasonable cost of such modification, alteration or de-identification, including but not limited to reasonable attorneys' fees.

(g) Websites Fee

Franchisor operates its own proprietary websites (the "Websites"), to which Franchisee shall have specific access, defined herein. Franchisee shall pay an annual fee of $50 in addition to a monthly fee of $49 for Franchisee's use of the Sir Grout® Websites.

(h) Convention Fee

We may, at our option, from time to time conduct conventions or host meetings of some or all of our franchisees ("Conventions"). The duration, curriculum and location of the Conventions will be determined by us, in our sole and exclusive discretion. You are required to pay the then-current registration fee for one (1) person to attend each Convention, regardless of whether you attend the Convention. You may choose to send more than one person to each Convention, subject to attendance limitations imposed by us, and you will be required to pay the then-current registration fee for all such additional attendees. You are solely responsible for all of the expenses incurred in connection with attending the Conventions, including, without limitation, registration, travel, transportation, hotel/lodging, food/meal expenses and wages.

4.6 Application of Payments

Franchisee acknowledges and agrees that Franchisor may apply payments received to amounts due and payable in the order Franchisor determines in its sole discretion.

4.7 The EFT Account

Franchisor shall establish an EFT account as described in the Confidential Operating Manual or otherwise in writing and Franchisor shall be authorized to make such transfers as are authorized on a separate authorization attached hereto as Exhibit 2.

4.8 Gross Revenues

"Gross Revenues" shall mean all revenues and income of any type or nature and from any source, including but not limited to, business interruption insurance proceeds, that Franchisee derives or receives directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the Effective Date whether received in cash, in services, in kind, from barter and/or exchange, on credit, or otherwise. No deductions shall be made to Gross Revenues for any expenses incurred in connection with the Franchised Business including, but not limited to, marketing, advertising and promotional expenses or taxes, unless specifically exempted herein. Sales taxes collected from customers and actually transmitted to the appropriate taxing authorities shall not be included in Gross Revenues. Annual Gross Revenues shall be calculated on a calendar year basis.

4.9 Reporting Requirements

From time to time, Franchisee shall submit to Franchisor such other forms, reports, records, information and data, in the form and format, and at the time and places reasonably required by Franchisor. Those requirements may be stated in the Confidential Operating Manual, or according to Franchisor's then-current financial reporting practices and standards. Franchisee acknowledges and agrees that such reporting is required in addition to and not in lieu of the Royalty Reports.

4.10 Index

The parties agree that all fixed dollar amounts set out in this Agreement are subject to adjustment up or down, depending on changes in the Index. For the purpose of this Agreement, the term Index is agreed to mean the Consumer Price Index (1982-84=100: all items; CPI-U; all urban consumers) published by the U.S. Bureau of Labor Statistics (or if the Index is no longer published, a successor index that Franchisor may reasonably specify in writing). Franchisor has the right to decide whether or not to make adjustments to fixed dollar amounts set out in this Agreement and if Franchisor decides to invoke that right, Franchisor will make changes not more than once each year by sending Franchisee written notice but Franchisor will not do so until after the first calendar year after execution of this Agreement.

V. FRANCHISED BUSINESS LOCATION

5.1 Franchised Business Location

Franchisee may acquire a site at which to develop and operate the Franchised Business, in Franchisee's sole discretion. Franchisee's Franchised Business location must be located within the Territory. Franchisee assumes all cost, liability, expense and responsibility for location and obtaining a site for its Franchised Business location. Franchisee agrees and acknowledges that Franchisor shall not provide Franchisee with site guidelines or site criteria for its Franchised Business location.

5.2 Compliance with Laws

Franchisee acknowledges and agrees that Franchisee is solely responsible for compliance with all laws. Franchisee is also responsible for obtaining all zoning classifications and clearances that may be required by state or local laws, ordinances or regulations or that may be necessary as a result of any restrictive covenants relating to the Franchised Business.

5.3 Relocation

(a) Franchisee shall not relocate the Franchised Business location except with the prior written consent of Franchisor. Franchisee acknowledges and agrees that as a material condition of Franchisor's approval of Franchisee's relocation of the Franchised Business location, Franchisee and its Owners shall execute a General Release, in a form satisfactory to Franchisor in favor of Franchisor and its owners, officers, directors, agents and employees.

(b) In the event that Franchisee relocates the Franchised Business location for any reason, then Franchisor shall be under no obligation to expand or reduce the size and boundary of the Territory, designate a different geographical area as the Territory or extend the term of this Agreement.

VI. DUTIES OF FRANCHISOR

6.1 Confidential Operating Manual

(a) Franchisor will loan Franchisee its "Confidential Operating Manual" and other related materials, which may be amended from time to time by Franchisor during the term of this Agreement. The Confidential Operating Manual may consist of written materials, compact disks, computer software, electronic media, audiotapes, videotapes and digital video disks. The Confidential Operating Manual is designated a trade secret, is copyrighted and subject to the confidentiality agreements annexed hereto as Exhibit 3 (the "Confidentiality, Non-Use and Non-Competition Agreement" and the "Confidentiality, Non-Use and Non-Competition Agreement Form"). Franchisee must execute a

Confidentiality, Non-Use and Non-Competition Agreement or Confidentiality, Non-Use and Non-Competition Agreement Form, as applicable.

(b) The Confidential Operating Manual describes the System Standards that Franchisor periodically prescribes for operating the Franchised Business and information on Franchisee's obligations under this Agreement. Franchisor may modify the Confidential Operating Manual periodically to reflect changes in the System Standards. Franchisee agrees to keep its copy of the Confidential Operating Manual current and in a secure location. If there is a dispute over the contents of the Confidential Operating Manual, Franchisor's master copy of the Confidential Operating Manual maintained at Franchisor's corporate headquarters controls.

(c) Franchisee acknowledges and agrees that the contents of the Confidential Operating Manual are confidential and that Franchisee shall not disclose the Confidential Operating Manual, in whole or in part, to any person except to Franchisee's employees as required for the operation of the Franchised Business. Franchisee shall not copy, duplicate, record or otherwise reproduce the Confidential Operating Manual in whole or in part. In the event Franchisee copies, duplicates, records or otherwise reproduces the Confidential Operating Manual, in whole or in part, or otherwise is in default under the Confidentiality, Non-Use and Non-Competition Agreement, Franchisor shall have the right to terminate this Agreement in accordance with Article XIV.

(d) If Franchisee's copy of the Confidential Operating Manual is lost, destroyed or significantly damaged, Franchisee agrees to obtain a replacement copy of the Confidential Operating Manual at Franchisor's then-current fee.

(e) The Confidential Operating Manual and the terms contained therein are incorporated by reference to this Agreement, form a part of this Agreement and are enforceable pursuant to the terms of this Agreement.

6.2 Training Program

(a) Franchisee acknowledges and agrees that it is necessary for the efficient operation of the Franchised Business that Franchisee (or if Franchisee is an entity, its managing shareholder, member or partner who owns a majority of the voting and ownership interests in the franchisee entity) (the "Operating Principal"), a manager, and any other appropriate personnel receive such training as Franchisor may require. Accordingly, Franchisee agrees that Franchisee or its Operating Principal, a manager and any other person designated by Franchisor will attend and complete Franchisor's initial training ("Initial Training") program to Franchisor's satisfaction. Except as otherwise provided in this Agreement, Initial Training will be conducted by Franchisor at or near Franchisor's corporate offices, a training facility, a field location or another location designated by Franchisor. Franchisor shall make available to Franchisee instructors and training materials for Initial Training. All training materials provided are the property of Franchisor and are copyrighted. Franchisee, its Operating Principal or a manager shall be required to complete stone restoration training in addition to the Initial Training program prior to providing stone restoration services. Franchisee shall not provide stone restoration services until the Franchisee, its Operating Principal or a manager completes the stone restoration training.

(b) Franchisor will provide Franchisee or its Operating Principal and a manager training on the material aspects of operating Franchisee's first Franchised Business without charge for instructors and training materials for the Initial Training program. Franchisor shall charge an additional training fee for additional personnel at a rate of $500 per additional person per day for the Initial Training program.

(c) Franchisor or its designated stone restoration trainer will charge its then-current tuition fee for the stone restoration training. Franchisee acknowledges and agrees that Franchisee shall be responsible for all travel, room and board and living expenses which Franchisee or its Operating Principal and Franchisee's employees incur as well as Franchisee's employees' wages and workers' compensation insurance while training during the Initial Training program and the stone restoration training.

(d) If Franchisor determines that Franchisee or its Operating Principal cannot complete Initial Training to Franchisor's satisfaction within ninety (90) days after the Effective Date, Franchisor may terminate this Agreement in accordance with Article XIV of this Agreement.

(e) Franchisor reserves the right to require Franchisee or its Operating Principal and/or manager to attend and complete to Franchisor's satisfaction training courses that Franchisor periodically chooses to provide at the times and locations that Franchisor designates. Franchisor may charge reasonable tuition and fees for these courses and Franchisee shall be responsible for all costs to attend, including but not limited to travel, room and board and living expenses incurred as well as Franchisee's employees' wages and workers' compensation insurance while attending these programs.

(f) If Franchisee hires new or additional managers for the Franchised Business during this Agreement's term, the new or additional managers must complete Franchisor's then-current Initial Training program to Franchisor's satisfaction. Franchisee may provide training to new or replacement managers. Franchisor will make its training materials except stone restoration training materials available for this purpose. Franchisee may request that Franchisor provide training, which Franchisor may or may not elect to provide, in Franchisor's sole discretion. Franchisee acknowledges and agrees that Franchisee shall be responsible for all travel, room and board and living expenses which Franchisee or its Operating Principal and Franchisee's manager incur as well as Franchisee's manager's wages and workers' compensation insurance while training. In order to provide stone restoration training, Franchisee, its Operating Principal or a manager must have satisfactorily completed stone restoration training. If stone restoration training had been completed by franchisee's manager only and a replacement manager is hired, then Franchisee, its Operating Principal or the replacement manager must complete the stone restoration training. Franchisor may charge reasonable tuition and fees for these courses.

(g) Franchisee understands and agrees that any specific ongoing training or advice Franchisor provides does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which Franchisor may discontinue and modify from time to time.

(h) Franchisor may provide guidance to Franchisee via the Confidential Operating Manual, in bulletins, other written materials, electronic media, telephone consultation and/or personally at Franchisor's office, the Franchised Business location or another location determined by Franchisor in its sole discretion. If Franchisee requests, and Franchisor agrees to provide, in its sole discretion, additional or special guidance, assistance, or training, Franchisee agrees to pay Franchisor's then applicable charges, including its personnel's per diem charges and travel and living expenses.

6.3 Approved Suppliers

(a) Franchisor may require that Franchisee purchase certain goods, services, supplies, materials, equipment (including computer hardware and software) and other products necessary to operate the Franchised Business exclusively from Suppliers. "Suppliers" are defined as designated or approved suppliers, vendors, manufacturers, printers, contractors and distributors who demonstrate to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then-current standards which standards and specifications may be modified by Franchisor in its sole discretion. Such Suppliers may also include or be limited to Franchisor. Franchisee acknowledges and agrees that Franchisor may limit the sources of required products, materials, supplies and services to Franchisor and/or unaffiliated Suppliers. Franchisor reserves the right to set prices for products, materials, supplies and services as each determines in its sole discretion. Franchisor may revise the list of Suppliers from time-to-time as it deems best. Franchisor will provide Franchisee in writing, with any specifications on products and equipment by designated approved brands, types, compositions, performance qualities or suppliers. Franchisor may require Franchisee to participate in the test marketing of products and services at Franchisee's expense.

(b) In the event that Franchisee wants to independently source equipment, products and services necessary to operate the Franchised Business from a party other than a Supplier, Franchisee must obtain Franchisor's prior written approval. Approval of a party other than a Supplier shall be granted in Franchisor's sole discretion. Franchisor is under no obligation to evaluate any manufacturer, printer, supplier or distributor proposed by Franchisee ("Proposed Supplier") as a source for equipment, products and/or services. If Franchisor elects to evaluate a Proposed Supplier, Franchisee must provide Franchisor with information and product samples adequate to evaluate any such Proposed Supplier. Franchisor shall evaluate any such Proposed Supplier in accordance with Franchisor's reasonable criteria for the approval of a Proposed Supplier. Franchisor may, in its sole discretion, impose a fee for evaluating a Proposed Supplier, which such fee shall be Franchisor's actual or estimated cost to evaluate such Proposed Supplier. If Franchisor evaluates a Proposed Supplier, Franchisor shall provide Franchisee with notification of Franchisor's approval or disapproval within (30) days after Franchisor's receipt of all information and samples necessary to evaluate the Proposed Supplier. If approved, a Proposed Supplier shall thereafter be deemed to be a Supplier. Franchisor may revoke its prior approval of any Supplier upon written notice to Franchisee.

(c) Franchisor reserves the right to receive rebates, overrides or other consideration on account of Franchisee's purchases from any Supplier. Franchisor is not obligated to provide Franchisee with any material benefit as a result of receiving such rebate, override or other consideration from any Supplier. Franchisee acknowledges and agrees that Franchisor has the right to collect any advertising, marketing or similar allowances paid by Suppliers who deal with the Sir Grout® System and with whom Franchisor's has an agreement to do so. Franchisor may but is not required to contribute such advertising, marketing or similar allowances to the Brand Fund.

6.4 Pre-Opening Support

Before Franchisee opens its Franchised Business:

(a) Franchisor shall designate a Territory for the operation of the Franchised Business;

(b) Franchisor shall provide initial training for two (2) people;

(c) Franchisor shall sell Franchisee a package of products and supplies necessary for implementation of the Sir Grout® System (the "Right Start Package") at Franchisor's then-current prices. Franchisee shall pay Franchisor for the Right Start Package at the time required by Franchisor. Franchisee shall be responsible to maintain, keep in stock and reorder all products, supplies, equipment and inventory contained in Right Start Package;

(d) Franchisor shall loan Franchisee a copy of the Confidential Operating Manual, handbooks and other related materials;

(e) Franchisor may, in its sole discretion, provide criteria for the model, body and style type for vehicles used in connection with the Franchised Business;

(f) Franchisor may, in its sole discretion, conduct advertising and/or public relations activities in local, regional and national print publications as well as use Social Media Platforms and Social Media Materials to promote the System. Franchisor may in its sole discretion, design all business stationery, business cards, advertising plans and materials, marketing plans and materials, public relations programs, sales materials, signs, decorations and paper goods (such materials whether created by Franchisor, Franchisee or any third-party are collectively defined as "Advertising Materials") and Social Media Materials used in the System. At Franchisee's own expense Franchisee may develop Advertising Materials and Social Media Materials for use in Franchisee's local market. Franchisee must, however, submit samples of its Advertising Materials and Social Media Materials for Franchisor's approval prior to their use. Franchisor has developed Advertising Materials and Social Media Materials, which Franchisee may use. Franchisor shall provide Franchisee access to ready artwork and layouts of these materials;

(g) Franchisor may, in its sole discretion, provide Franchisee with business forms, stationery or cards to be used in the operation of the Franchised Business;

(h) Franchisor shall review all Advertising Materials and Social Media Materials developed by Franchisee for the purpose of determining Franchisor's approval or disapproval for the proposed use of such material. Franchisor reserves the right to rescind its approval of any such materials at any time;

(i) Franchisor shall specify minimum policy limits for certain types of insurance coverage. Franchisee must submit for Franchisor's approval any insurance policy prior to purchasing such policy. Once purchased, Franchisee may not update, upgrade, or amend any insurance policy, except subject to Franchisor's approval, which shall not be unreasonably withheld. Franchisor may, in its sole discretion, revise its insurance requirements for franchisees and Franchisor may, in its sole discretion, require Franchisee obtain additional or different insurance policies;

(j) Franchisor shall establish and enforce standards and specifications for the System;

(k) Franchisor may, in its sole discretion, provide Franchisee with a list of Suppliers, as revised from time to time;

(l) Franchisor may, in its sole discretion, provide Franchisee with a list of approved products, including buffing machines, scrubbers and mops, as revised from time to time; and

(m) Franchisor may, in its sole discretion, assist Franchisee in obtaining equipment described, including: (i) directing Franchisee in the purchase of required computer equipment, including an office computer; and (ii) advising Franchisee in the purchase of a fax machine/printer/copier.

6.5 Post-Opening Support

Subsequent to Franchisee's opening:

(a) Franchisor will loan Franchisee a copy of the Confidential Operating Manual, handbooks and other related materials;

(b) Franchisor may, in its sole discretion, invite Franchisee to attend meetings with Franchisor's personnel and other Sir Grout® franchisees; when and if these meetings occur to be determined in Franchisor's sole discretion;

(c) Franchisor may conduct advertising, marketing and/or promotional activities in local, regional and national print publications as well as use Social Media Platforms and Social Media Materials to promote the System. Franchisee may, at Franchisee's own expense, develop Advertising Materials and Social Media Materials for use in Franchisee's local market. Franchisee must, however, submit samples of Franchisee's Advertising Materials and Social Media Materials for Franchisor's approval prior to use. Franchisor has developed advertising, marketing and/or promotional materials, which Franchisee may use. Franchisor shall provide Franchisee with access to ready artwork and layouts of these materials;

(d) Franchisor may, in its sole discretion, provide Franchisee with business forms, stationery and/or cards to be used in conjunction with the Franchised Business. At Franchisee's own expense, Franchisee may develop business forms, stationery or cards for use in Franchisee's local market. Franchisee must, however, submit samples of prospective business forms, stationery and/or cards for Franchisor's approval prior to their use;

(e) Franchisor or a designated third party will design, update and host the Sir Grout® Websites. Franchisee may not operate or maintain a website for the promotion of Franchisee's Franchised Business or a website that uses the Principal Trademarks, Franchisor's proprietary information, the Sir Grout® name or advertises the Franchised Business. Franchisor or a designated third party may assign Franchisee an email address for its Franchised Business. Franchisee must use only this email address in conjunction with the operation of the Franchised Business. Franchisee cannot create any other email addresses for use in conjunction with the Franchised Business;

(f) Franchisor will establish and enforce standards and specifications for the System;

(g) Franchisor may, in its sole discretion, provide Franchisee with a list of Suppliers, as revised from time to time;

(h) Franchisor may, in its sole discretion, provide Franchisee with a list of approved products, including buffing machines, scrubbers and mops, as revised from time to time;

(i) Franchisor will assist Franchisee in obtaining equipment described in Section 7.11 hereof, including: (i) directing Franchisee in the purchase of the required computer equipment, including an office computer; and (ii) advising Franchisee in the purchase of a fax machine/printer/copier;

(j) Franchisor will institute, maintain and administer a Brand Fund for such advertising, marketing, lead generation or public relations programs as Franchisor, in its sole discretion, may deem necessary or appropriate to advertise, market and promote the System;

(k) Franchisor shall maintain a toll-free telephone number which may be used by Franchisee to communicate with Franchisor. Franchisor shall maintain a toll-free telephone number to allow potential customers to contact Franchisor. In the event Franchisor receives phone calls requesting service in the Territory, Franchisor will attempt to route such calls to Franchisee. Franchisor or a designated third party will provide the call-routing service and Franchisor may bill Franchisee for calls routed to Franchisee. Franchisor will exercise its best efforts to maintain this service seven (7) days a week subject to circumstances beyond its control;

(l) Franchisor or a third party will administer and grant Franchisee access to a web based platform containing customer relationship management software that will help Franchisee to estimate, schedule and invoice customer jobs. Franchisor and/or a third party will have independent access to Franchisee's web based calendar;

(m) Franchisor may, in its sole discretion, provide criteria for the model, body and style type for vehicles used in connection with the Franchised Business;

(n) Franchisor shall specify minimum policy limits for certain types of insurance coverage. Franchisee must submit for Franchisor's approval any insurance policy prior to purchasing such policy. Once purchased, Franchisee may not update, upgrade, or amend any insurance policy, except subject to Franchisor's approval, which shall not be unreasonably withheld. Franchisor may, in its sole discretion, revise its insurance requirements and Franchisor may, in its discretion, require Franchisee to obtain additional or different insurance policies; and

(o) Franchisor shall review all Advertising Materials and Social Media Materials developed by Franchisee for the purpose of determining Franchisor's approval or disapproval for the proposed use of such material. Franchisor reserves the right to rescind its approval of any such materials at any time;

(p) Franchisor may, in its sole discretion, provide Franchisee with additional guidance as to the operation of the Franchised Business regarding, but not limited to: (i) new products, services and/or methods developed for the System; (ii) purchasing, renting and using supplies, uniforms, equipment and products; (iii) forming and implementing of advertising, marketing and promotional programs; (iv) maintaining Franchisee's financial and accounting records; and (v) other general operating issues Franchisee may encounter.

6.6 The Sir Grout® Brand Fund

(a) Franchisee must pay us the Brand Fund Fee in accordance with Section 4.3.

(b) The Brand Fund is administered by Franchisor. Franchisor may use Brand Fund Fees and any other amounts contained in the Brand Fund for any purpose that promotes the Principal Trademarks or any other names we choose to use in the System, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance, including salaries, and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. Franchisor may also use money in the Brand Fund to pay for coaching and training for the franchisees in marketing, advertising, recruiting and sales. Franchisor will decide whether to use advertising agencies and which ones or whether to create advertising materials in-house.

(c) Franchisor solely determines how monies in the Brand Fund are spent. Franchisor may collaborate with the advertising and marketing funds of certain franchise systems affiliated with us. There can be no assurance that the Brand Fund's participation in these collaborations and joint efforts will benefit Franchisee or other Sir Grout franchisees proportionately or equivalently to the benefits received by Franchisee or the other franchised businesses or the other franchised systems affiliated with Franchisor that also participate. Franchisor is not obligated to make proportionate expenditures of Franchisee's contributions per market area or otherwise. Franchisor does not guarantee that expenditures from the Fund will benefit Franchisee or any other franchisee directly, on a pro rata basis, or at all. Franchisor may, but has no obligation to, loan amounts to the Fund and can determine the repayment obligation of the Fund, including interest rate of the loan and repayment terms, as Franchisor sees fit. If any taxes become due based upon the activities of the Brand Fund, these taxes may be paid out of the funds in the Brand Fund. Franchisor reserves the right to terminate the Fund after all monies have been spent.

(d) Franchisor may at any time defer or reduce Franchisee's Brand Fund Contribution rate. Franchisor may upon thirty (30) days' prior notice to Franchisee, reduce or suspend Brand Fund operations and contributions for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If Franchisor terminates the Brand Fund, Franchisor will distribute all unspent monies to its franchisees in proportion to their respective Brand Fund Fees during the preceding twelve (12) month period.

(e) Franchisor has the right but not the obligation to use collection agents and institute legal proceedings to collect Brand Fund Fees at the Brand Fund's expense. Franchisor may also forgive, waive, settle and compromise all claims by or against the brand Fund. Except as expressly provided in this Subsection, Franchisor assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to, maintaining, direct or administering the Brand Fund.

VII. DUTIES OF FRANCHISEE

7.1 Commencement of Operations

(a) Franchisee shall commence operation of the Franchised Business no later than ninety (90) days after the Effective Date. Franchisor shall have the right to extend Franchisee's time to commence operations upon written notice. Prior to commencing operations, Franchisee must obtain Franchisor's written approval to commence operation of the Franchised Business and comply with the provisions of this Agreement, the System Standards, the Confidential Operating Manual and other requirements of Franchisor including, but not limited to the following:

(i) Franchisee has obtained all the necessary licenses and permits and has complied with all laws applicable to the Franchised Business. Franchisee must furnish to Franchisor evidence of such compliance. Such evidence will include copies of all permits and certifications as may be required for the lawful operation of the Franchised Business;

(ii) Franchisee or its Operating Principal, a manager, and any other person Franchisor designates must have completed training to Franchisor's satisfaction not later than ninety (90) days after the Effective Date;

(iii) Franchisee must have delivered to Franchisor copies of required insurance policies, licenses and notification of having registered the assumed fictitious name for the Franchised Business;

(iv) Franchisee must have paid all amounts due to Franchisor relating to pre- opening expenses and fees;

(v) Franchisee must have executed all agreements required for the opening of the Franchised Business including this Agreement and any other agreements required by Franchisor; and

(vi) Franchisee must not be in default under any agreement with Franchisor or any third party.

(b) If Franchisee for any reason fails to commence operations as provided herein, unless Franchisee is precluded from doing so by Force Majeure, as defined in Article XV hereof. such failure shall be considered a default and Franchisor may terminate this Agreement as provided herein. In the event Franchisee fails to begin operating the Franchised Business within ninety (90) days after the Effective Date, and such failure to begin operating the Franchised Business is due to an event of Force Majeure, then Franchisee shall have an additional period equal to the period of unavoidable delay to commence operating the Franchised Business.

7.2 Compliance with the Confidential Operating Manual

(a) Franchisee agrees and acknowledges that the Confidential Operating Manual shall be deemed to have been incorporated by reference into this Agreement.

(b) To protect the reputation and goodwill of Franchisor and to maintain high standards of operation for the System, Franchisee expressly agrees to conduct the Franchised Business in accordance with the Confidential Operating Manual, other written directives that Franchisor may issue from time to time and any other manuals and materials created or approved for use in the operation of the Franchised Business.

7.3 Modifications to the Confidential Operating Manual

Franchisor may from time to time revise the contents of the Confidential Operating Manual and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or modified standard. Franchisee shall, at all times, ensure that the Confidential Operating Manual is kept current and up-to-date.

7.4 Management Requirements

(a) The Franchised Business shall at all times be under the direct, on-premises supervision of Franchisee, its Operating Principal or a manager. Franchisee agrees that it will at all times faithfully, honestly and diligently perform its obligations hereunder and that it will not engage in any business or other activities that will conflict with its obligations hereunder. Franchisee shall maintain a competent, conscientious, trained staff who are of the highest caliber, all in a manner which shall be detailed in the Confidential Operating Manual.

(b) Franchisee or its Operating Principal is required to treat the Franchised Business as a full-time job, it being understood that Franchisee may occasionally engage in other incidental business activities.

7.5 System Standards

(a) Franchisee agrees to maintain the condition and appearance of the Franchised Business and all vehicles used in the Franchised Business consistent with Franchisor's System Standards. Franchisee agrees to effect such reasonable maintenance of the Franchised Business and to maintain the equipment or improve the appearance and efficient operation of the Franchised Business, as Franchisor from time to time requires. If at any time in Franchisor's judgment the general state of repair or appearance of the Franchised Business, any vehicle used in conjunction with the Franchised Business, uniforms of service personnel or décor does not meet Franchisor's System Standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate and complete within ten (10) days after receipt of such notice a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Franchised Business location and effect such maintenance on behalf of Franchisee and Franchisee shall pay all costs thereof on demand.

(b) Franchisor periodically may modify its System Standards and these modifications may obligate Franchisee to invest additional capital in the Franchised Business and/or incur higher operating costs. Franchisee agrees to implement any changes in mandatory System Standards within the time period Franchisor requests as if the same where a part of this Agreement on the Effective Date.

(c) Under no circumstances may Franchisee operate any business other than the Sir Grout® business from the Franchised Business location or any vehicle used in conjunction with the Franchised Business without Franchisor's prior written consent. Similarly, under no circumstances may Franchisee place any non-Sir Grout signage at the Franchised Business location or on any vehicle used in conjunction with the Franchised Business without Franchisor's prior written consent. Franchisee shall, at its sole cost and expense, replace all vehicle signage/wraps not less than every five (5) years, in accordance with Franchisor's then-current vehicle signage/wrap requirements.

7.6 Approved Products and Services

(a) Franchisee agrees and acknowledges that Franchisee shall sell and offer for sale only those products and services approved by Franchisor from the Franchised Business location or any vehicle used in conjunction with the Franchised Business. Franchisee must sell and offer for sale all products and services required by Franchisor. Franchisee shall immediately discontinue selling and offering for sale any product and/or service that Franchisor disapproves in writing.

(b) Franchisee must notify Franchisor immediately if any of the products and services approved by Franchisor are prohibited, restricted by law or regulation or are adverse to local community standards. Franchisee is required to provide assistance to Franchisor upon request, if government or other local approval is required for the offer and sale of any product or service approved by Franchisor.

(c) From time-to-time Franchisor may choose to test new products, sales strategies, equipment, programs, services or other elements of its intellectual property. Upon such an occurrence, Franchisee shall be required to participate in any testing at the request of Franchisor and may also be required to make capital expenditures and incur operating and other costs as part of their participation in the test. Franchisor is not obligated to reimburse Franchisee for those expenditures. Franchisee may be required to maintain records and submit reports to Franchisor, as part of the test, in a timely manner.

7.7 Franchisor's Right to Inspect and Audit the Franchised Business

(a) To determine whether Franchisee is in compliance with this Agreement and all mandatory System Standards, Franchisor and its designated agents or representatives may at all times and with ten (10) days' prior written notice to Franchisee:

(i) inspect the Franchised Business location;

(ii) inspect the vehicles used in conjunction with the Franchised Business;

(iii) photograph the Franchised Business location and all vehicles used in conjunction with the Franchised Business and observe and videotape its operation for consecutive or intermittent periods as Franchisor deems necessary;

(iv) remove samples of any products and supplies;

(v) interview the personnel and customers of the Franchised Business; and

(vi) inspect and copy books, records, sales and income tax records and returns, documents relating to the Franchised Business and records relating to customers, clients, suppliers, and agents of the Franchised Business.

(b) If Franchisor exercises any of these rights, it will not interfere unreasonably with the operation of the Franchised Business.

(c) Franchisee agrees to cooperate fully with Franchisor, Franchisor's representatives and/or independent accountants in any inspection and/or audit of its books and records.

(d) Franchisee agrees to present to its customers the evaluation forms that Franchisor periodically prescribes and to participate and/or request its customers to participate in any surveys performed by or for Franchisor.

7.8 Local Advertising

(a) During the first two (2) years of this Agreement, Franchisee shall spend a minimum of $3,500 per month on local advertising, marketing and promotional programs ("Local Advertising"). Thereafter, Franchisee's Local Advertising expenditures shall be discretionary and in Franchisee's sole judgment, subject to the limitations contained herein. Notwithstanding the above, in the event Franchisee achieves Gross Revenues equal to or in excess of $240,000 for a period of twelve (12) consecutive months during the initial two (2) years of this Agreement, Franchisee's Local Advertising expenditures shall become discretionary and in Franchisee's sole judgment, subject to the limitations contained herein. Franchisor recommends, but does not require, that Franchisee expend between fifteen percent (15%) and twenty percent (20%) of its Gross Revenues on Local Advertising expenditures subsequent to the initial two (2) year period of this Agreement or alternatively, upon Franchisee's achievement of Gross Revenues equal to or in excess of $240,000. Franchisor must approve all advertising before Franchisee uses it. Franchisee's expenditures toward Social Media Platforms and Social Media Materials will count toward Franchisee's required Local Advertising requirements.

(b) All Local Advertising will be conducted in accordance with the requirements set forth in the Confidential Operating Manual or otherwise in writing by Franchisor.

(c) Upon Franchisor's request, Franchisee must provide Franchisor with an itemized report documenting proof of Local Advertising expenditures to Franchisor in a form Franchisor may require in its sole discretion. Upon discovery of Franchisee's non-compliance with its Local Advertising requirements, Franchisor reserves the right to require that Franchisee contribute to the Brand Fund any amount required but not spent by Franchisee on Local Advertising.

(d) If required, all Advertising Materials, Social Media Materials and other items Franchisor designates must bear the Principal Trademarks in the form, color, location and manner Franchisor prescribes and must meet all of Franchisor's standards and requirements. Franchisee's Advertising Materials and Social Media Materials must be conducted in a dignified manner and conform to Franchisor's standards as stated in the Confidential Operating Manual or otherwise.

(e) Franchisee must obtain Franchisor’s written approval (i) before Franchisee uses any Advertising Materials and Social Media Materials if Franchisor has not prepared or approved such materials within the previous twelve (12) months; and (ii) before Franchisee initially uses any Social Media Platform. Franchisee must submit all unapproved Advertising materials, Social Media Materials and requests to use Social Media Platforms to Franchisor via certified mail or electronic mail. Franchisor will approve or disapprove such request within ten (10) business days after submission. If Franchisee does not receive written approval within ten (10) business days after submission, the request shall be deemed denied. Franchisor may withhold its approval of any Advertising Materials, Social Media Materials or Social Media Platform for any reason and no reason at all. Franchisee may not use any unapproved Advertising Materials, Social Media Materials or Social Media Platform. Franchisor has the right to revoke its prior approval of any Advertising Materials, Social Media Materials and Social Media Platform. Franchisee must promptly discontinue use of any Advertising Materials, Social Media Materials or Social Media Platform whether or not previously approved, on notice from Franchisor. Franchisor has the right to require Franchisee to stop, revise, delete or remove any objectionable Social Media Material from any Social Media Platform, as determined by Franchisor in its sole discretion, including but not limited to any previously approved Social Media Material. Franchisor has the right to access Franchisee’s Social Media Platform accounts to stop, revise, delete or remove any objectionable Social Media Material from any Social Media Platform, as determined by Franchisor in its sole discretion, including but not limited to any previously approved Social Media Material. Franchisee is required to give Franchisor its usernames, passwords, account information and all other information Franchisor may require in connection with Franchisee’s use of Social Media Platforms upon Franchisee’s initial use of a Social Media Platform and immediately upon Franchisor’s request.

(f) Franchisee may request permission to use a Social Media Platform on an ongoing basis on a specified theme or topic related to the Franchised Business. Franchisor may, in its sole discretion, grant such consent, which remains subject to Franchisor’s unconditional right to withdraw consent and require removal and deletion of any objectionable Social Media Material. In the event Franchisor grants such consent, individual entries of Social Media Material on that topic alone would not require pre-approval to be made until such time as that consent is withdrawn.

(g) All Advertising Materials, Social Media Materials and Social Media Platforms must indicate that Franchisee is operating the Franchised Business as an independent franchisee of Franchisor.

(h) Notwithstanding anything to the contrary above, Franchisor reserves the right to require Franchisee to make specific expenditures relating to local marketing, advertising and promotional programs up to a maximum limit of $3,500, in the event Franchisor, in its sole discretion, determines that Franchisee’s marketing, advertising and promotional efforts are inadequate.

(i) Franchisee shall not employ any person to act as a representative of Franchisee in connection with the local promotion of the Franchised Business in any public media without the prior written approval of Franchisor.

7.9 Accounting and Records

Franchisee shall maintain all financial, sales, accounts, books, data, licenses, contracts, supplier invoices, management reports and records for a period of five (5) years or longer as required by government regulations.

7.10 Reporting Requirements

(a) Franchisee shall deliver a monthly Royalty Report itemizing Gross Revenues for the preceding month generated by the Franchised Business. Franchisee may provide the information in the Royalty Report via electronic data communication, facsimile transmission or such other method as Franchisor may reasonably designate.

(b) All financial information provided by Franchisee to Franchisor must be accurate and correct in all material respects. All financial information provided by Franchisee must also be prepared in accordance with accounting methods acceptable to Franchisor and in the format specified in the Confidential Operating Manual or otherwise in writing. Unless required due to Franchisee's underreporting, there are no requirements for audited financial statements.

(c) Franchisee agrees that Franchisor may periodically request and Franchisee must thereafter provide to Franchisor a copy of all quarterly, annual or other tax returns filed by Franchisee including federal and state income tax returns and state sales or equivalent tax returns.

(d) Franchisee must provide Franchisor with all other financial reports, statements or information that Franchisor may periodically require in the forms and at the times and places reasonably specified by Franchisor in the Confidential Operating Manual or otherwise in writing, including but not limited to electronic communication. Franchisee acknowledges and agrees that such reporting is required in addition to and not in lieu of the monthly Royalty Reports.

7.11 Computer Software and Hardware

(a) Franchisor may, in its sole discretion, require Franchisee to obtain and maintain specific computer hardware and software, including an office computer, a portable computer, a point of sale system, a portable printer, information or communications systems that meet Franchisor's criteria for design, function and capabilities and to require Franchisee to utilize specific Internet service providers, windows based operating software, communications software and other information technology, including back office administrative programs. Franchisee shall be required to acquire financial and accounting software for its office computer as specified by Franchisor. Franchisee shall also be required to equip a hands-free phone device in its vehicle.

(b) Franchisee will be required to purchase a monthly data plan to enable mobile internet connections. The mobile or portable hardware Franchisee uses to perform all job estimates and the device must be taken to all customer job estimates.

(c) Franchisor requires Franchisee to use Franchisor's field service, point-of-sale, contract management and financial and accounting software as designated by Franchisor. While Franchisor currently does not require Franchisee to use a particular brand of hardware, Franchisor reserves the right, in its sole discretion, to designate particular makes or models of hardware in the future.

(d) Franchisor, or its designated supplier, may elect to provide Franchisee with a webpage for its Franchised Business on the Sir Grout® Websites. In that event, Franchisor, or its designated supplier, will amend the Sir Grout® Websites to include Franchisee's name and location. Franchisee may not establish or maintain any other website for its Franchised Business.

(e) Franchisor, or its designated supplier, may provide Franchisee with an email address for its Franchised Business. If Franchisor or its designated supplier provides Franchisee with an email address, Franchisee MUST use only this email address for its Franchised Business. Franchisee may not establish or maintain any other email addresses for its Franchised Business, without Franchisor's prior written consent.

(f) Franchisor may, in its sole discretion, periodically require Franchisee to upgrade and/or update the required computer hardware and software, at Franchisee's sole expense. Franchisor reserves the right to require Franchisee acquire additional, new or substitute hardware and software. Franchisor may, in its sole discretion, make substantial modifications to its computer hardware and software specifications and Franchisor may, in it is sole discretion, require Franchisee comply with those modifications and/or install an entirely different computer system with a more advanced or larger system capable of assuming and discharging all the computer- related tasks and functions Franchisor specifies. There are no contractual limitations on the frequency and cost of these upgrades and updates.

(g) Franchisee shall comply with the most current version of the Payment Card Industry Data Security Standards and validate compliance with those standards, as may be periodically required by Franchisor or third-parties.

7.12 Insurance

(a) Prior to Franchisee opening its Franchised Business, Franchisee must obtain insurance coverage for the Franchised Business in at least the amounts specified below. This insurance coverage must be maintained during the term of the Agreement and must be obtained from a responsible carrier or carriers rated "A" or better by A.M. Best & Company, Inc., and be approved by Franchisor. The insurance coverage must include the following:

(i) Commercial general liability insurance providing coverage on an occurrence form basis with limits of not less than $1,000,000 per person per occurrence for bodily injury and property damage combined, $2,000,000 annual general aggregate, $2,000,000 products and completed operations annual aggregate. All the liability insurance policies must:

(1) include operations liability coverage, products and completed operations liability coverage and broad form property damage coverage including completed operations;

(2) include blanket contractual liability coverage including, to the maximum extent possible, defense costs outside the limits of liability, coverage for Franchisee's indemnification obligations under the Agreement;

(3) provide that the insurance company has the duty to defend all parties insured under the policy;

(4) provide that the defense costs are paid in addition to, and not in depletion of, any of the policy limits; and

(5) cover liabilities arising out of or incurred in connection with Franchisee's use, operation, occupancy, franchising, licensing, leasing or ownership of the Franchised Business;

(ii) An "umbrella" policy, providing per occurrence coverage limits of not less than $1,000,000 and annual aggregate limits of not less than $2,000,000;

(iii) Workers' compensation insurance or similar insurance as required by applicable law of the state or jurisdiction in which the Franchised Business is located. This insurance must be maintained for trainees as well as for those employed or engaged in the operation of the Franchised Business. This coverage will have a minimum limit of the greater of $100,000 or the statutory minimum limit;

(iv) Crime (inside/outside money and securities), business personal property insurance and employee and third-party dishonesty insurance with minimum per occurrence coverage of $10,000;

(v) Automobile liability coverage, including coverage of owned, non-owned and hired vehicles with coverage in amounts not less than $1,000,000 with combined single limit of $500,000 per occurrence for bodily injury and property damage;

(vi) Employment practices liability insurance covering claims made by Franchisee's employees or potential employees, including but not limited to discrimination, wrongful termination, sexual harassment and other employment related claims;

(vii) Cybersecurity insurance with coverage in an amount not less than $1,000,000; and

(viii) Any insurance required by law in the state or locality in which the Franchised Business will operate.

(b) All of the policies must name Franchisor and its officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds and must include a waiver of subrogation in favor of all parties. Franchisee must provide Franchisor with written proof of Franchisee's purchase of the above required insurance policies no later than the business day before Franchisee intends to commence operations of the Franchised Business. Franchisee must provide Franchisor with proof of Franchisee's continued insurance coverage no later than thirty (30) days before the expiration of Franchisee's insurance policies. For purposes hereof, proof of purchase of insurance and/or continued insurance coverage shall include written evidence of insurance issued by the insurance company to Franchisee showing compliance with the above requirements. Franchisee may not reduce any insurance limit, restrict any insurance coverage or cancel, alter or amend any insurance policy without Franchisor's written consent. If Franchisee fails to obtain or maintain any required insurance, Franchisor may terminate the Agreement as provided for herein.

(c) Franchisor may in its sole discretion, revise its insurance requirements for franchisees. Franchisor may in its sole discretion, require Franchisee to obtain additional or different insurance policies in accordance with Franchisor's then-current insurance requirements for Franchisees.

(d) Franchisee shall require its insurance providers to provide written notice to Franchisor in advance of any alteration, amendment, upgrade, termination or expiration of any insurance policy maintained by Franchisee.

7.13 Indemnification

(a) Franchisee shall indemnify, defend and hold harmless Franchisor and its shareholders, officers, directors, employees, agents, successors and assignees (the "Indemnified Parties") against and reimburse any one or more of the Indemnified Parties for all claims, obligations and damages arising directly or indirectly from the operation of the Franchised Business or Franchisee's breach of this Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party's negligence or willful misconduct, unless (and then only to the extent that) the claims, obligations or damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. This provision shall survive termination and expiration of this Agreement.

(b) For purposes of this Section 7.13, "claims" include all obligations, damages (actual, consequential or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses and other expenses of litigation, arbitration or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at Franchisee's expense and agree to settlements or take any other remedial, corrective or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against Franchisee under this subparagraph. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this subsection.

7.14 Licensing, Taxes and Compliance with Laws

(a) Franchisee shall ensure that the Franchised Business and each of Franchisee's employees at the Franchised Business meet and maintain the highest standards and shall satisfy all safety and regulation standards which may be imposed upon the Franchised Business and/or its employees, including obtaining all required licenses and permits. It is Franchisee's obligation to determine if Franchisee must be licensed in connection with operating the Franchised Business and take whatever steps are necessary to meet the requirements of any regulation regarding the operation of the Franchised Business. Franchisee shall provide to Franchisor, within five (5) days of Franchisor's request or Franchisee's receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings required by law or which result from inspections, audits or inquiries conducted by federal, state or municipal agencies with jurisdiction over the Franchised Business.

(b) Franchisee shall comply with all federal, state and local laws and regulations that generally apply to restaurants. Franchisee acknowledges that these laws and regulations include, but are not limited to, the Americans with Disabilities Act; the Fair Labor Standards Act; Equal Employment Opportunities Commission; Occupational Safety and Health Administration; Gramm-Leach-Bliley Act; The Patriot Act; Truth in Lending Act and other laws dealing with credit transactions and collections; Digital Millennium Copyright Act; regulations governing MMS, SMS, emails and telemarketing; the payment of license fees; general restaurant rules and regulations; and, any advertising or content related rules and regulations, etc.

(c) Franchisee acknowledges that Franchisee is aware of federal, state and local labor regulations including minimum age and minimum wage laws that may affect the Franchised Business. Franchisee shall comply with all such federal, state and local labor regulations.

(d) Franchisee shall also pay when due all taxes levied or assessed, including unemployment and sales taxes and Franchisee shall file when due all tax returns due from any individual or entity related to the Franchised Business. Franchisee shall pay to Franchisor an amount equal to any sales tax or gross receipts tax imposed upon Franchisor with respect to any payments to Franchisor required under the Agreement.

7.15 Use of Proper Operating Assets

Franchisee agrees to use in operating the Franchised Business only those fixtures, equipment (including computer with high-speed internet connection, and facsimile), furnishings, vehicles and signage, including vehicle wraps (collectively, the "Operating Assets") that Franchisor designates or approves for the Franchised Business as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee agrees to use in conjunction with the Franchised Business only that signage, emblems, lettering, logos and display materials that Franchisor approves from time to time. Franchisee agrees to purchase or lease approved brands, types or models of Operating Assets only from Suppliers (which may include or be limited to Franchisor and/or its affiliates).

7.16 Advertising Cooperative

There is currently no advertising cooperative in the System. However, Franchisor reserves the right to establish a regional advertising cooperative and to require Franchisee to contribute monies to this advertising cooperative. Franchisor will have the right, in its sole discretion, to determine how funds paid into any such advertising cooperative are expended. Any financial contributions made by Franchisee to the advertising cooperative may be credited against Franchisee's required expenditures for Local Advertising. Company-owned units may be active members of any cooperative and may possess voting power in accordance with the rules of the cooperative as Franchisor may determine in its sole discretion.

7.17 Security Interest

(a) Franchisee hereby grants to Franchisor and its affiliates a security interest in any and all of Franchisee's inventory, equipment, furniture, fixtures, Operating Assets, all other assets and any proceeds thereof (including but not limited to all accounts receivable and the proceeds of any insurance). The security interest granted herein secures: (a) all of Franchisee's obligations to Franchisor and its affiliates under this Agreement and any other agreement between Franchisee and Franchisor; and (b) all costs and expenses which Franchisor and its affiliates may incur in the administration and collection of these obligations. This Agreement shall constitute a security agreement and upon request of Franchisor, Franchisee shall execute any additional instruments required to perfect this security interest including without limitation, a standard Uniform Commercial Code ("UCC") financing statement. Franchisee authorizes Franchisor:

(i) To file a copy of this Agreement, a UCC financing statement and any other documents that may be necessary to perfect the security interest granted herein; and

(ii) To sign on behalf of Franchisee and to file in any jurisdiction with or without signature of Franchisee, financing statements with respect to this security interest and security agreement.

7.18 Franchisee's Employees

(a) Franchisee hereby irrevocably agrees, acknowledges, affirms, represents, warrants and covenants that its employees are employed exclusively by Franchisee and that none of its employees are employed, jointly employed or co-employed by Franchisor. Franchisee further agrees, acknowledges, affirms, represents, warrants and covenants that each of its employees are under the exclusive dominion and control of Franchisee and are never under the direct or indirect control of Franchisor. Franchisee is exclusively responsible for, and Franchisor shall not, directly or indirectly, be engaged in, have authority or ability over or otherwise involved with, the hiring of each of its employees, setting their schedules, establishing their compensation, paying all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums) associated with such employment, disciplining, suspending and/or terminating employees.

(b) Franchisee further hereby irrevocably agrees, acknowledges, affirms, represents, warrants and covenants that any training provided by Franchisor for Franchisee's employees is intended to provide to those employees the various procedures, protocols, systems and operations of a Franchised Business and shall not create an employment relationship between the Franchisor and the Franchisee's employees.

(c) Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on our behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees). To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, should any such appearance by Franchisee be required or requested by Franchisor, Franchisor will recompense Franchisee the reasonable costs associated with its appearing at any such venue.

VIII. CONFIDENTIAL INFORMATION

8.1 Restriction on Use of Confidential Information

(a) Franchisor possesses (and will continue to develop and acquire) certain confidential information, knowledge, know-how, methods and procedures some of which constitutes trade secrets under applicable law ("Confidential Information"), regarding (i) the Franchisor and (ii) the development, management and operation of Sir Grout® businesses, including (without limitation): (1) site selection criteria; (2) training and operations materials and manuals; (3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating the Sir Grout® business; (4) Advertising Materials, Social Media Materials and use of Social Media Platforms; (5) knowledge of specifications for and Suppliers of

Operating Assets, products, supplies, any computer software and similar technology which is proprietary to Franchisor including without limitation, digital passwords and identifications and any source code as well as data, reports and other printed materials; (6) knowledge of the operating results and financial performance of Sir Grout® businesses other than the Franchised Business; and (7) graphic designs and related intellectual property.

(b) It is the parties' intention that the Confidential Information is governed by the Confidentiality, Non-Use and Non-Competition Agreement attached hereto as Exhibit 3. Franchisee acknowledges and agrees that Franchisor has granted the franchise in consideration of and in reliance upon Franchisee's agreement to execute the Confidentiality, Non-Use and Non- Competition Agreement attached hereto and abide by its terms. Franchisee shall require any individual to whom Confidential Information is disclosed, to enter into a form of confidentiality agreement that has substantially similar conditions prior to disclosure.

8.2 Acknowledgements

(a) Franchisee and its Owners acknowledge that Franchisee has been and/or will be given access to the Confidential Information during the term of this Agreement.

(b) Franchisee and its Owners acknowledge that (i) Franchisor and its affiliates own all right, title and interest in and to the System; (ii) the System consists of trade secrets, Confidential Information and know-how that gives the Franchisor and its affiliates a competitive advantage; (iii) the Franchisor and its affiliates have taken all measures necessary to protect the trade secrets, Confidential Information and know-how comprising the System; (iv) all Confidential Information now or hereafter provided or disclosed to Franchisee regarding the System is disclosed in confidence; (v) Franchisee has no right to disclose any Confidential Information to anyone who is not an employee, agent or independent contractor of Franchisee; (vi) Franchisee will not acquire any ownership interest in the System; and (vii) Franchisee's use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief without posting a bond.

8.3 Non-Disclosure and Return of Confidential Information

(a) Franchisee and its Owners agree that for a period commencing on the date of this Agreement and continuing thereafter, in the absence of prior written consent by Franchisor: (i) will keep all Confidential Information in strict confidence in accordance with the terms of the Confidentiality, Non-Use and Non-Competition Agreement attached as Exhibit 3; (ii) will not communicate or disclose Confidential Information to any unauthorized person or entity and will only disclose those parts of the System that an employee, agent or independent contractor needs to know; (iii) will not use the Confidential Information for any purpose other than as directed by and needed for Franchisor's use; and (iv) will not reproduce or use the Confidential Information.

(b) Confidential Information provided by Franchisor to Franchisee and its Owners in the course of the parties' relationship shall be returned to Franchisor immediately upon termination or expiration of the Franchise Agreement. Franchisee and its Owners shall not retain any book, record, report, design, plan, material, copy, note, abstract, compilation, summary, extract or other reproduction, whether in paper or electronic form, of the Confidential Information and shall not retain any copy, note, abstract, compilation, summary, extract or other reproduction of such Confidential Information, except as the parties hereto may agree in writing.

IX. COVENANTS

9.1 Covenants

(a) Franchisee and its Owners acknowledge that Franchisor has granted it the franchise in consideration of and reliance upon the agreement of Franchisee and its Owners to: deal exclusively with Franchisor; maintain the confidentiality of all of the Confidential Information; refrain from using any Confidential Information in any manner not permitted by Franchisor in accordance with Article VIII above; and protect and preserve the goodwill of the Franchisor.

(b) Franchisee and its Owners further acknowledge and agree that (i) pursuant to this Agreement, they will have access from the Franchisor and its affiliates to valuable trade secrets, specialized training and Confidential Information regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (ii) the System and the opportunities, associations, and experience established by Franchisor and acquired by Franchisee and its Owners under this Agreement are of substantial and material value; (iii) in developing the System, Franchisor and its affiliates have made and continue to make substantial investments of time, technical and commercial research and money; (iv) Franchisor would be unable to adequately protect the System, its trade secrets and its Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information about Sir Grout® franchises if franchisees and their owners were permitted to hold an interest in Competitive Businesses; and (v) restrictions on the right of Franchisee and its Owners to hold interest in or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder the activities of Franchisee and its Owners.

(c) Accordingly, Franchisee and its Owners covenant and agree that during the term of this Agreement and for an uninterrupted period of two (2) years after the later of: (i) the termination (regardless of the cause for termination) or expiration of this Agreement; (ii) the Transfer, as defined herein; or (iii) the date of a final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 9.1, Franchisee and each of its Owners shall not directly or indirectly for itself or through on behalf of or in conjunction with any person, firm, partnership corporation or other entity in any manner whatsoever:

(i) Divert or attempt to divert any actual or potential business or customer of the Franchised Business to any competitor;

(ii) Take any action injurious or prejudicial to the goodwill associated with the Principal Trademarks and the System;

(iii) Solicit, encourage or assist anyone else to solicit or encourage any independent contractor providing services to Franchisor to terminate or diminish their relationship with Franchisor; or

(iv) Own, maintain, develop, operate, engage in, franchise or license, make loans or gifts to or have any direct or indirect interest in or render services as a director, officer, manager, employee, consultant, representative, or agent or give advice to any Competitive Business (as defined below). Notwithstanding the foregoing, equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subsection.

(v) During the term of this Agreement, there is no geographic limitation on these restrictions, meaning that Franchisee and each of its Owners shall not engage in the conduct referred to in subsection 9.1(c) at any location. During the two (2) year period following the later of: (i) the termination (regardless of the cause for termination) or expiration of this Agreement; (ii) the Transfer of the franchise; or (iii) the date of a final non-appealable judgment or order of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 9.1, these restrictions shall apply:

(1) at the location of the Franchised Business;

(2) within the Territory assigned to the Franchised Business and within ten (10) miles of the outer boundaries of the Territory assigned to the Franchised Business;

(3) within ten (10) miles of the location of any Sir Grout® business;

(4) within the territory assigned to any Sir Grout® business and within ten (10) miles of the outer boundaries of the territory assigned to any Sir Grout® business; owned, in operation, under development or to be developed by Franchisor or franchisees of Franchisor as of (1) the Effective Date; (2) the date of termination (regardless of the cause for termination) or expiration of this Agreement or Transfer of the franchise; or (3) the date of any final non-appealable judgment or order of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 9.1.

(d) Franchisee and its Owners further covenant and agree that for a period of two (2) years following the expiration or termination (regardless of the cause for termination) of this Agreement or a Transfer, Franchisee and its Owners will not either directly or indirectly for itself or through, on behalf of or in conjunction with any person, firm, partnership, corporation or other entity, sell, assign, lease or transfer the Franchised Business location to any person, firm, partnership corporation or other entity that

Franchisee or its Owners know or has reason to know intends to operate a Competitive Business at the Franchised Business location.

(e) Franchisee and its Owners covenant not to engage in any activity which might injure the goodwill of the Principal Trademarks or the System at any time. This provision shall survive termination and expiration of this Agreement.

(f) Franchisee and its Owners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, Franchisor's enforcing the covenants made in this Section 9.1 will not deprive Franchisee or its Owners of their personal goodwill or ability to earn a living.

(g) Franchisee and its Owners agree and acknowledge that each of the covenants contained herein are reasonable limitations as to time, geographic area and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the know-how, reputation, goodwill and other legitimate business interests of Franchisor and its affiliates. Franchisee and its Owners also agree and acknowledge that the legitimate business interests of Franchisor and its affiliates include but are not limited to: (i) maintaining the confidential nature of the Confidential Information; (ii) preserving the Franchisor's ability to develop franchises at or near the Franchisee's former Franchised Business location, within the Territory assigned to the Franchised Business and within the territorial boundaries of the restrictive covenant described above in subsection 9.1(d); (iii) preventing potential customer confusion; (iv) protecting other franchisees from competition from Franchisee and its Owners; and/or (v) protecting the System as a whole including the franchisee network. If any provision of this Section 9.1 (including any sentences, clauses, or any part thereof) shall be held contrary to law or incomplete or unenforceable in any respect, the remaining provisions shall not be affected but shall remain in full force and effect; any invalidated provisions shall be severed and this Agreement modified to the extent necessary to render it valid and enforceable.

(h) Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant contained in this Section 9.1 effective immediately upon Franchisee's receipt of written notice and Franchisee agrees to comply forthwith with any covenants as so modified which will be enforceable notwithstanding the provisions of Section 20.2.

9.2 Enforcement of Covenants Not To Compete

Franchisee and its Owners acknowledge and agree that Franchisor has a compelling interest in protecting the System and that the provisions of this Article IX protect Franchisor's System. Franchisee and its Owners Franchisee and its Owners acknowledge that violation of the provisions of this Article IX would result in immediate and irreparable injury to Franchisor and its affiliates for which no adequate remedy at law will be available. Accordingly, Franchisee and its Owners hereby consent to the entry of an injunction procured by Franchisor prohibiting any conduct by Franchisee and its Owners in violation of the terms, covenants and/or restrictions on the use of Confidential Information set forth in this Article IX without the need of a bond. Franchisee and its Owners expressly agree that it may conclusively be presumed in any legal action that any violation of the terms, covenants and/or restrictions of this Article IX was accomplished by and through the unlawful utilization of the Confidential Information. Further, Franchisee and its Owners expressly agree that any claims Franchisee or its Owners may have against Franchisor and its affiliates, whether or not arising from this Agreement, will not constitute a defense to the enforcement of the terms, covenants and/or restrictions set forth in this Article IX by Franchisor. Franchisee and its Owners agree to pay all costs and expenses (including attorneys' fees, experts' fees, court costs and all other expenses of litigation) incurred by Franchisor in connection with the enforcement of the terms, covenants and/or restrictions of this Article IX.

9.3 Definitions

(a) The term “affiliates” (with respect to Franchisee) means any and all corporations, limited liability companies, partnerships, trusts or other entities controlling, controlled by or under common control with Franchisee, including but not limited to subsidiaries, parents and sibling entities.

(b) The term "control" shall mean the control or ownership of ten percent (10%) or more of the beneficial interest in the person or entity referred to.

(c) The term "Competitive Business" means (i) any business involving grout and/or tile cleaning, sealing, caulking and/or restoration services as well as other services, including but not limited to slip resistant product application, stone restoration services and coating services for tile, grout, stone, concrete and metal, or (ii) any business granting franchises or licenses to others to operate such a business (other than a franchised business operated under a franchise agreement with Franchisor).

(d) The term “Owners” shall mean any individual or entity (including all spouses, partners, members or shareholders of such individual or entity) that has any direct or indirect ownership interest of over five percent (5%) in Franchisee, (or at such later time as they assume such status) whether or not such interest is of record, beneficially or otherwise. The term “Owners” shall also include individuals, partners, members and shareholders and (spouses of such individuals, partners, members and shareholders) with an ownership interest of more than five percent (5%) in any partnership, corporation or limited liability company that holds a controlling interest in the Franchisee entity.

9.4 Lesser Included Covenants Enforceable At Law

If all or any portion of the covenants not to compete set forth in this Article are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court, arbitrator or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. Franchisee and its Owners acknowledge and agree to be bound by any lesser covenant subsumed within the terms of this Article IX as if the resulting covenants were separately stated in and made a part of this Agreement.

9.5 Severability of Covenants

The parties agree that each of the covenants contained in this Article IX shall be construed independent of each other and any other covenant or provision within this Agreement.

X. ASSIGNMENT AND TRANSFERS

10.1 By Franchisor

Franchisee acknowledges that Franchisor maintains a staff to manage and operate the System and that staff members can change as employees come and go. Franchisor may change its ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. In the event of Franchisor's assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement.

10.2 By Franchisee

(a) Franchisee understands and acknowledges that the rights and duties this Agreement creates are personal to Franchisee (or, if Franchisee is an entity, to Franchisee's Owners) and that Franchisor has granted Franchisee the franchise in reliance upon its perceptions of Franchisee's (or its Owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither this Agreement (or any interest in this Agreement), the Franchised Business or substantially all of its assets, nor any ownership interest in Franchisee (regardless of its size), nor any ownership interest in any of Franchisee's Owners (if such Owners are legal entities) may be transferred without Franchisor's prior written consent, which consent may be withheld for any reason in Franchisor's sole discretion, subject to the provisions herein. Any transfer without Franchisor's consent is a breach of this Agreement and has no effect.

(b) Neither Franchisee nor any person possessing an interest, holding shares of stock or holding partnership or membership interests of any kind or nature in Franchisee shall be permitted to have the power, without the prior written consent of Franchisor, to give away, sell, assign, pledge, lease, sublease, devise or otherwise transfer, either directly or by operation of law or in any other manner, including, by reason of death, any interest or shares of stock of any kind or nature in Franchisee. In order to assure compliance by Franchisee with the transfer restrictions contained in this Section 10.2, all shares or stock certificates of Franchisee or Franchisee's operating agreement if Franchisee is a limited liability company shall at all times contain a legend sufficient under applicable law to constitute notice of the restrictions contained in this Agreement and to allow such restrictions to be enforceable. Such legend shall appear in substantially the following form:

> "The sale, transfer, pledge or hypothecation of this stock is restricted pursuant to the terms contained in Articles X and XI of a franchise agreement dated [date] between Sir Grout Franchising, LLC and [Franchisee]."

(c) In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in: (i) this Agreement; (ii) the rights and obligations under this Agreement; (iii) all or substantially all of the assets of the Franchised Business; and/or (iv) any direct or indirect interest in the ownership of Franchisee.

10.3 Conditions for Approval of Transfer by Franchisee

(a) If Franchisee (and its Owners) has fully complied with this Agreement and all other agreements with Franchisor and its affiliates, then, subject to the other provisions of this Section 10.3, Franchisor may, in its reasonable discretion, approve a transfer that meets the requirements in this Section 10.3. To effectuate any proposed transfer, Franchisee (and its Owners)must comply with all of the following conditions either before or concurrently with the effective date of the transfer:

(i) Franchisee shall first notify Franchisor in writing of the proposed transfer and set forth a complete description of the terms of the proposed transfer including the prospective transferee’s name, address, telephone number, financial qualifications and previous five (5) years’ business experience. Franchisor or its assignees may, within thirty (30) days after receipt of such notice exercise a right of first refusal to purchase the interest being offered by Franchisee pursuant to the provisions of Article XI herein;

(ii) transferee (and its Owners if transferee is an entity) has sufficient business experience, aptitude and financial resources to operate the Franchised Business and must meet all of Franchisor’s then-current standards and requirements for becoming a Sir Grout® franchisee (which standards and requirements need not be in writing);

(iii) Franchisee has paid all Royalties, Brand Fund Fees and other amounts owed to Franchisor and our Suppliers; has submitted all required reports and statements; has cured all other breaches of this Agreement and any other agreement between Franchisee and Franchisor or any Supplier; and has satisfied all of its obligations under this Agreement and any other agreement with Franchisor and our Suppliers;

(iv) neither the transferee nor its Owners (if the transferee is an entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(v) transferee (or its Operating Principal) and any manager (if different from the Franchised Business’ manager) complete Franchisor’s training program to Franchisor’s satisfaction, at transferee’s own costs, including, but not limited to payment to Franchisor of the then-current training fee;

(vi) transferee shall or Franchisee shall (if the transfer is of a controlling ownership interest in Franchisee or one of its Owners), execute Franchisor’s then-current form of franchise agreement and related documents, the provisions of which may differ materially from those contained in this Agreement;

(vii) transferee shall upgrade the Franchised Business to meet Franchisor's then- current standards for a Sir Grout® business;

(viii) Franchisee or the transferee pays Franchisor the transfer fee. The transfer fee is due when Franchisee requests approval of the transfer and is nonrefundable, whether or not the transfer actually occurs. However, Franchisor will not charge a fee for transfers made in accordance with Sections 10.4 and 10.5 herein;

(ix) Franchisee (and its transferring Owners) and the new franchisee sign Franchisor's then-current Consent to Transfer Form;

(x) Franchisor, in its sole discretion, has determined that terms of the transfer including but not limited to price, method and the extent of financing will not adversely affect the transferee's operation of the Franchised Business such that the Franchised Business would be placed at potential risk, nor that the terms of the transfer inaccurately reflect the actual market value of the franchise;

(xi) If Franchisee or its Owners finance any part of the purchase price, Franchisee or its Owners agree that all of the transferee's obligations under any promissory notes, agreements, or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalties, Brand Fund Fees, and other amounts due to Franchisor, Suppliers and otherwise to comply with this Agreement;

(xii) Franchisee and its transferring Owners will not, for two (2) years beginning on the effective date of the transfer, engage in any of the activities proscribed in Article IX of this Agreement;

(xiii) Franchisee and its transferring Owners will not directly or indirectly at any time or in any manner (except with respect to other Sir Grout® businesses they own and operate) identify themselves or any business as a current or former Sir Grout® business or as one of Franchisor's franchisees; use any Principal Trademark, any colorable imitation of a Principal Trademark, or other indicia of a Sir Grout® business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with Franchisor;

(xiv) Transferee agrees and acknowledges that Franchisor is not responsible for any representations not included in the disclosure document or this Agreement;

(xv) Franchisor may require any transferee of any interest or shares of stock of any kind or nature in Franchisee to guarantee the obligations of Franchisee under this Agreement or under any new franchise agreement entered into pursuant to Section 10.3 above;

(xvi) Franchisor determines in its sole discretion that the terms of the transfer are substantially the same as those offered to Franchisor pursuant to Franchisor's right of first refusal; and

(xvii) Franchisee shall comply with all other applicable transfer requirements as designated in the Confidential Operating Manual or otherwise in writing.

(b) Franchisor may review all information regarding the Franchised Business that Franchisee gives the transferee, correct any information that it believes is inaccurate, and give the transferee copies of any reports that Franchisee has given Franchisor or Franchisor has made regarding the Franchised Business.

10.4 Transfer to Franchisee's Legal Entity

Notwithstanding the provisions of Section 10.3 above, if a proposed transfer is to a legal entity wholly-owned by Franchisee which is formed solely for the convenience of ownership, Franchisor's consent to transfer may be conditioned on the following requirements: (a) Franchisee is in full compliance with its obligations under the Agreement and all other agreements with Franchisor or its affiliate(s); (b) the legal entity's activities will be confined exclusively to operating the Franchised Business; (c) the Franchised Business is conducted only by that legal entity; (d) Franchisee will own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests; (e) the owned by the Franchised Business are owned by the legal entity; (f) each stock certificate of a corporation, membership certificate in a limited liability company or certificate of interest of a partnership will have conspicuously endorsed on its face a statement in a form satisfactory to Franchisor that it is held subject to and that further transfer is subject to all restrictions on transfers in Article 10 of this Agreement; (g) Franchisee agrees to remain personally liable under this Agreement as if the transfer to the legal entity did not occur; and (h) the legal entity expressly assumes all of Franchisee's obligations under this Agreement.

10.5 Death or disability of franchisee

(a) Transfer Upon Death or Disability.

Upon Franchisee's or its Operating Principal's death or disability, the executor, administrator, conservator, guardian, or other personal representative of Franchisee or its Operating Principal must transfer Franchisee's interest in this Agreement, or the Operating Principal's ownership interest in Franchisee, to a third party (which may be the heirs, beneficiaries or devisees of Franchisee or its Operating Principal). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Article X. A failure to transfer Franchisee's interest in this Agreement or the Operating Principal's ownership interest in Franchisee within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Operating Principal from supervising the management and operation of the Franchised Business.

(b) Operation Upon Death or Disability.

If, upon the death or disability of Franchisee or the Operating Principal, a manager is not managing the Franchised Business, the executor, administrator, conservator, guardian, or other personal representative of Franchisee or the Operating Principal must, within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager. The replacement manager must complete Franchisor's standard training program at Franchisee's expense. A new Operating Principal acceptable to Franchisor also must be appointed within thirty(30) days. If, in Franchisor's judgment, the Franchised Business is not being managed properly any time after the death or disability of Franchisee or the Operating Principal, Franchisor may, but need not, assume management of the Franchised Business (or appoint a third party to assume its management). All funds from the operation of the Franchised Business while it is under management by Franchisor (or a third-party) will be kept in a separate account, and all expenses will be charged to this account. Franchisor may charge Franchisee (in addition to the Royalty, Brand Fund Fees, and other amounts due under this Agreement) a per diem fee, plus the direct out-of-pocket costs and expenses of Franchisor (or a third-party), if Franchisor (or a third- party) assumes the management of the Franchised Business under this subsection. Franchisor (or a third party) has a duty to utilize only reasonable efforts and will not be liable to Franchisee or its Owners for any debts, losses, or obligations incurred by the Franchised Business, or to any of Franchisee's creditors for any products, other assets, or services the Franchised Business purchases, while under the management of Franchisor (or a third-party).

10.6 Effect of Consent to Transfer

Franchisor's consent to a transfer of this Agreement and the Franchised Business, or any interest in Franchisee or its Owners, is not a representation of the fairness of the terms of any contract between Franchisee and the transferee; a guarantee of the prospects of success of the Franchised Business or transferee; a waiver of any claims Franchisor has against Franchisee (or its Owners); or of Franchisor's right to demand the transferee's full compliance with this Agreement. In this event of a transfer, Franchisee and/or its Owners shall continue to remain obligated to Franchisor in accordance with the terms of this Agreement.

XI. RIGHT OF FIRST REFUSAL TO ACQUIRE FRANCHISEE'S BUSINESS

11.1 Franchisor's Right of First Refusal

(a) If Franchisee or any of its Owners at any time determines to sell or transfer for consideration an interest in this Agreement and the Franchised Business, or an ownership interest in Franchisee (except to or among its current Owners; to immediate family members of Franchisee or any of its Owners; or to a legal entity wholly owned by Franchisee which is not subject to this subsection), in a transaction that otherwise would be permitted under Article X herein, Franchisee and/or its Owners agree to obtain from a responsible and fully disclosed buyer and send to Franchisor, a true and complete copy of a bona fide executed written offer (which may include a letter of intent) relating exclusively to an interest in Franchisee or in this Agreement and the Franchised Business. The bona fide offer must include a description of the interest in the Franchisee or this Agreement and the Franchised Business to be sold, the proposed payment terms, including the amount the contract deposit, the sources and terms of any financing for the proposed purchase and a description of any conditions to closing which have been requested by the prospective transferee. To be a valid, bona fide offer, the proposed purchase price must be stated in U.S. dollars and the prospective transferee must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Article X. Franchisor may require Franchisee or its Owners to send Franchisor copies of any materials or information sent to the prospective transferee regarding the possible transaction.

(b) Franchisor may, by written notice delivered to Franchisee or its selling Owner(s) within thirty (30) days after it receives both an exact copy of the bona fide offer and all other information Franchisor requests, elect to purchase the interest offered under the same terms or conditions contained in the bona fide offer, provided that:

(i) Franchisor may, in its sole discretion, substitute cash, notes payable monthly in no less than five (5) years or some combination of each for any form of payment proposed in the bona fide offer (such as ownership interests in a privately-held entity) and Franchisor's credit shall be deemed equal to the credit of any prospective transferee (meaning that if the proposed consideration includes promissory notes, Franchisor may provide promissory notes with the same terms as those offered by the prospective transferee);

(ii) Franchisor will have an additional thirty (30) days to prepare for closing after notifying Franchisee of its election to purchase; and

(iii) Franchisor must receive, and Franchisee and its Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding:

(1) assets; and

(2) ownership and condition of and title to ownership interests and/or liens and encumbrances relating to ownership interests and/or the validity of contracts and the liabilities, contingent or otherwise of the entity whose assets or ownership interests are being purchased.

(c) If Franchisor exercises its right of first refusal, Franchisee and its selling Owner(s) agree that, for two (2) years beginning on the closing date, they will be bound by the covenants contained in subsection 9.1(d) of this Agreement. Franchisor has the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 11.1.

(d) If Franchisor does not exercise its right of first refusal, Franchisor shall within thirty(30) days after the right of first refusal has expired notify Franchisee in writing of its approval or disapproval of the prospective transferee. Franchisee or its Owners may complete the sale to the prospective transferee under the terms and conditions stated within the bona fide offer provided to Franchisor as required herein, but only if Franchisor otherwise approves the transfer in accordance with Section 10.3 and Franchisee (and its Owners) and the transferee comply with the conditions of that Section. This means that even if Franchisor does not exercise its right of first refusal (whether or not it is properly triggered as provided above), if the proposed transfer otherwise would not be allowed under Section 10.3, Franchisee (or its owners) may not complete the transfer.

(e) If Franchisee (or its Owners) does not complete the sale to the prospective transferee within sixty (60) days after Franchisor notifies Franchisee and/or any of its Owners that Franchisor does not intend to exercise its right of first refusal, or if there is a material change in the terms of the transfer (which Franchisee and/or its Owners agree to promptly advise Franchisor), then Franchisor or its designee will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or Franchisor's receipt of notice of the material change(s) in the terms of the sale or transfer, either on the terms originally offered or the modified terms, at the option of Franchisor or its designee.

11.2 Public Offerings

Despite any other provisions in this Agreement, Franchisee (and its owners) may not, without Franchisor's prior written consent, which Franchisor may grant or withhold for any or no reason whatsoever, attempt to raise or secure funds by selling or offering to sell any ownership interest in Franchisee (including, without limitation, common or preferred stock, bonds, debentures, membership interests or general or limited partnership interests) in a public offering for which a registration statement must be filed with the Securities Exchange Commission or with any similar state regulatory authority having jurisdiction over the sale of securities where registration is required as a condition of the sale of securities in that state.

XII. PRINCIPAL TRADEMARKS AND COPYRIGHTED INFORMATION

12.1 Ownership of the Principal Trademarks

Franchisee acknowledges and agrees that Franchisor and/or its affiliates are the owners of the Principal Trademarks and that Franchisor and/or its affiliates claim copyright protection in certain material used in the System and in the development and operation of the Franchised Business, including the Confidential Operating Manual, Advertising Materials, Social Media Materials and similar materials whether created by Franchisor, any franchisee of Franchisor and/or any third-party ("Copyrighted Information"). Franchisor is authorized to license to Franchisee the limited right to use the Principal Trademarks and

Copyrighted Information. Franchisee's right to use the Principal Trademarks and Copyrighted Information is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all System Standards prescribed by Franchisor from time to time during the term of this Agreement. Franchisee agrees not to represent in any manner that Franchisee has acquired any ownership rights in the Principal Trademarks or Copyrighted Information. Any unauthorized use of the Principal Trademarks or Copyrighted Information by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Principal Trademarks and Copyrighted Information. Franchisee acknowledges and agrees that all usage of the Principal Trademarks and Copyrighted Information by Franchisee and any goodwill established by Franchisee's use of the Principal Trademarks and Copyrighted Information shall inure to the exclusive benefit of Franchisor and its affiliates; that this Agreement does not confer any goodwill or other interests in the Principal Trademarks or Copyrighted Information upon Franchisee; and that upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned to Franchisee as attributable to any goodwill associated with Franchisee’s use of the Principal Trademarks or Copyrighted Information. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership, or assist another person in contesting the validity or ownership, of any of the Principal Trademarks or Copyrighted Information. All provisions of this Agreement applicable to the Principal Trademarks and Copyrighted Information apply to any additional trademarks, service marks, commercial symbols and proprietary information authorized for use by and licensed to Franchisee by Franchisor after the Effective Date.

12.2 Use of Principal Trademarks and Copyrighted Information

Franchisee shall not use any Principal Trademark or Copyrighted Information: (a) as part of any corporate or trade name; (b) with any prefix, suffix or other modifying words, terms, designs, symbols or in any modified form; (c) in connection with the sale of any unauthorized product or service; (d) as part of any domain name, homepage, electronic address or otherwise in connection with a website (unless in connection with Franchisor’s approved System website); or (e) in any other manner not expressly authorized in the Confidential Operating Manual or otherwise in writing by Franchisor. Franchisee agrees to give such notices of trademark and service mark registrations as Franchisor specifies and to obtain such fictitious or assumed name registrations required under applicable law. Franchisee agrees that this Agreement does not convey any right or property interest in the Principal Trademarks or Copyrighted Information licensed hereunder. Franchisee agrees to display the Principal Trademarks prominently as Franchisor prescribes at the Franchised Business location and on all Advertising Materials, Social Media Materials and other materials Franchisor designates.

12.3 Unauthorized Use of Principal Trademarks and Copyrighted Information

(a) Franchisee shall immediately notify Franchisor in writing of any apparent infringement or challenge to Franchisee's use of the Principal Trademarks or Copyrighted Information and of any claim by any person of any right in the Principal Trademarks or any similar trade name, trademark or service mark or Copyrighted Information of which

Franchisee becomes aware. Franchisee shall not directly or indirectly communicate with any person other than Franchisor, its affiliates and their counsel, in connection with any such infringement, challenge or claim. Franchisor and its affiliates shall have the right to take such action as they deem appropriate (including no action) and the right to control exclusively any litigation, United States Patent and Trademark Office proceeding or other administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to the Principal Trademarks or Copyrighted Information. Franchisee agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of Franchisor, its affiliates and their counsel, be necessary or advisable to protect and maintain the interests of Franchisor and its affiliates in any such litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or otherwise to protect and maintain the interests of Franchisor and its affiliates in the Principal Trademarks and Copyrighted Information, but shall take no action nor incur any expenses on behalf of Franchisor and its affiliates without Franchisor's prior written consent.

(b) In the event that any third-party makes a claim against Franchisee alleging that Franchisee's use of the Principal Trademarks or Copyrighted Information infringes upon the rights of such third-party, Franchisor and/or its affiliates agree to defend such claim and indemnify and hold Franchisee harmless therefrom, provided Franchisee has used the Principal Trademarks and Copyrighted Information only as expressly authorized in this Agreement, the Confidential Operating Manual or otherwise in writing by Franchisor and provided further that Franchisee cooperates with Franchisor and its affiliates in the defense of such claim as set forth in this Section and in any other manner reasonably requested by Franchisor. The obligation of Franchisor and/or its affiliates to defend and indemnify with respect to such claim shall not extend to other claims made by the same third-party against Franchisor, its affiliates and/or Franchisee arising from matters for which Franchisee is responsible under applicable law or this Agreement; as to such other claims, if any, Franchisee agrees to defend the same and indemnify and hold Franchisor and its affiliates harmless therefrom.

(c) In addition to the other restrictions set forth herein regarding the use of the Principal Trademarks and Copyrighted Information:

(i) Franchisee shall use only approved signage as designated by Franchisor;

(ii) Franchisee's use of the Principal Trademarks, Copyrighted Information and other proprietary material is limited to use in conjunction with the Franchised Business;

(iii) Franchisee shall use the Principal Trademarks and Copyrighted Information as designated by Franchisor;

(iv) Franchisee shall display notice of independent ownership of the Franchised Business in signage and on all forms and marketing material as designated by Franchisor.

(v) Franchisee acknowledges and agrees that Franchisee shall not use the Principal Trademarks and Copyrighted Information on any websites, unless authorized in writing by Franchisor. Franchisor reserves the right to require Franchisee or any hosting service to remove unauthorized websites that contain the Principal Trademarks and Copyrighted Information. Franchisee must assist Franchisor in removing such sites.

(vi) Franchisee shall acknowledge that any and all of its customers are customers of the Sir Grout® System and upon request shall transmit to Franchisor any records maintained by Franchisee on such customers. Franchisee agrees and acknowledges that Franchisee shall only have transactional use of customer information, which is solely to be used for the purpose of managing and operating the Franchised Business. Franchisee shall abide by the privacy policies as established by Franchisor from time to time.

(vii) Franchisee shall use only the e-mail address provided by Franchisor in operating the Franchised Business. To the extent the e-mail address contains the name "Sir Grout®" or any other proprietary designation, Franchisee will only be able to use it as specified by Franchisor and Franchisee will immediately cease use of it when Franchisor so requires.

12.4 Franchisor's Right to Modify

(a) If it becomes advisable at any time in Franchisor's sole discretion for Franchisor and/or Franchisee to modify or discontinue use of the Principal Trademarks, and/or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, Franchisee agrees to comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor. Franchisor need not reimburse Franchisee for its direct expenses of changing the signs of the Franchised Business, for any loss of revenue due to any modified or discontinued Principal Trademarks, or for Franchisee's expenses incurred in connection with the promotion of a modified or substitute trademark or service mark.

(b) Franchisor's rights in this subsection apply to any and all of the Principal Trademarks (and any portion of any Principal Trademark) that Franchisor authorizes Franchisee to use in this Agreement. Franchisor may exercise these rights at any time and for any reason, business or otherwise, in Franchisor's sole discretion. Franchisee acknowledges both Franchisor's right to take this action and Franchisee's obligation to comply with Franchisor's directions.

12.5 Reservation of Rights

Franchisee acknowledges and agrees that the license granted to Franchisee to use the Principal Trademarks is non-exclusive and Franchisor and its affiliates reserve any right not specifically granted to Franchisee under this Agreement, including but not limited to the right to:(a) grant other licenses for use of the Principal Trademarks; (b) develop and establish other systems using the Principal Trademarks or other names or marks and to grant licenses thereto without providing any rights to Franchisee; and (c) engage directly or indirectly through its employees, representatives, licensees, assigns, agents and others at wholesale, retail or otherwise, in (i) the production, distribution, license and sale of products and services and (ii) the use in connection with such production, distribution and sale of the Principal Trademarks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by Franchisor.

XIII. RELATIONSHIP OF THE PARTIES

13.1 Independent Contractors

Franchisee and Franchisor understand and agree that this Agreement does not create a fiduciary relationship between the parties, that Franchisee and Franchisor are and will be independent contractors and that nothing in this Agreement is intended to make either party a special agent, joint venture partner, partner or employee of the other for any purpose. No employee of Franchisee will be considered an employee of Franchisor. Franchisor will not have the power to hire or fire Franchisee's personnel. Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, Franchised Business personnel and others as the owner of the Franchised Business under a franchise that Franchisor has granted and to place notices of independent ownership on the forms, Advertising Materials, Social Media Materials and other materials that Franchisor requires from time to time.

13.2 No Liability for Acts of Other Party

Franchisee and Franchisor may not make any express or implied agreements, warranties, guarantees or representations, or incur any debt in the name or on behalf of the other or represent that their relationship is other than franchisor and franchise owner. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the operation or the Franchised Business.

13.3 Taxes

Franchisor will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon Franchisee or the Franchised Business, due to the business Franchisee conducts (except for Franchisor's income taxes). Franchisee is responsible for paying these taxes and must reimburse Franchisor for any taxes that Franchisor must pay to any state taxing authority on account of Franchisee's operation of the Franchised Business or payments that Franchisee makes to Franchisor.

XIV. DEFAULT AND TERMINATION

14.1 Termination by Franchisor with Cause

Franchisor may terminate this Agreement if Franchisee defaults under the Agreement as provided herein or is in default under any other agreement with Franchisor or third parties. Franchisor's election to terminate this Agreement with Franchisee in no way constitutes a waiver of Franchisor's rights hereunder or any other rights available at law or in equity, including its rights to damages. Termination of this Agreement encompasses termination of any and all rights granted to Franchisee by Franchisor hereunder.

14.2 Termination by Franchisor without Notice

Franchisee will be in default under this Agreement and all rights granted by this Agreement to Franchisee will automatically terminate without notice to Franchisee if Franchisee or any of its Owners becomes insolvent or makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; files a voluntary petition in bankruptcy or an involuntary petition in bankruptcy is filed against Franchisee or any of its Owners; if a receiver, trustee or liquidator is appointed; if Franchisee's business assets or the Franchised Business location is attached, seized, subjected to a writ or distress warrant or levied upon, unless the attachment, seizure, writ, warrant or levy is vacated within thirty (30) days.

14.3 Termination by Franchisor upon Notice

(a) Franchisor may terminate this Agreement by written notice to Franchisee without giving Franchisee an opportunity to cure the default effective immediately upon delivery of written notice of termination to Franchisee if any one of the following events occur or conditions exist:

(i) Franchisee (or any of its Owners) has made or makes any material misrepresentation or omission in acquiring the franchise or operating the Franchised Business;

(ii) Franchisee does not commence operating the Franchised Business within ninety (90) days after the Effective Date, unless such time is extended by Franchisor;

(iii) Franchisee underreports Gross Revenues by five percent (5%) or more in any Royalty Report or Franchisee underreports Gross Revenues by more than two (2%) percent in three (3) Royalty Reports during any thirty-six (36) month period;

(iv) Franchisee engages in any business activity not approved by Franchisor, including the sale of goods or services not approved by Franchisor or fails to obtain the written permission of Franchisor as required;

(v) Franchisee abandons or fails actively and continuously to operate the Franchised Business. A failure to operate the Franchised Business for a period in excess of three (3) consecutive days shall be deemed such a default, whether or not as a result of the fault of Franchisee, except where the failure to operate is due to Force Majeure and Franchisee notifies Franchisor within three (3) days after the particular occurrence to obtain Franchisor's written approval to remain closed for an agreed upon amount of time as is necessary under the circumstances before Franchisee will be required to re-open.

(vi) Franchisee (or any of its Owners) is or has been convicted by a trial court of or pleads or has pleaded no contest to a felony, a crime of moral turpitude or any crime or offense relating to the operation of the Franchised Business;

(vii) Franchisee (or any of its Owners) or any of its employees or independent contractors engage in any dishonest or unethical conduct which in Franchisor's opinion, adversely affects the reputation of the Franchised Business or the goodwill associated with the Principal Trademarks;

(viii) Franchisee violates any health, safety, or sanitation law, ordinance, or regulation, or operates the Franchised Business in an unsafe manner, and does not begin to cure the violation immediately, and correct the violation within seventy-two (72) hours, after Franchisee receives notice from Franchisor or any other party;

(ix) Franchisee (or any of its Owners) knowingly makes any unauthorized use or disclosure of any part of the Confidential Operating Manual or any other Confidential Information;

(x) Franchisee fails to pay when due any federal or state income, service, sales, or other taxes due on the operation of the Franchised Business, unless Franchisee is in good faith contesting its liability for these taxes;

(xi) Franchisee (or any of its Owners) (a) fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not Franchisor notifies Franchisee of the failures, and, if Franchisor does notify Franchisee of the failures, whether or not Franchisee corrects the failures after Franchisor's delivery of notice; or (b) fails on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not Franchisor notifies Franchisee of the failures, and, if Franchisor does notify Franchisee of the failures, whether or not Franchisee corrects the failures after Franchisor's delivery of notice;

(xii) Franchisee (or any of its Owners) fails to pay any financial obligation owed to any lending institution that provided financing to Franchisee under an arrangement with Franchisor within thirty days of when due;

(xiii) Franchisee and/or its Owners fail to comply with the restrictions on use of Confidential Information contained in Article VIII, the covenants contained within Article IX, and the Confidentiality, Non-Use and Non-Competition Agreement or otherwise fail to refrain from copying, duplicating, recording or reproducing the Confidential Operating Manual;

(xiv) Franchisee fails to comply with any of the requirements pertaining to Franchisor's proprietary information or Principal Trademarks; or

(xv) Franchisee relocates or attempts to relocate the Franchised Business location without the prior written consent of Franchisor.

14.4 Termination by Franchisor after Notice and Opportunity to Cure

(a) Franchisee will have ten (10) days or any greater number of days permitted by Franchisor or required by law, to cure any default for which Franchisor has given written notice of termination to Franchisee under this Section 14.5 and to provide Franchisor with evidence of the cure. If a default is not cured within that period, or any longer period permitted by Franchisor or required by law, this Agreement will terminate without the need for further notice to Franchisee, effective immediately on the expiration of the ten (10) day cure period or longer cure period permitted by Franchisor or required by law. Franchisor may give written notice of termination under this Section 14.5 if any one of the following events occur or conditions exist:

(i) Franchisee fails to maintain the insurance required by Franchisor;

(ii) Franchisee fails to maintain any and all permits and licenses required by law;

(iii) Franchisee fails to comply with laws as required by Sections 5.2 and 7.14 herein;

(iv) Franchisee fails to pay Franchisor (or any Supplier or any third party) any amounts due;

(v) Franchisee fails to provide any reports and information when due;

(vi) Franchisee (or its Operating Principal) and any manager does not complete initial training to the satisfaction of Franchisor, in its sole discretion;

(vii) Franchisee and/or its Operating Principal fail to comply with the transfer requirements under Section 10.5;

(viii) Franchisee (or any of its Owners) makes or attempts to make an unauthorized assignment or transfer of this Agreement, an ownership interest in Franchisee (or an Owner) or the Franchised Business;

(ix) Except as provided above, Franchisee (or any of its Owners) fails to comply with any other provision of this Agreement, any System Standards or as specified in the Confidential Operating Manual or otherwise by Franchisor in writing;

(x) Franchisee fails to make the required Local Advertising expenditures; or

(xi) Franchisee or it Owners default in any other agreement with Franchisor, any Supplier or third-party and such default is not cured in accordance with the terms of such agreement.

14.5 Franchisee's Obligations on Termination or Expiration

(a) Franchisee shall have the following obligations on termination or expiration of this Agreement unless as otherwise indicated:

(i) Franchisee shall pay to Franchisor and any Suppliers within fifteen (15) days after the effective date of termination or expiration of this Agreement, such Royalty, Brand Fund Fees and other sums owed to Franchisor and any Suppliers which are then unpaid. Franchisee shall pay to any lender who had provided financing to Franchisee under an arrangement with Franchisor if applicable, all sums then unpaid. Upon termination for any default by Franchisee, Franchisee shall also pay such sums which shall include all actual and consequential damages, costs and expenses incurred by Franchisor as a result of the default, or if applicable, liquidated damages as provided for in Section 14.9 hereof;

(ii) Franchisee shall immediately cease to be a Sir Grout® franchisee and shall cease operating the Franchised Business. Franchisee may not directly or indirectly at any time or in any manner identify itself or in any business as a current or former Sir Grout® franchisee or as one of Franchisor's current or former franchisees; use any Principal Trademark, any colorable imitation of a Principal Trademark or other indicia of the Franchised Business in any manner or for any purpose; use any advertising, methods, procedures or techniques associated with the System, including any Advertising Materials and Social Media Materials; use for any purpose any trade name, trademark, service mark, or other commercial symbol that indicates or suggests a connection or association with Franchisor; or use any proprietary software used in the System;

(iii) Franchisee agrees to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to its use of any Principal Trademark within fifteen (15) days;

(iv) If Franchisor does not exercise an option to purchase the Franchised Business pursuant to Section 14.7 herein, Franchisee must de-identify the Franchised Business by making all physical changes necessary, including but not limited to removing any and all trade dress, décor, physical characteristics, color combination, signage and uniforms indicative of the Sir Grout® System. Franchisee agrees to return to Franchisor (at no charge or cost to Franchisor) within thirty (30) days all signs, sign-faces, sign-cabinets, Advertising Materials, Social Media Materials, forms, and other materials containing any Principal Trademark or otherwise identifying or relating to the Franchised Business that Franchisor requests and to allow Franchisor, without liability to Franchisee or third parties, to remove these items from the Franchised Business location and to make any change Franchisor deems appropriate including the removal of any of the aforementioned items from the Franchised Business location;

(v) Franchisee shall immediately cease using the Confidential Operating Manual, training materials, proprietary software, database material, customer lists, records, files, instructions, forms, advertising and promotional materials, signs and related items which bear the Principal Trademarks, all trade secrets and any Confidential Information and any copies, equipment and other property owned by Franchisor and shall return such to Franchisor (at no charge or cost to Franchisor) within thirty (30) days of termination or expiration of this Agreement. Franchisee shall retain no copy or record of any of the foregoing, provided however, Franchisee may retain its copy of this Agreement, any correspondence between the parties and any other document which Franchisee reasonably needs for compliance with any applicable provision of law;

(vi) Franchisee and its Owners shall comply with all post-term covenants as set forth in Article IX of this Agreement and the Confidentially, Non-Use and Non-Competition provisions of Exhibits 3, all of which shall survive termination or expiration of this Agreement;

(vii) Franchisee shall notify the telephone company, all telephone directory publishers, Internet and website listing services and directories, websites, URLs, domain name registers, email hosts and providers and any and all other web based platforms or programs or other media, including but not limited to all Social Media Platforms in which the Franchised Business is listed or Principal Trademarks displayed of the termination or expiration of its right to use any telephone, facsimile or other numbers, telephone directory listings, email addresses, domain names, website addresses, URLs, Internet and website directory listings, web based platform and program accounts, including but not limited to Social Media Platform accounts and other media in which the Franchised Business is listed or the Principal Trademarks is displayed;

(viii) Franchisee shall allow Franchisor to utilize the Assignment of Telephone and Internet Listings and Advertisements attached hereto;

(ix) Franchisee shall authorize and not interfere with the transfer of Franchisee’s telephone, facsimile and other numbers, telephone directory listings, email addresses, domain names, website addresses, URLs, Internet and website directory listings, Social Media Platform accounts and other media in which the Franchised Business is listed or the Principal Trademarks displayed to Franchisor;

(x) Franchisor shall instruct the telephone company, all websites, URLs and any other advertising entities or websites to forward all calls made to Franchisee’s telephone, facsimile or other numbers as well as Internet and website searches made for Franchisee’s websites and URLs, to those telephone number(s) and website(s) and URL(s) that Franchisor specifies and Franchisee shall take all actions necessary to effectuate the forwarding of such calls and Internet and website searches to telephone number(s), website(s) and/or URL(s) Franchisor specifies;

(xi) Franchisee shall provide Franchisor with a complete list of all employees, clients and customers of the Franchised Business together with their respective telephone numbers, email addresses and addresses, and a complete list of any outstanding obligations Franchisee may have to any third parties;

(xii) Franchisee agrees and acknowledges that in addition to any other rights and remedies to which Franchisor and its affiliates may be entitled, Franchisor and its affiliates may enforce any rights and remedies of a secured party under the UCC as enacted in the state where the Territory is located, pursuant to the security interest granted in Section 7.17 herein, including but not limited to the right to enter the Franchised Business location to remove and repossess any products or goods in which Franchisor and its affiliates have been granted a security interest, without notice to Franchisee. Franchisee hereby waives and releases Franchisor and its affiliates from any and all claims in connection therewith and arising therefrom. At the request of Franchisor or its affiliates following the event of a default, Franchisee shall assemble and make available to Franchisor and its affiliates all products and goods in which Franchisor and its affiliates have been granted a security interest at a place to be designated by Franchisor or its affiliates which is reasonably convenient to both parties; and

(xiii) Franchisee shall give Franchisor, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to Franchisor of Franchisee's compliance with these obligations.

14.6 Right to Purchase Franchised Business

Subject to Franchisor's rights as a secured party under Section 7.17, upon termination or expiration of this Agreement Franchisor shall have the right but not the obligation to acquire the assets of the Franchised Business, including but not limited to the Operating Assets as Franchisor may determine at the book value of such assets with no value attributable to goodwill, which the parties hereby agree and acknowledge belongs solely to Franchisor. Franchisor may in its sole discretion, deliver cash, notes payable monthly in no less than five (5) years or some combination of each as payments for any assets of the Franchised Business.

14.7 Notice Required By Law

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by applicable laws and regulations. Franchisor will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

14.8 Liquidated Damages - Lost Future Profits

(a) The parties recognize the difficulty of ascertaining damages to Franchisor resulting from termination of this Agreement before its expiration. For this reason, Franchisor and Franchisee have provided for liquidated damages, representing Franchisor's and Franchisee's best estimate as to the damages arising from the circumstances in which they are provided and which represent damages for the future profits lost to Franchisor, costs incurred by Franchisor in finding and entering into this Agreement with Franchisee, costs incurred in finding and entering into a contract with another franchisee for operation of a franchised business within the Territory, lost revenue and goodwill from the delay in the expansion of the Sir Grout® System, the value of lost opportunities and losses attributable to the training, if any, given Franchisee and not a penalty or as damages for breaching this Agreement, or in lieu of any other payment or remedy.

(b) If, at any time, Franchisee terminates this Agreement without Franchisor's written consent or this Agreement is terminated by Franchisor, then Franchisee agrees to pay Franchisor, within ten (10) days of termination, an amount equal to the actual number of months remaining in the term of this Agreement, times the monthly average amount of Royalties, Brand Fund Fees and other fees owed by Franchisee under this Agreement for the twelve (12) month period prior to termination (or the entire term prior to termination if less than twelve (12) months) based on Franchisee's actual Gross Revenues, and reduced by a discount of eight percent (8%) to produce the present value of Franchisor's lost profits.

(c) Franchisee will be entitled to a credit against the sums calculated according to subsection (b) for all amounts paid to Franchisor in advance for that period.

(d) These damages are in addition to any monies due to Franchisor for past due payments or any other actual or consequential damages.

XV. UNAVOIDABLE DELAY OR FAILURE TO PERFORM

(a) Any delay in the performance by Franchisor or Franchisee of any duties under this Agreement, or any non-performance of such duties, that is not the fault of Franchisor or Franchisee (as applicable) or within Franchisee's or Franchisor's reasonable control including, but not limited to fire; floods, natural disasters; Acts of God; war; riots or civil disturbances; acts by public enemies; compliance with any governmental acts, regulations or laws which were not in effect and could not be reasonably anticipated as of the date of this Agreement; inability to secure necessary governmental priorities for materials; any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers; computer network outages; late delivery or non- delivery of goods or non-furnishing of services by third party vendors; strikes or other labor disturbances; interference by civil or military authorities; and any other similar event beyond such party's control without its fault or negligence will not constitute a breach or cause a default under this Agreement, provided, however, that Franchisee or Franchisor (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay.

(b) Notwithstanding the foregoing, if any such failure or delay continues for more than one hundred eighty (180) days, Franchisor will have the right at any time thereafter during the continuance of such failure or delay to terminate this Agreement upon thirty (30) days advance written notice to Franchisee.

XVI. WAIVER AND DELAY

No waiver or delay in either party's enforcement of any term, covenant or condition of this Agreement which has been breached will be construed as a waiver by that party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement. Without limiting any of the foregoing, the acceptance of any payment specified to be paid by Franchisee under this Agreement will not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement.

XVII. NOTICE OF FRANCHISOR'S ALLEGED BREACH AND RIGHT TO CURE

17.1 Notice

Franchisee agrees to give Franchisor immediate written notice of any alleged breach or violation of this Agreement after Franchisee has constructive or actual knowledge of, has reason to know, should know, determines or is of the opinion that there has been an alleged breach of this Agreement by Franchisor, including any acts of misfeasance or nonfeasance whether or not Franchisee believes, determines or is of the opinion that provision of such notice would be futile. Franchisor shall have ninety (90) days from Franchisor's receipt of notice to cure such alleged breach. If Franchisee does not give written notice to Franchisor of any alleged breach of this Agreement within ninety (90) days from the date that Franchisee has knowledge of, has reason to know, should know, determines or is of the opinion that there has been an alleged breach by Franchisor, then Franchisor's alleged breach will be considered to be condoned, approved, waived and ratified by Franchisee and there will not be considered to be a breach of this Agreement by Franchisor, and Franchisee will be permanently barred from commencing any action against Franchisor for the alleged breach or violation or defending any claim brought by Franchisor against Franchisee based on Franchisor's alleged breach of this Agreement. Franchisee agrees that the purported futility of providing Franchisor with notice of an alleged breach shall not excuse the obligation to provide notice as required hereunder, and such notice and cure period shall be deemed a condition precedent to any claim made by Franchisee.

17.2 Right to Cure

In addition to all other remedies granted pursuant to this Agreement, if Franchisee defaults in the performance of any of its obligations, or breaches any term or condition of this Agreement or any related agreement, then Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to Franchisee, cure the default on Franchisee's behalf. Franchisor's costs associated with curing the default and all related expenses will be due and payable by Franchisee on demand.

17.3 Periods in which to Make Claims

(a) Any and all claims and actions arising out of or relating to this Agreement, the relationship between Franchisor and Franchisee or Franchisee's operation of the Franchised Business, brought by any party hereto against the other (or brought by

Franchisee against any person and/or entity affiliated with Franchisor), must be commenced within one (1) year from when the Franchisee or Franchisor knew, or should have known in the exercise of reasonable diligence, of the facts giving rise to the claim or action.

(b) Notwithstanding the foregoing limitations, where any federal, state or local law provides for a shorter limitation period than above described, whether upon notice or otherwise, such shorter period will govern.

(c) The foregoing limitations may, where brought into effect by Franchisor's failure to commence an action within the time periods specified, operate to exclude Franchisor's right to sue for damages but will in no case, even upon expiration or lapse of the periods specified or referenced above, operate to prevent Franchisor from terminating Franchisee's rights and Franchisor's obligations under this Agreement as provided herein and under applicable law nor prevent Franchisor from obtaining any appropriate court judgment, order or otherwise which enforces and/or is otherwise consistent with such termination.

(d) The foregoing limitations shall not apply to Franchisor's claims arising from or relating to: (1) Franchisee's under-payment or non-payment of any amounts owed to Franchisor; (2) indemnification by Franchisee; (3) Franchisee's confidentiality, non-competition or other relationship obligations; and/or (4) Franchisee's unauthorized use of the Principal Trademarks.

XVIII. FRANCHISOR'S WITHHOLDING OF CONSENT EXCLUSIVE REMEDY

In no event may Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval to a proposed act by Franchisee under the terms of this Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of set-off, counterclaim or defense. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

XIX. INJUNCTION

Franchisee explicitly affirms and recognizes the unique value and secondary meaning attached to the System and the Principal Trademarks. Accordingly, Franchisee agrees that any non- compliance by Franchisee with the terms of this Agreement, or any unauthorized or improper use of the System or the Principal Trademarks by Franchisee, will cause irreparable damage to Franchisor and other Sir Grout® franchisees. Franchisee therefore agrees that if it engages in this non-compliance, or unauthorized and/or improper use of the Sir Grout® System or Principal Trademarks, during or after the period of this Agreement, Franchisor will be entitled to both temporary and permanent injunctive relief, without need of a bond, against Franchisee from any court of competent jurisdiction, in addition to all other remedies which Franchisor may have at law. Franchisee consents to the entry of these temporary and permanent injunctions.

XX. INTEGRATION OF AGREEMENT

20.1 Integration of Agreement

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor provided to Franchisee. Franchisee acknowledges that it is entering into this Agreement as a result of its own independent investigation of the Franchised Business and not as a result of any representations about Franchisor made by Franchisor's shareholders, officers, directors, employees, agents, representatives, independent contractors or franchisees that are contrary to the terms set forth in this Agreement or in any disclosure document, prospectus, or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

20.2 No Oral Modification

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Franchisee expressly acknowledges that no oral promises or declarations were made to it and that Franchisor's obligations are confined exclusively to the terms in this Agreement. Franchisee understands and assumes the business risks inherent in this enterprise.

XXI. NOTICES

21.1 Notices

(a) Any notice required or permitted to be given under this Agreement must be in writing; must be delivered to the other party personally, by certified mail (and return receipt requested, postage prepaid) or by documented overnight delivery with a reputable carrier, and will be effective on the date that delivery is documented to have been first attempted. Any notice to Franchisor will be addressed to Franchisor at:

Sir Grout Franchising, LLC, 17700 Saint Clair Avenue, Cleveland, Ohio 44110
Any notice to Franchisee will be sent to: Franchisee

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____
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(b) Either party to this Agreement may, in writing and on ten (10) days' notice, inform the other of a new or changed address or addressees to which notices under this Agreement should be sent.

XXII. MISCELLANEOUS

22.1 Execution, Construction and Interpretation

(a) This Agreement may be executed in multiple counterparts, each of which will be considered an original and all of which together will constitute one and the same instrument. Facsimile or other electronic execution signatures will be considered as binding and conclusive as if original, provided that any party so executing must use all commercially reasonable efforts to furnish to the other party(ies) the originally executed document at the earliest opportunity.

(b) The titles and subtitles of the various Articles, Sections and subsections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement. The terms used in this Agreement, regardless of the number and gender in which they are used, shall be construed to include the other number (singular or plural) and other genders (masculine, feminine or neuter) as the context or sense of this Agreement or any Articles, Sections or Subsections may require. The language of this Agreement will in all cases be construed simply according to its fair and plain meaning and not strictly for or against Franchisor or Franchisee.

(c) It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

(d) The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

(e) Each reference in this Agreement to a corporation or partnership will also refer to a limited liability company; general or limited partnership, and any other entity or similar organization. Each reference to the organizational documents, shareholders, directors, officers and stock of a corporation in this Agreement will also refer to the functional equivalents of the organizational documents, shareholders, directors, officers and voting and/or equity rights, as applicable, in the case of a limited liability company, general partnership, limited partnership or any other entity or similar organization (this specifically includes members and managers, general and limited partners, membership interests and general and limited partnership interests).

(f) This Agreement shall not be effective until accepted by us as evidenced by signing by an authorized officer of Franchisor, which date shall be the Effective Date.

22.2 Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any Article, Section, subsection, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

XXIII. COSTS OF ENFORCEMENT; ATTORNEYS' FEES; GOVERNING LAW; VENUE; JURISDICTION

23.1 Costs of Enforcement

Franchisor will be entitled to recover from Franchisee all costs and expenses including attorneys' fees for any failure to pay any amounts when due or any other failure to comply with this Agreement, including but not limited to collection costs and expenses, commissions paid to collection agencies, attorneys and third parties. Franchisor will also be entitled to recover from Franchisee reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation if Franchisor prevails in any action instituted against Franchisee to secure or protect Franchisor's rights under this Agreement, or to enforce the terms of this Agreement or any other agreement between Franchisor and Franchisee or in any action commenced or joined in by Franchisee against Franchisor.

23.2 Attorneys' Fees

If Franchisor becomes a party to any action or proceeding arising out of or relating to this Agreement or any and all related agreements, as a result of any claimed or actual act, error or omission of Franchisee (and/or any of Franchisee's Owners, officers, directors, shareholders, management, employees, contractors and/or representatives) or the Franchised Business; by virtue of statutory, "vicarious", "principal/agent" or other liabilities imposed on Franchisor as a result of Franchisor's status as Franchisor; or if Franchisor becomes a party to any litigation or any insolvency proceeding involving Franchisee pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then Franchisee will be liable to and must promptly reimburse Franchisor for the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses Franchisor incurs in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, Franchisor will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to Franchisor's proof of claim in any insolvency or bankruptcy proceeding Franchisee files.

23.3 Governing Law

This Agreement, all relations between the parties, and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) by the law of the State of Ohio without recourse to Ohio (or any other) choice of law or conflicts of law principles. If any provision of this Agreement would not be enforceable under the laws of Ohio, and if the Franchised Business

Location is located outside of Ohio and the provision would be enforceable under the laws of the state in which the Franchised Business Location is located, then that provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of Ohio or any other state, which would not otherwise apply.

23.4 DISPUTE RESOLUTION, JURISDICTION AND VENUE

(a) Except as provided in subsection 23.4(b) below, the parties agree to submit any claim and/or controversy arising out of or relating to this Agreement (and any related document), the relationship created by this Agreement, and any and all disputes between Franchisee and Franchisor or Franchisor's affiliates, whether sounding in contract, statute, tort, or otherwise, to arbitration to be held in Cleveland, Ohio, before and in accordance with the Commercial Rules of Arbitration of the American Arbitration Association.

(i) Any arbitration under this subsection 23.4(a) shall be conducted by a single arbitrator mutually agreed to by the parties. If within thirty (30) days after a demand for arbitration is made, the parties are unable to agree on a single arbitrator, an arbitrator shall be selected in the following manner: Franchisor and Franchisee shall obtain an identical list of arbitrators from the American Arbitration Association, containing an odd number of arbitrators, and shall take alternating turns striking the name of an arbitrator off the list until one name remains. Franchisee shall strike the first name off the list.

(ii) In no event shall the arbitrator be entitled to award punitive, incidental, special or consequential damages against the Franchisor. If an arbitrator determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then the parties agree to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder.

(iii) Any award rendered in connection with an arbitration pursuant to this subsection 23.4(a) shall be final and binding. The parties may initiate litigation in any court of competent jurisdiction to confirm, enter and enforce such arbitration award.

(iv) Franchisor and Franchisee agree that arbitration will be conducted only on an individual, not a class-wide, basis, and that an arbitration proceeding between Franchisor (including its subsidiaries, affiliates, shareholders, officers, directors, managers, representatives and employees) and Franchisee (including its Owners, principals and guarantors, if applicable) may not be consolidated with any other arbitration proceeding between them and any other person or legal entity. No findings, conclusions, orders or awards emanating from any arbitration proceeding conducted hereunder may be introduced, referred to or used in any subsequent or other proceeding as a precedent, to collaterally estop any party from advancing any claim or defense or from raising any like or similar issues, or for any other purpose whatsoever. The parties agree that the principles of collateral estoppel shall not apply in any arbitration proceeding conducted under this Section.

(v) Franchisor and Franchisee hereby agree and acknowledge that this subsection 23.4(a) shall bind Franchisee's guarantors, whether or not such guarantors were named parties to the mediation, arbitration and/or litigation.

(b) Notwithstanding anything to the contrary above, Franchisor may institute litigation (without first proceeding with arbitration) exclusively in a court of competent jurisdiction: (1) to protect the Principal Trademarks, any intellectual property and Confidential Information; (2) to determine the validity of termination of this Agreement and/or any other related agreement; (3) to enforce the termination of this Agreement and/or any other related agreement; (4) to enforce the Confidentiality, Non-Use and Non-Competition Agreement and any other agreement executed by Franchisee; (5) to confirm, enter and enforce an arbitrator's award; (6) for monies owed; and (7) to enjoin or restrain Franchisee from otherwise causing immediate and irreparable harm to Franchisor and/or its affiliates.

(c) The parties agree that for purposes of Subsection 23.4(b), a court of competent jurisdiction shall mean any court of competent jurisdiction, wherever situated, that Franchisor selects, including but not limited to an Ohio state or federal court located in Cleveland, Ohio. Franchisee agrees that any dispute as to the venue for any litigation Franchisor institutes will be submitted to and resolved exclusively by the court of competent jurisdiction in which Franchisor commenced the litigation. Franchisee hereby waives and covenants never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). Franchisee further agrees that all depositions in connection with any litigation between the parties shall occur in the jurisdiction and venue described above at Franchisor's option.

(d) Franchisee explicitly affirms and recognizes the unique value and secondary meaning attached to the System, the Principal Trademarks, any intellectual property and the Confidential Information. Accordingly, Franchisee agrees that any non-compliance by Franchisee with the terms of this Agreement and/or the terms of any Confidentiality, Non-Use and Non- Competition Agreement, Franchisee's operation of the franchise post-termination or any unauthorized or improper use of the System, the Principal Trademarks, any intellectual property, or Confidential Information by Franchisee, will cause irreparable damage to the Franchisor, its affiliates and other Sir Grout franchisees. Franchisee therefore agrees that if it engages in any non- compliant, post-termination operation of the franchise or unauthorized and/or improper use of the System, Principal Trademarks or Confidential Information during or after the period of this Agreement, Franchisor will be entitled to a declaration, temporary injunctive relief and permanent injunctive relief, without the need of a bond, against Franchisee from any court of competent jurisdiction, wherever situated, as Franchisor may select, in addition to all other remedies which the Franchisor may have at law.

(e) The provisions of this Section are intended to benefit and bind certain third-party non-signatories (including without limitation Franchisee's Owners and guarantors) and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

23.5 CONSEQUENTIAL OR PUNITIVE DAMAGES

IN NO EVENT WILL FRANCHISOR BE LIABLE TO FRANCHISEE FOR CONSEQUENTIAL OR PUNITIVE DAMAGES IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT; ANY BREACH, TERMINATION, CANCELLATION OR NON-RENEWAL OF THIS AGREEMENT; OR, IN ANY OTHER ACTION OR PROCEEDING WHATSOEVER BETWEEN THE PARTIES TO THIS AGREEMENT AND/OR ANY OF THEIR AFFILIATES. FRANCHISEE HEREBY WAIVES AND COVENANTS NEVER TO ADVANCE ANY SUCH CLAIM FOR CONSEQUENTIAL OR PUNITIVE DAMAGES.

23.6 WAIVER OF TRIAL BY JURY

TO THE EXTENT THAT EACH MAY LAWFULLY DO SO, FRANCHISEE AND FRANCHISOR BOTH WAIVE THEIR RIGHT TO A TRIAL BY JURY IN ANY ACTION THAT MAY BE BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT OR ANY OTHER AGREEMENT EXECUTED IN CONNECTION HEREWITH.

XXIV. GUARANTEE

If Franchisee is a partnership, corporation or al limited liability company, personal guarantees shall be required from all Owners. Such personal guarantees must be executed on Franchisor's standard from Guarantee (Exhibit 5) concurrently with the execution of this Agreement.

XXV. SURVIVAL

Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement. This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

XXVI. FRANCHISEE'S REPRESENTATIONS AND ACKNOWLEDGMENTS

26.1 Franchisee's Representations

Franchisee represents and warrants to Franchisor, with the intention that Franchisor is relying thereon in entering into this Agreement, that:

(a) If Franchisee is a corporation, limited liability company, general partnership, partnership, or limited partnership, then Franchisee is organized under the laws of the state of its principal place of business (or another state which Franchisee has identified to Franchisor) and is in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Franchised Business.

(b) If Franchisee is a corporation, limited liability company, general partnership, partnership or limited partnership, Franchisee has the corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon Franchisee, its successors and assigns when executed.

(c) Franchisee does not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of Franchisee's current financial statements, which Franchisee has furnished to Franchisor before the execution of this Agreement.

(d) As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to Franchisee's knowledge or the knowledge of any of its officers, directors, principal shareholders, proprietors, partners or Owners (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of Franchisee's knowledge or the knowledge (after due inquiry) of any such persons or entities listed above is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of Franchisee's assets, properties, rights or business; Franchisee's right to operate and use its assets, properties or rights to carry on its business; and/or which affects or could affect Franchisee's right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

(e) Neither Franchisee nor any of its Owners is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with or be breached by the execution, delivery, consummation and/or performance of this Agreement.

(f) All Franchisee's representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
Sir Grout Franchising, LLC	
By: ____________________	By: __________________________
Its: ____________________	Its: __________________________

FRANCHISE AGREEMENT

EXHIBIT 1

TERRITORY

The "Territory" shall be defined as follows:

The Territory shall include the geographical area of the following zip codes as of___________________, 20__:

An official map denoting boundaries will be used for geographical borders. Should the geographical borders of this area change in any way, it will have no effect on the current territory. Homes on the Territory side of roads that are bordering this Territory shall be included within this Territory. Franchisor has the final say in any Territory dispute.

FRANCHISE AGREEMENT
EXHIBIT 2

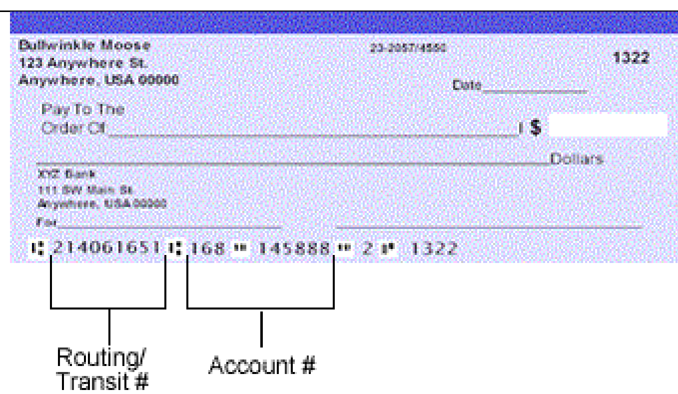
ELECTRONIC FUNDS AUTHORIZATION

I (We, if joint account) the undersigned, hereby authorize **Sir Grout Franchising, LLC ("Sir Grout")**, a Delaware limited liability company, with principal offices at 17700 Saint Clair Avenue, Cleveland, Ohio 44110, to initiate electronic transfer of funds out of my (our) primary Checking or Savings selected below at the Financial Institution indicated, for payment of Royalties or other amounts, which I may owe **Sir Grout**.

I (We) acknowledge that the origination of Automated Clearing House (ACH) transactions to my (our) account must comply with the provisions of the United States law. All costs and expenses, including any resulting from the dishonor by my (our) bank of any electronic funds transfer, shall be my (our) sole responsibility. This authorization is irrevocable and shall remain in effect until the termination or expiration of the underlying Franchise Agreement with **Sir Grout.**

If I (we) do not have enough money in my (our) account to cover the transfer, or if my (our) Financial Institution for any other reason refuses to honor a transfer, I (we) will separately pay for the charges I (we) owe under my (our) Franchise Agreement with **Sir Grout.**

ACH Information		
Financial Institution:		
Branch:		
City	State:	Zip:
Routing/Transit Number:		
Account/Bank Number:		



I (we) acknowledge that these funds will be debited on **the last day of each month**, or the closest business day thereafter.

Name(s): ____

Signature: ______________________________Date: _________________

Signature: ______________________________Date: _________________

Day Phone: _____________ Evening Phones: ______________

Please fill out this form and attach a voided check.

FRANCHISE AGREEMENT
EXHIBIT 3

CONFIDENTIALITY, NON-USE AND NON-COMPETITION AGREEMENT

This Confidentiality, Non-Use and Non-Competition Agreement ("Agreement"), dated as of _________________________, by and between Sir Grout Franchising, LLC ("Franchisor") having an address at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 and _________________ ___________________ having an address at ______________________________("Franchisee"); and Franchisee's owners _________________________________ having an address at ______________________________ ("Owners").

W I T N E S S E T H:

WHEREAS, Franchisor is principally engaged in the business of developing and selling franchises under the name Sir Grout®. Franchises will operate businesses that provide distinctive grout and/or tile cleaning and/or restoration services as well as other services, including but not limited to slip resistant product application, and stone restoration services; and

WHEREAS, Franchisee is an individual or enterprise which has entered into a Franchise Agreement with Franchisor ("Franchise Agreement") for the operation of a Sir Grout® business ("Franchised Business");

WHEREAS, if Franchisee is an enterprise, Franchisee's Owners agree to be bound by the terms and conditions of this Agreement; and

WHEREAS, during the course of the relationship between Franchisor and Franchisee certain information may be provided to and received by Franchisee and its Owners relating to Franchisor, including without limitation certain information, knowledge, know-how, methods and procedures some of which constitutes trade secrets under applicable law regarding the Franchisor and its affiliates, and the development, management and operation of Sir Grout® businesses, which Franchisor and its affiliates consider proprietary, (collectively the "Confidential Information"), including without limitation:

(a) Site selection criteria;

(b) The Confidential Operations Manual and other training and operations materials and manuals;

(c) Methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating the Sir Grout® business;

(d) Advertising, marketing and promotional programs for the System, including Advertising Materials, Social Media Materials and use of Social Media Platforms;

(e) Knowledge of specifications for and Suppliers of Operating Assets, products, supplies, any computer software and similar technology which is proprietary to Franchisor including without limitation, digital passwords and identifications and any source code as well as data, reports and other printed materials;

(f) Knowledge of the operating results and financial performance of Sir Grout® businesses other than the Franchised Business; and

(g) Graphic designs and related intellectual property.

NOW, THEREFORE, for One Dollar ($1.00) and other good and valuable consideration, receipt of which is hereby acknowledged the parties hereto agree as follows:

1. Acknowledgments.

(a) Franchisee and its Owners acknowledge that Franchisee and its Owners have been and/or will be given access to Confidential Information during the course of the relationship between Franchisee and Franchisor.

(b) Franchisee and its Owners acknowledge that (i) Franchisor and its affiliates own all right, title and interest in and to the System; (ii) the System consists of trade secrets, Confidential Information and know-how that gives the Franchisor and its affiliates a competitive advantage; (iii) the Franchisor and its affiliates have taken all measures necessary to protect the trade secrets, Confidential Information and know-how comprising the System; (iv) all Confidential Information now or hereafter provided or disclosed to Franchisee and its Owners regarding the System is disclosed in confidence; (v) Franchisee and its Owners have no right to disclose any Confidential Information to anyone who is not an employee, agent or independent contractor of Franchisee; (vi) Franchisee and its Owners will not acquire any ownership interest in the System; and (vii) the use or duplication of the System or any part of the System by Franchisee and its Owners in any other business would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief without posting a bond.

2. Non-Disclosure and Return of Confidential Information.

(a) Franchisee and its Owners pledge and agree that for a period commencing on the date of this Agreement and continuing thereafter, in the absence of prior written consent by Franchisor they: (i) will keep all Confidential Information in strict confidence; (ii) will not communicate or disclose Confidential Information to any individual or entity; (iii) will not use the Confidential Information for any purpose other than as directed by and needed for Franchisor's use; (iv) will not reproduce or use the Confidential Information; and (v) will have a system in place to ensure that all recipients who require access to any of the Confidential Information, execute an appropriate form of confidentiality agreement.

(b) Confidential Information provided by Franchisor to Franchisee and its Owners in the course of the parties' relationship shall be returned promptly to Franchisor upon termination of the Franchise Agreement. Franchisee and its Owners shall not retain any book, record, report, design, plan, material, copy, note, abstract, compilation, summary, extract or other reproduction, whether in paper or electronic form, of the Confidential Information, except as the parties hereto may agree in writing.

3. Covenants.

(a) Franchisee and its Owners acknowledge and agree that Franchisor has granted it the franchise in consideration of and reliance upon the agreement by Franchisee and its Owners to, among other things, to: (i) deal exclusively with Franchisor; (ii) maintain the confidentiality of all of the Confidential Information; (iii) refrain from using any Confidential Information in any manner not permitted by Franchisor in accordance with Section 2 above; and (iv) protect and preserve the goodwill of the Franchisor.

(b) Franchisee and its Owners further acknowledge and agree that (i) pursuant to the Franchise Agreement, they will have access from the Franchisor and its affiliates to valuable trade secrets, specialized training and Confidential Information regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (ii) the System and the opportunities, associations, and experience established by Franchisor and acquired by Franchisee and its Owners under the Franchise Agreement are of substantial and material value; (iii) in developing the System, Franchisor and its affiliates have made and continue to make substantial investments of time, technical and commercial research and money; (iv) the Franchisor would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information about Sir Grout® franchises if franchisees were permitted to hold interests in Competitive Businesses; and (v) restrictions on the right of Franchisee and its Owners to hold interests in or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder the activities of Franchisee and its Owners.

(c) Accordingly, Franchisee and its Owners covenant and agree that during the term of this Agreement and for an uninterrupted period of eighteen (18) months after the later of: (i) the termination (regardless of the cause for termination) or expiration of the Franchise Agreement; (ii) a Transfer, as defined in the Franchise Agreement; or (iii) the date of a final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3, Franchisee and each of its Owners shall not directly or indirectly for itself or through on behalf of or in conjunction with any person, firm, partnership corporation or other entity in any manner whatsoever:

(i) Divert or attempt to divert any actual or potential business or customer of the Franchised Business to any competitor;

(ii) Take any action injurious or prejudicial to the goodwill associated with the Principal Trademarks and the System;

(iii) Employ, recruit or seek to employ any person who is then employed or who was employed within the immediately preceding twenty-four (24) months, by Franchisor or any Sir Grout® franchisee or develop, or otherwise directly or indirectly induce such person to leave his or her employment without obtaining the employer's prior written permission;

(iv) Solicit, encourage or assist anyone else to solicit or encourage any independent contractor providing services to Franchisor to terminate or diminish their relationship with Franchisor; or

(v) Own, maintain, develop, operate, engage in, franchise or license, make loans or gifts to or have any direct or indirect interest in or render services as a director, officer, manager, employee, consultant, representative, or agent or give advice to any Competitive Business (as defined below).

(vi) During the term of the Franchise Agreement, there is no geographical limitation on these restrictions, meaning that Franchisee and each of its Owners shall not engage in the conduct referred to in subsection 3(c) at any location. During the eighteen-month period following the later of: (i) the termination (regardless of the cause for termination) or expiration of the Franchise Agreement; (ii) a Transfer, as defined in the Franchise Agreement; or (iii) the date of a final non- appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section, these restrictions shall apply:

1. at the location of the Franchised Business;

2. within the Territory assigned to the Franchised Business and within ten (10) miles of the outer boundaries of the Territory assigned to the Franchised Business;

3. within ten (10) miles of the location of any Sir Grout® business;

4. within the territory assigned to any Sir Grout® business and within ten (10) miles of the outer boundaries of the territory assigned to any Sir Grout® business; owned, in operation, under development or to be developed (i) as of the date of the Franchise Agreement; (ii) as of the date of termination (regardless of the cause for termination) or expiration of the Franchise Agreement or a Transfer, as defined in the Franchise Agreement; and (iii) as of the franchise; or as of the date of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3.

(d) Franchisee and its Owners further covenant and agree that for a period of eighteen (18) months following the expiration or termination (regardless of the cause for termination) of the Franchise Agreement, or a Transfer, as defined in the Franchise Agreement, Franchisee and its Owners will not either directly or indirectly for itself or through, on behalf of or in conjunction with any person, firm, partnership, corporation or other entity, sell, assign, lease or transfer the location of the Franchised Business to any person, firm, partnership corporation or other entity that Franchisee or its Owners know or has reason to know intends to operate a Competitive Business at the location of the Franchised Business.

(e) Franchisee and its Owners covenant not to engage in any activity which might injure the goodwill of the Principal Trademarks or the System at any time. This provision shall survive termination of the Franchise Agreement.

(f) Franchisee and its Owners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, Franchisor's enforcing the covenants made in this Section 3 will not deprive Franchisee or its Owners of their personal goodwill or ability to earn a living.

(g) Franchisee and its Owners agree and acknowledge that each of the covenants contained herein are reasonable limitations as to time, geographical area and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the know-how, reputation, goodwill and other legitimate business interests of Franchisor and its affiliates. Franchisee and its Owners also agree and acknowledge that Franchisor's legitimate business interests include but are not limited to: (i) maintaining the confidential nature of the Confidential Information; (ii) preserving the Franchisor's ability to develop franchises at or near the Franchisee's former Franchised Business location, within the Territory assigned to Franchisee's Franchised Business and within the territorial boundaries of the restrictive covenant described above in subsection 3(d); (iii) preventing potential customer confusion; (iv) protecting other franchisees from competition from Franchisee and its Owners; and (v) protecting the System as a whole including the franchisee network. If any provision of this Section 3 (including any sentences, clauses, or any part thereof) shall be held contrary to law or incomplete or unenforceable in any respect, the remaining provisions shall not be affected but shall remain in full force and effect; any invalidated provisions shall be severed and this Agreement modified to the extent necessary to render it valid and enforceable.

(h) Franchisor shall have the right to reduce the scope of any covenant contained in this Section 3 effective immediately upon the receipt by Franchisee and its Owners of written notice and Franchisee and its Owners agree to comply forthwith with any covenants as so modified which will be enforceable notwithstanding the provisions of Section 6.

4. Enforcement.

Franchisee and its Owners acknowledge that violation of the provisions of this Agreement would result in immediate and irreparable injury to Franchisor and its affiliates for which no adequate remedy at law will be available. Accordingly, Franchisee and its Owners hereby consent to the entry of an injunction procured by Franchisor prohibiting any conduct by Franchisee and its Owners in violation of the terms, covenants and/or restrictions on the use of Confidential Information set forth in this Agreement without the need of a bond. Franchisee and its Owners expressly agree that it may conclusively be presumed in any legal action that any violation of the terms, covenants and/or restrictions of this Agreement was accomplished by and through the unlawful utilization of the Confidential Information. Further, Franchisee and its Owners expressly agree that any claims Franchisee may have against Franchisor and its affiliates, whether or not arising from this Agreement, will not constitute a defense to the enforcement of the terms, covenants and/or restrictions set forth in this Agreement by Franchisor. Franchisee and its Owners agree to pay all costs and expenses (including attorneys' fees, experts' fees, court costs and all other expenses of litigation) incurred by Franchisor in connection with the enforcement of the terms, covenants and/or restrictions of this Agreement.

5. Definitions.

(a) The term "affiliates" (with respect to Franchisee) means any and all corporations, limited liability companies, partnerships, trusts or other entities controlling, controlled by or under common control with Franchisee, including but not limited to subsidiaries, parents and sibling entities.

(b) The term "control" shall mean the control or ownership of ten percent (10%) or more of the beneficial interest in the person or entity referred to.

(c) The term "Competitive Business" means (i) any business involving grout and/or tile cleaning, sealing, caulking and/or restoration services as well as other services including but not limited to slip resistant product application, stone restoration services and coating services for tile, grout, stone, concrete and metal, or (ii) any business granting franchises or licenses to others to operate such a business (other than a franchised business operated under a franchise agreement with Franchisor).

(d) The term "Owners" shall mean any individual or entity (including all spouses, partners, members or shareholders of such individual or entity) that has any direct or indirect ownership interest of over five percent (5%) in Franchisee, (or at such later time as they assume such status) whether or not such interest is of record, beneficially or otherwise The term "Owners" shall also include individuals, partners, members and shareholders and (spouses of such individuals, partners, members and shareholders) with an ownership interest of over five percent (5%) in any partnership, corporation or limited liability company that holds a controlling interest in the Franchisee entity.

(e) Any capitalized term that is not defined in this Agreement shall have the meaning given to it in the Franchise Agreement.

6. Miscellaneous.

(a) Franchisor makes no representations or warranties as to the accuracy or completeness of the Confidential Information provided to Franchisee and its Owners and shall not be liable, directly or indirectly, to Franchisee, its Owners or any of Franchisee's affiliates as a result of any use of the Confidential Information by or on behalf of Franchisee, its Owners and/or its affiliates. Franchisee and its Owners specifically waive any and all claims for any loss or damage suffered by them due to their use of the Confidential Information and agree to indemnify and hold Franchisor and its affiliates harmless for any claims made against Franchisor based upon the provision by Franchisee or its Owners of the Confidential Information to third parties.

(b) If all or any portion of the covenants not to compete set forth in this Agreement are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court, arbitrator or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. Franchisee and its Owners acknowledge and agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenants were separately stated in and made a part of this Agreement.

(c) This Agreement shall be binding upon and shall inure to the benefit of Franchisee, its Owners, Franchisor and their respective affiliates, successors and assigns.

(d) This Agreement shall be governed by the laws of the State of Ohio without recourse to Ohio (or any other) choice of law or conflict of law principles.

(e) This Agreement contains the complete understanding of Franchisee and its Owners and Franchisor with respect to the Confidential Information and this Confidentiality, Non-Use and Non-Competition Agreement shall not be amended without the prior written consent of the parties.

(f) This Agreement may be executed in counterparts and each copy so executed and delivered shall be deemed an original.

7. Dispute Resolution and Choice of Law and Venue

(a) Except as provided in subsection 7(b) below, the parties agree to submit any claim and/or controversy arising out of or relating to this Agreement (and any related document), the relationship created by this Agreement, and any and all disputes between Franchisee and Franchisor or Franchisor's affiliates, whether sounding in contract, statute, tort, or otherwise, to arbitration to be held in Cleveland, Ohio, before and in accordance with the Commercial Rules of Arbitration of the American Arbitration Association.

(i) Any arbitration under this subsection 7(a) shall be conducted by a single arbitrator mutually agreed to by the parties. If within thirty (30) days after a demand for arbitration is made, the parties are unable to agree on a single arbitrator, an arbitrator shall be selected in the following manner: Franchisor and Franchisee shall obtain an identical list of arbitrators from the American Arbitration Association, containing an odd number of arbitrators, and shall take alternating turns striking the name of an arbitrator off the list until one name remains. Franchisee shall strike the first name off the list.

(ii) In no event shall the arbitrator be entitled to award punitive, incidental, special or consequential damages against the Franchisor.

(iii) Any award rendered in connection with an arbitration pursuant to this subsection 7(a) shall be final and binding. The parties may initiate litigation in any court of competent jurisdiction to confirm, enter and enforce such arbitration award.

(iv) Franchisor and Franchisee agree that arbitration will be conducted only on an individual, not a class-wide, basis, and that an arbitration proceeding between Franchisor (including its subsidiaries, affiliates, shareholders, officers, directors, managers, representatives and employees) and Franchisee (including its Owners, principals and guarantors, if applicable) may not be consolidated with any other arbitration proceeding between them and any other person or legal entity. No findings, conclusions, orders or awards emanating from any arbitration proceeding conducted hereunder may be introduced, referred to or used in any subsequent or other proceeding as a precedent, to collaterally estop any party from advancing any claim or defense or from raising any like or similar issues, or for any other purpose whatsoever. The parties agree that the principles of collateral estoppel shall not apply in any arbitration proceeding conducted under this Section. Franchisor and Franchisee hereby agree and acknowledge that this subsection 7(a) shall bind Franchisee's guarantors, whether or not such guarantors were named parties to the mediation, arbitration and/or litigation.

(b) Notwithstanding anything to the contrary above, Franchisor may institute litigation (without first proceeding with arbitration) exclusively in a court of competent jurisdiction: (1) to protect the Principal Trademarks, any intellectual property and Confidential Information; (2) to determine the validity of termination of the Franchise Agreement and/or any other related agreement; (3) to enforce the termination of the Franchise Agreement and/or any other related agreement; (4) to enforce this Agreement and any other agreement executed by Franchisee; (5) to confirm, enter and enforce an arbitrator's award; (6) for monies owed; and (7) to enjoin or restrain Franchisee from otherwise causing immediate and irreparable harm to Franchisor and/or its affiliates.

(c) The parties agree that for purposes of Subsection 7(b), a court of competent jurisdiction shall mean any court of competent jurisdiction, wherever situated, that Franchisor selects, including but not limited to a Ohio state court or the United States District Court in Cleveland, Ohio. Franchisee agrees that any dispute as to the venue for any litigation Franchisor institutes will be submitted to and resolved exclusively by the court of competent jurisdiction in which Franchisor commenced the litigation. Franchisee hereby waives and covenants never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). Franchisee further agrees that all depositions in connection with any litigation between the parties shall occur in the jurisdiction and venue described above at Franchisor's option.

(d) This Agreement is to be exclusively construed in accordance with and/or governed by the laws of the State of Ohio without recourse to Ohio (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Ohio, and if the Franchised Business is located outside of Ohio and the provision would be enforceable under the laws of the state in which the Franchised Business is located, then that provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of Ohio or any other state, which would not otherwise apply.

(e) Franchisee explicitly affirms and recognizes the unique value and secondary meaning attached to the System, the Principal Trademarks, any intellectual property and the Confidential Information. Accordingly, Franchisee agrees that any non-compliance by Franchisee with the terms of this Agreement and/or the terms of any Confidentiality, Non-Use and Non-Competition Agreement, Franchisee's operation of the franchise post-termination or any unauthorized or improper use of the System, the Principal Trademarks, any intellectual property, or Confidential Information by Franchisee, will cause irreparable damage to the Franchisor, its affiliates and other Sir Grout franchisees. Franchisee therefore agrees that if it engages in any non-compliant, post-termination operation of the franchise or unauthorized and/or improper use of the System, Principal Trademarks or Confidential Information during or after the period of this Agreement, Franchisor will be entitled to a declaration, temporary injunctive relief and permanent injunctive relief, without the need of a bond, against Franchisee from any court of competent jurisdiction, wherever situated, as Franchisor may select, in addition to all other remedies which the Franchisor may have at law.

(f) The provisions of this Section are intended to benefit and bind certain third party non-signatories (including without limitation Franchisee's Owners and guarantors) and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

FRANCHISOR:	**FRANCHISEE:**
Sir Grout Franchising, LLC	
By: ______________________	By: ____________________________
Its: ______________________	Its: ____________________________
	OWNER:
	By: ____________________________
	Its: ____________________________

FRANCHISE AGREEMENT
EXHIBIT 4

ASSIGNMENT OF TELEPHONE AND INTERNET LISTINGS AND ADVERTISEMENTS

Pursuant to its obligations under a certain franchise agreement dated ____________, by and among Sir Grout Franchising, LLC as "Franchisor" and ___________________ as Franchisee (the "Franchise Agreement"), for good and valuable consideration the receipt and sufficiency is hereby acknowledged, does hereby assign, sell, transfer and convey to Franchisor all of Franchisee's right, title and interest as of the date hereof in and to all telephone, facsimile and other numbers, telephone directory listings, email addresses, domain names, website addresses, URLs, Internet and website directory listings, web based platform and program accounts, including but not limited to Social Media Platform (as defined in the Franchise Agreement) accounts and other media in which the Franchised Business is listed or the Principal Trademarks displayed (collectively "Telephone and Internet Listings and Advertisements") in existence as of the date of the expiration or termination of the Franchise Agreement.

Without limitation, the Telephone and Internet Listings and Advertisements include the following:

Telephone, facsimile and other numbers:

____

____

Telephone directory listings:

____

____

____

____

Email addresses:

____

____

Domain names:

____

____

Website addresses:

____

____

URLs:

____

Internet and website directory listings:

____

Web based platform and program accounts, including but not limited to Social Media Platform accounts:

Other Media referencing the Franchised Business:

Upon the expiration or termination of the Franchise Agreement, Franchisor shall have the right but not the obligation, and is hereby authorized to take possession of the Telephone and Internet Listings and Advertisements and assume all of the rights, title and interest of the Franchisee in the Telephone and Internet Listings and Advertisements.

Franchisee represents and warrants to Franchisor that it is the lawful owner of the Telephone and Internet Listings and Advertisements, and that Franchisee has the right to assign the Telephone and Internet Listings and Advertisements free and clear of any interest therein.

Franchisee hereby appoints Franchisor and/or its successors and assigns as attorney-in-fact for Franchisee to execute such documents as are necessary or desirable to effect the assignment of the Telephone and Internet Listings and Advertisements to Franchisor. Franchisee authorizes Franchisor and/or its successors and assigns as attorney-in-fact to insert references to those Telephone and Internet Listings and Advertisements in existence as of the date of the expiration or termination of the Franchise Agreement where applicable above at such times as Franchisor may determine, including but not limited to upon the expiration or termination of the Franchise Agreement. Franchisee will, at any time and from time to time after the date hereof, upon the reasonable request of Franchisor, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged or delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney or assurances as may be required for transferring, assigning, conveying and confirming to Franchisor, or for aiding and assisting in reducing to possession by Franchisor, any of the Telephone and Internet Listings and Advertisements or rights being assigned hereunder, or to vest in Franchisor good, valid and marketable rights to such Telephone and Internet Listings and Advertisements.

This Assignment of Telephone and Internet Listings and Advertisements shall inure to the benefit of Franchisor and shall be binding upon Franchisee and its successors and assigns.

IN WITNESS WHEREOF, Franchisee has caused this Assignment of Telephone and Internet Listings and Advertisements to be duly executed as of ________________.

ASSIGNOR:

By: ___________________________________

Its: ___________________________________
Duly Authorized

STATE OF ____________________)
) ss.
COUNTY OF __________________)

On __________________ , _____________ before me _____________________, personally came _______________________________, to me known, who by me duly sworn did depose and say that deponent resides at ____, that deponent is the _______________________________ of Franchisee, the corporation described in the foregoing Assignment of Telephone and Internet Listings and Advertisements, and which executed said Assignment of Telephone and Internet Listings and Advertisements, that deponent knows the seal of the corporation, that the seal affixed to the Assignment of Telephone and Internet Listings and Advertisements is the corporate seal, that it was affixed by order of the board of directors of the corporation; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public: ______________________________________

My Commission expires: ______________________________

FRANCHISE AGREEMENT
EXHIBIT 5

GUARANTEE OF
SIR GROUT FRANCHISING, LLC FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated as of _____________ between Sir Grout Franchising, LLC ("Franchisor") and _______________________ ("Franchisee") and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, successors and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

1. If more than one person has executed this guarantee ("Guarantee"), the term "the undersigned", as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

2. The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor, and agree that this Guarantee shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

3. The undersigned hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder (a) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Franchise Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (c) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

4. Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee,

signatory to the Franchise Agreement or any others of the undersigned.

5. Notice to or demand upon Franchisee or any of the undersigned shall be deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of

Franchisee or any of the undersigned shall not relieve any other guarantor from liability pursuant to this Guarantee, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

6. Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, shall in no way modify or amend this Guarantee, which shall be continuing, absolute, unconditional and irrevocable.

7. It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee shall inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

8. Dispute Resolution, Governing Law and Consent to Jurisdiction

a. Except as provided in subsection 8.b below, the parties agree to submit any arising out of or related to this Guarantee or the Franchise Agreement; any breach of this Guarantee or the Franchise Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, to arbitration to be held in Cleveland, Ohio, before and in accordance with the Commercial Rules of Arbitration of the American Arbitration Association.

(i) Any arbitration under this subsection 8.a shall be conducted by a single arbitrator mutually agreed to by the parties. If within thirty (30) days after a demand for arbitration is made, the parties are unable to agree on a single arbitrator, an arbitrator shall be selected in the following manner: Franchisor and the undersigned shall obtain an identical list of arbitrators from the American Arbitration Association, containing an odd number of arbitrators, and shall take alternating turns striking the name of an arbitrator off the list until one name remains. The undersigned shall strike the first name off the list.

(ii) In no event shall the arbitrator be entitled to award punitive, incidental, special or consequential damages against the Franchisor.

(iii) Any award rendered in connection with an arbitration pursuant to this subsection 8.a shall be final and binding. The parties may initiate litigation in any court of competent jurisdiction to confirm, enter and enforce such arbitration award.

(iv) The parties to this Guarantee agree that arbitration will be conducted only on an individual, not a class-wide, basis, and that an arbitration proceeding between Franchisor (including its subsidiaries, affiliates, shareholders, officers, directors, managers, representatives and employees) and Guarantors may not be consolidated with any other arbitration proceeding between them and any other person or legal entity. No findings, conclusions, orders or awards emanating from any arbitration proceeding conducted hereunder may be introduced, referred to or used in any subsequent or other proceeding as a precedent, to collaterally estop any party from advancing any claim or defense or from raising any like or similar issues, or for any other purpose whatsoever. The parties agree that the principles of collateral estoppel shall not apply in any arbitration proceeding conducted under this Section.

(v) The undersigned hereby agree and acknowledge that this subsection 8.a shall bind the undersigned's guarantors, whether or not such guarantors were named parties to the mediation, arbitration and/or litigation.

b. Notwithstanding anything to the contrary above, Franchisor may institute litigation (without first proceeding with arbitration) exclusively in a court of competent jurisdiction: (1) to protect the Principal Trademarks, any intellectual property and Confidential Information; (2) to determine the validity of termination of the Franchise Agreement and/or any other related agreement; (3) to enforce the termination of the Franchise Agreement and/or any other related agreement; (4) to enforce the this Guarantee and any other agreement executed by Franchisee and its guarantors; (5) to confirm, enter and enforce an arbitrator's award; (6) for monies owed; and (7) to enjoin or restrain Franchisee from otherwise causing immediate and irreparable harm to Franchisor and/or its affiliates.

c. The parties agree that for purposes of Subsection 8.b, a court of competent jurisdiction shall mean any court of competent jurisdiction, wherever situated, that Franchisor selects, including but not limited to a Ohio state court or the United States District Court in Cleveland, Ohio. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). The undersigned hereby irrevocably submits themselves to the jurisdiction and venue of such courts as Franchisor may select. The undersigned agree that any dispute as to the venue for the litigation Franchisor institutes will be submitted to and resolved exclusively by the court of competent jurisdiction in which Franchisor commenced the litigation. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). The undersigned further agree that all depositions in connection with any litigation between the parties shall occur in the jurisdiction and venue where any such litigation is commenced.

d. This Guarantee, all relations between the parties and any and all disputes between the parties, whether sounding in contract, tort or otherwise, are to be exclusively construed in accordance with and/or governed by the law of the State of Ohio without recourse to Ohio (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guarantee would not be enforceable under the laws of Ohio, and if any Franchised Business is located outside of Ohio and the provision would be enforceable under the laws of that state, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 8 is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the state of Ohio or any other state, which would not otherwise apply.

e. Franchisor and the undersigned hereby agree and acknowledge that this Section 8 shall bind each of the undersigned, whether or not each of the undersigned were named parties to the litigation.

f. The undersigned explicitly affirm and recognize the unique value and secondary meaning attached to the System, the Principal Trademarks, any intellectual property and the Confidential Information. Accordingly, the undersigned agree that any non-compliance by the undersigned with the terms of this Guarantee, the Agreement and/or the terms of any Confidentiality, Non-Use and Non-Competition Agreement, the undersigned's operation of the franchise post-termination or any unauthorized or improper use of the System, the Principal Trademarks, any intellectual property, or Confidential Information by the undersigned, will cause irreparable damage to the Franchisor, its affiliates and other Sir Grout franchisees. Each of the undersigned therefore agree that if it engages in any non-compliant, post-termination operation of the Franchised Business or unauthorized and/or improper use of the System, Principal Trademarks or Confidential Information during or after the period of this Guarantee, Franchisor will be entitled to a declaration, temporary injunctive relief and permanent injunctive relief, without the need of a bond, against the undersigned from any court of competent jurisdiction, wherever situated, as Franchisor may select, in addition to all other remedies which the Franchisor may have at law.

g. The provisions of this Section are intended to benefit and bind certain third-party non-signatories (including without limitation the undersigned's Owners and guarantors) and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Guarantee.

h. Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

Signature	________________________
Printed Name	________________________
Address	________________________
	________________________
Signature	________________________
Printed Name	________________________
Address	________________________
	________________________

FRANCHISE AGREEMENT
EXHIBIT 6

FRANCHISE COMPLIANCE QUESTIONNAIRE

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

Do not sign this Questionnaire if you are a resident of Maryland or Washington or if the franchise is to be operated in Maryland or Washington.

As you prepare to enter into a Franchise Agreement with Sir Grout Franchising, LLC ("Sir Grout"), it is important to determine whether any statements or promises were made to you, either orally or in writing, which were not authorized by Sir Grout and which may be untrue, inaccurate or misleading.

Please provide honest and complete responses to each of the following:

1. Have you received and personally reviewed our Franchise Agreement and all its attachments?

Yes ___ No ___

2. Have you received and personally reviewed the Franchise Agreement which you are to sign, with all its blanks completed?

Yes ____ No ___

If your answer is Yes, please state what date this completed Franchise Agreement was received: ________________________

3. Have you received and personally reviewed our Franchise Disclosure Document (FDD)?

Yes ____ No ___

Please state the date you received the FDD: _____________________________

Did you sign a receipt for the FDD confirming the date you received it?

Yes ____ No ___

4. Did you have an opportunity to review Sir Grout's Operation Manual and live data via their Cloud System?

Yes ____ No ___

5. Have you had the opportunity to discuss the benefits and risks associated with purchasing a Sir Grout franchise with an attorney, accountant or other professional advisor?

Yes ____ No ___

Do you understand those risks? Yes ____ No ___

6. Do you understand that the success or failure of your Sir Grout franchise will depend in large part upon your skills and abilities, the competition, and general business and economic factors such as inflation, interest rates and cost of labor?

Yes ____ No ___

7. Do you understand that any training, support, guidance or tools we provide to you as part of the Sir Grout franchise, are for the purpose of protecting the Sir Grout brand and trademarks, and to assist you in the operation of your business and not for the purpose of controlling, or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters?

Yes ____ No ___

If No, please comment:____
____
____

CONSIDER THE FOLLOWING QUESTIONS IN REGARD TO INFORMATION PROVIDED DIRECTLY FROM FRANCHISOR OR ITS REPRESENTATIVES (NOT ITS FRANCHISEES):

8. Has any employee, broker or other person representing Sir Grout made any statements or promises concerning the revenues, profits or operating costs of a Sir Grout franchise that contradicts any information in the FDD?

Yes ____ No ___

9. Has any employee, broker or other person representing Sir Grout made any statements or promises concerning the amount of money you may earn in the operating of a Sir Grout franchise that contradicts any information in the FDD?

Yes ____ No ___

10. Has any employee, broker or other person representing Sir Grout made any statements or promises concerning the likelihood of success that you should or might expect to achieve from operating a Sir Grout franchise that contradicts any information in the FDD?

Yes ____ No ___

11. Has any employee, broker or other person representing Sir Grout made any statements or promises concerning the advertising, marketing, training or support service or assistance that we will furnish to you that contradicts any information in the FDD?

Yes ____ No ___

12. Has any employee, broker or other person representing Sir Grout made any statements or promises concerning the costs you may incur in starting or operating the Sir Grout franchise that contradicts any information in the FDD?

Yes ____ No ___

13. Has any employee, broker or other person representing Sir Grout made any statements or promises or agreements relating to the Sir Grout franchise that contradicts any information in the FDD?

Yes ____ No ___

If you have answered Yes to any of the questions numbered 8 through 13 above, please provide a full explanation ***for each.*** Attach additional pages if necessary.

____
____
____

Your answers are important to us and we will rely on them; by signing this Questionnaire, you are representing that you have responded truthfully to all of the above questions.

Date: ______________________ Prospective Franchisee: __________________________________

FRANCHISE AGREEMENT
EXHIBIT 7

FRANCHISE OPTION AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (the "Amendment") is made and entered into as of ___________________, by and between SIR GROUT FRANCHISING, LLC, a Delaware limited liability company, with its principal place of business at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 (hereinafter "Franchisor"), and _____________________________________, a _______________________________________ with its ________________________________ at _______________________________________ (hereinafter "Franchisee").

Franchisee is approved by Franchisor to participate in the Franchise Option Program. Franchisor and Franchisee hereby agree to amend the Franchise Agreement entered into between them with effect as of [DATE]. The Franchise Agreement is amended as follows:

1. [FOR NEW FRANCHISEES]: The Initial Franchise Fee shall be refunded to Franchisee, within ten (10) days of the opening of the Franchise so long as Franchisee has opened the Franchise within the time set forth in the Franchise Agreement, and Franchisee is not otherwise in default of the Franchise Agreement or any other agreement between Franchisee and Franchisor or its affiliates. However, the foregoing does not apply to Franchisee if Franchisee is a resident of or domiciled in, or intending to operate the Franchise wholly or partly in, any of the states of Connecticut, Georgia, Louisiana, Maine, North Carolina or South Carolina.

[FOR NEW FRANCHISEES]: Franchisor waives the Initial Franchise Fee stated in Section 11(a) of the Franchise Agreement.

2. [FOR EXISTING AND CERTAIN NEW FRANCHISEES]:

Section 4.2 of the Franchise Agreement is amended as follows:

(a) Strike "six percent (6%)" and replace with "eight and one-half percent (8.5%)".

3. If the Franchise Agreement is renewed in accordance with Section 3 thereof, Franchisee and Franchisor agree that the Continuing Royalty rate, as amended by Section 2 of this Amendment, shall be applied to the renewal term and that they shall enter into an amendment of the renewal franchise agreement if necessary to apply the foregoing Continuing Royalty rate.

4. Except as specifically amended above, all other provisions of the Franchise Agreement remain in full force and effect.

5. If there is a conflict between this Amendment and the Franchise Agreement, this Amendment will prevail.

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

SIR GROUT FRANCHISING, LLC

By:_____________________________________
Its: _____________________________________

FRANCHISEE

By:_____________________________________
Its: _____________________________________

FRANCHISE AGREEMENT
EXHIBIT 8

PROMISSORY NOTE

$_____________ Dated: __________________________

FOR VALUE RECEIVED, the undersigned, **[FRANCHISEE ENTITY]** a [STATE] corporation/limited liability company with a principal place of business at [ADDRESS] (collectively referred to as "Maker") promises to pay to the order of **SIR GROUT FRANCHISING, LLC**, a Delaware limited liability company, (herein with its successors and/or assigns, "Payee") having its principal place of business at 17700 Saint Clair Avenue, Cleveland, Ohio 44110114, or at such other place as the Payee or other holder hereof may direct in writing, the aggregate principal sum of **[AMOUNT] ($XX,XXX)** together with interest payable as follows:

1. **Interest**. The unpaid principal amount of this Promissory Note ("Note") from time to time outstanding shall bear interest at the rate of twelve percent (12%) per annum. If Maker fails to pay any installment or make any payment on this Note for ten (10) days after the same shall become due, whether by acceleration or otherwise, Payee may, at its option, impose a late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. If any payment or installment is not made within thirty (30) days after the same shall become due, Payee may, at its option, impose an additional late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. Such installment or payment shall be subject to an additional five percent (5%) late charge for each additional period of thirty (30) days thereafter that such installment or payment remains past due. The late charge shall apply individually to all installments and payments past due. This provision shall not be deemed to excuse a late installment or payment or be deemed a waiver of any other rights Payee may have, including, but not limited to, the right to declare the entire unpaid balance due under this Note immediately due and payable. In no event shall the rate of interest payable hereunder at any time exceed the highest rate of interest allowed under applicable usury laws.

2. **Principal and Interest Payments**. This Note shall be due and payable by electronic funds transfer in _________ consecutive equal monthly installments of **[AMOUNT] ($0,000.00),** with the initial installment being due and payable on **DATE**, and the remaining installments being due and payable on the same day of each consecutive month thereafter. The final installment shall be due and payable on **DATE** and shall consist of the remaining principal balance of this Note, and all unpaid interest, accrued thereon. In the event any payment date shall fall due on a Saturday, Sunday or United States banking holiday, payment shall be made on the next succeeding business day, and interest will continue to accrue on the unpaid amount during the interim. All payments of principal and interest are to be made in lawful money of the United States of America in immediately available funds.

3. **Payment Application**. Payments shall be applied first to expenses, costs, and attorney's fees which are payable under this Note, secondly to interest and finally to the reduction of principal; provided, such payments may at the option of Payee or other holder hereof, be applied to the payment of delinquent taxes, installments of special assessments, insurance premiums and/or other legal charges.

4. **"Event of Default"**. An "Event of Default" shall be deemed to have occurred in the event that: (a) any amount due hereunder is not paid after becoming due and payable; or (b) any default by Maker occurs in the performance of the covenants, obligations or other provisions under the Franchise Agreements between Maker and Payee (the "Franchise Agreement(s)"), or any other agreement between Maker (or its affiliates) and Payee; or (c) any representation or warranty of the Maker set forth in the Franchise Agreement(s), or any other agreement between Maker and Payee proves to have been incorrect in any material respect; or (d) Maker becomes subject to any bankruptcy, insolvency or debtor relief proceedings; or (e) Maker fails to comply with or perform any provision of this Note not constituting a default under the previous items of this paragraph and such failure continues for fifteen (15) days after notice thereof to Maker; or (f) a default occurs causing the acceleration of any material obligation of Maker to any other creditors; or (g) any guarantor of the Franchise Agreement(s) revokes or renounces their guaranty; or (h) the Franchise Agreement(s) is terminated by Maker or by Payee or is declared terminated in any judicial proceeding.

5. **Default and Remedies**. Upon the occurrence of an Event of Default as defined herein or at any time thereafter, the entire principal and accrued interest of this Note shall become immediately due and payable, without further notice to Maker, at the option of Payee or other holder hereof. To the extent permitted by applicable law, all benefits, rights and remedies hereunder shall be deemed cumulative and not exclusive of any other benefit, right or remedy herein. The failure of Payee or other holder hereof to exercise any right or remedy hereunder shall not be deemed to be a release or waiver of any obligation or liability of the Maker.

6. **Obligations Absolute**. All obligations of Maker hereunder are absolute and unconditional, irrespective of any offset or counterclaim of Maker against Payee or other holder hereof. Maker hereby waives the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce the obligations of Maker under this Note.

7. **Waivers**. Maker and any co-makers, sureties, endorsers and guarantors of this Note, hereby jointly and severally waive presentment for payment, notices of non-performance or nonpayment, protest, notice of protest, notice of dishonor, diligence in bringing suit hereon, against any party hereto and notice of acceleration. Payee reserves the right, in its sole and exclusive discretion, to waive the requirement in Section 2 above that all payments hereunder be due by electronic funds transfer.

8. **Collection Costs; Attorney's Fees**. Maker agrees to pay all expenses and costs of collection, including all reasonable attorney's fees and expenses, court costs, costs of sale and costs of maintenance and repair and similar costs incurred by Payee in connection with the enforcement of this Note, the collection of any amounts payable hereunder, whether by acceleration or otherwise, and/or the sale or other disposition of any Collateral.

9. **Prepayment**. Maker may prepay this Note, in whole or in part, at any time without premium or penalty. Any partial payments shall be applied first to accrued interest and then to principal installments in reverse order of maturity.

10. **Severability**. If any term or provision of this Note or application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and shall be valid and enforced to the fullest extent permitted by law.

11. **Limitation on Interest**. All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for charged, or received by Payee, or any subsequent holder hereof, exceed the maximum amount permissible under applicable law. If any interest in excess of the maximum amount of interest allowable by said applicable laws is inadvertently paid to Payee or the holder hereof, at any time, any such excess interest shall be refunded by the holder to the party or parties entitled to the same after receiving notice of payment of such excess interest. All interest paid or agreed to be paid to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between Maker and Payee as to the payment of interest.

12. **Jurisdiction and Venue**. It is hereby agreed that any and all claims, disputes or controversies whatsoever arising from or in connection with this Note, shall be commenced, filed and litigated, if at all, in the judicial district in which Cleveland, OH is located, unless the conduct of such litigation is not within the subject matter jurisdiction of the court of such district. The parties waive all questions of personal jurisdiction, convenience of forum and venue for purposes of carrying out this provision.

13. **Jury Trial Waiver**. **MAKER AND PAYEE IRREVOCABLY WAIVE TRIAL BY JURY, REGARDLESS OF THE FORUM, IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER ARISING FROM, WHETHER DIRECTLY OR INDIRECTLY, THIS NOTE.**

14. **Governing Law**. In order to effect uniform interpretation of this Note, this Note, and all disputes or controversies arising or related hereto shall be interpreted and construed under the laws of the State of Ohio.

15. **Amount Owing**. The records of Payee or other holder of this Note shall be prima facie evidence of the amount owing on this Note.

16. **Release.** In consideration of the credit given to the Maker as evidenced by this Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned, for himself and his agents, employees, representatives, associates, heirs, successors and assigns (collectively the "Franchisee Entities"), does hereby fully and finally release and forever discharge the Payee ("**SIR GROUT FRANCHISING, LLC**"), and its officers, shareholders, directors, agents, employees, representatives, associates, successors and assigns (collectively, the "Franchising Entities") of and from any and all actions and causes of action, suits claims, demands, damages, judgments, accounts, agreements, covenants, debts, levys and executions, including without limitation attorneys' fees, whatsoever, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, whether at law or in equity, which the Franchisee Entities, or any one or more of them, have had, now have or may in the future, have against the Franchising Entities, or any one or more of them, arising out of, in connection with or relating in any way to that certain franchise agreement between the undersigned and **SIR GROUT FRANCHISING, LLC**, dated ________________, 20__ (the "Franchise Agreement"), or any other agreement between the undersigned and **SIR GROUT FRANCHISING, LLC,** including but not limited to, any actions for fraud or misrepresentation, violation of any franchise laws, violation of any state or federal antitrust or securities laws, or violation of any common law, from the beginning time to the date of this Note; provided, however, specifically excluded from the release provisions of this Note shall be all obligations of **SIR GROUT FRANCHISING, LLC**, under the Franchise Agreement first accruing on and after the date hereof.

This release does not apply to claims arising under the Washington Franchise Investment Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

17. **Assignment**. Payee may sell or assign this Note at Payee's sole discretion. If Payee sells or assigns this Note Payee will not remain primarily obligated under the Note. Additionally, Maker will also lose all of its defenses against Payee as they relate to this Note as a result of the sale or assignment.

IN WITNESS WHEREOF, Maker has made, executed and delivered this Note effective as of the date first above written.

MAKER:

FRANCHISEE ENTITY
By Its Members:

By: ___________________________________
[NAME]
Its: [TITLE]

PAYEE:
SIR GROUT FRANCHISING, LLC

By: ___________________________________
[NAME]
Its: [TITLE]

FRANCHISE AGREEMENT
EXHIBIT 9

RENEWAL AMENDMENT

AMENDMENT TO FRANCHISE AGREEMENT

THIS FIRST AMENDMENT TO FRANCHISE AGREEMENT (the "Amendment") is made and entered into as of **_____________________**, by and between **SIR GROUT FRANCHISING, LLC**, a Delaware limited liability company with its principal office at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 (hereinafter, "Franchisor"), and **_________________________**, [an individual] or [a ____ corporation/limited liability company with [a primary residence] or [its principal place of business] at _________________________________ (hereinafter "Franchisee").

Franchisor and Franchisee entered into a Franchise Agreement dated ___________ for the operations of a Sir Grout Franchise around the area of _____________ ("Old Franchise Agreement") and now wish to renew.

Franchisor and Franchisee have entered into a renewal Franchise Agreement dated **________________** ("Franchise Agreement") and now agree to amend that Franchise Agreement as follows:

1. Franchisor hereby acknowledges that Franchisee has completed the selection of the office location as set forth in **Section 5.1** of the Franchise Agreement.

2. Franchisor waives the initial training program requirement in **Section 6.2** of the Franchise Agreement.

3. The Initial Franchise Fee stated in **Section 4.1** of the Franchise Agreement is waived and Franchisee shall not pay to Franchisor the Initial Franchise Fee.

4. Franchisee acknowledges that the Franchise Business is fully operational as of the Effective Date of the Franchise Agreement. Franchisee further acknowledges that Franchisee is responsible for all payments due upon commencement of operations (including minimum royalties) as of the Effective Date of the Franchise Agreement.

5. Franchisor and Franchisee agree that the Local Advertising spending requirement in **Section 7.8** applicable to the first 24 months of operation shall not apply.

6. Release. In consideration for Franchisor's consent to renewal of the franchise, Franchisee, for itself, its affiliates, and its successors and assigns, hereby remises, releases and forever discharges Franchisor, its affiliates, successors and assigns, as well as the shareholders, members, principals, officers, directors, employees, attorneys, agents, heirs and executors of Franchisor, its affiliates, successors and assigns (collectively, the "Released Parties"), of and from any and all debts, demands, losses, actions, causes of action, suits, accounts, covenants, contracts, warranties, agreements, damages and any and all claims, demands and liabilities whatsoever, of every name and nature, both in law and in equity, including without limitation causes of action arising out of alleged conspiracy, violations of any contract, express or implied, any covenant of good faith and fair dealing, *quantum meruit*, or any federal, state or municipal statute, regulation or ordinance, that the Franchisee, its affiliates, successors or assigns may now have or ever had against the Released Parties, whether under the old Franchise Agreement, the Franchise Agreement or this Addendum, or any other agreement, transaction,

relationship, duty, obligation or in any other form, known and unknown, from the beginning of the world until the date hereof, it being the intent of the Franchisee to grant in favor of the Released Parties hereby a general release. Without otherwise limiting the generality of the foregoing release, the foregoing release will not apply to obligations of Franchisor to Franchisee specifically set forth in this the Franchise Agreement or this Addendum.

A. [IF FRANCHISE IS IN MARYLAND] The foregoing release shall not be construed to release any of Franchisees claims or rights to claims under the Maryland Franchise Registration and Disclosure Law, if such release is in contravention of the Maryland Franchise Registration and Disclosure Law.

B. [IF FRANCHISEE IS A CALIFORNIA CORP OR DOMICILED IN CALIFORNIA] The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.

Franchisee expressly waives the provisions of Section 1542 of the California Civil Code and expressly releases each parties to be released from all liability or claims arising out of any matters recited in the release.

C. The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

7. The Parties intend to amend the Franchise Agreement only as stated in this Amendment. All remaining provisions of the Franchise Agreement are unaltered hereby and are in full force and effect. Capitalized terms not defined herein shall have the meaning ascribed to them in the Franchise Agreement.

8. This Amendment may be signed in counterparts, including in the form of a digital or e-signature, and such counterparts, when taken together, shall represent a full and complete signed document.

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

FRANCHISOR:
SIR GROUT FRANCHISING, LLC

By:
Name:
Title:

FRANCHISEE:
____

By:
Name:
Title:

EXHIBIT C

CONFIDENTIAL OPERATING MANUAL TABLE OF CONTENTS

Sir Grout® Training and Operations Manual

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<u>EXHIBIT D</u>

<u>STATE SPECIFIC ADDENDA AND RIDERS</u>

ADDENDUM TO SIR GROUT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATES OF
CONNECTICUT, GEORGIA, LOUISIANA,
MAINE, NORTH CAROLINA AND SOUTH CAROLINA

Notwithstanding anything to the contrary set forth in the SIR GROUT FRANCHISING, LLC Franchise Disclosure Document, the following provision shall supersede and apply to all Sir Grout franchises offered and sold in the states of Connecticut, Georgia, Louisiana, Maine, North Carolina and South Carolina:

> If you are a new franchisee seeking to participate in the Franchise Option Program disclosed in Item 5 the refund of the Initial Franchise Fee will not apply to you if you reside in or are domiciled in, or your Franchised Business is located wholly or partly in, any of Connecticut, Georgia, Louisiana, Maine, North Carolina or South Carolina. However, you may participate in the Franchise Option Program and receive the same benefits as an existing franchisee under the Program.

ADDENDUM TO SIR GROUT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

A. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

B. No person in item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership is such association or exchange.

C. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. sec. 101 et seq.).

E. The Franchise Agreement contains covenants not to compete which extend beyond the expiration or termination of the agreement. These provisions may not be enforceable under California law.

F. Section 31125 of the California Corporation Code requires Sir Grout Franchising, LLC to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

G. If the Franchise Agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

H. Our website (www.sirgrout.com) has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection at www.dfpi.ca.gov.

I. The Franchise Agreement requires the application of the laws of Ohio. This provision may be unenforceable under California law.

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California Franchise Investment Law, with respect to each such provision, are met independent of the Addendum. The Addendum shall have no force or effect if such jurisdictional requirements are not met.

<u>AMENDMENT TO SIR GROUT FRANCHISING, LLC</u>
<u>FRANCHISE AGREEMENT</u>
<u>REQUIRED BY THE STATE OF CALIFORNIA</u>

In recognition of the California Franchise Investment Law, Cal. Bus. & Prof. Code § 31000 <u>et seq</u>., and the California Franchise Relations Act, Cal. Corp. Code § 20000 <u>et seq</u>., the parties to the attached Franchise Agreement (the "Agreement") agree as follows:

1. A new Sub-Section 9.1 (j) of the Agreement, under the sub-heading "Application of Covenants in California" shall be added as follows:

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

2. Sub-Section 10.3 (a) (ix) of the Agreement, under the heading "Conditions of Approval by Franchisee" shall be deleted in its entirety and shall have no force of effect, and the following shall be substituted in lieu thereof:

> You shall execute a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 3100 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Coe §§ 20000 Through 20043).

3. A new Sub-Section 14.10 of the Agreement, under the sub-heading "Termination in California" shall be added as follows:

> To the extent that the provision of this Section 14 regarding termination are inconsistent with the requirements of the California Franchise Relations Act, the termination provisions are superseded by the Act's requirements and shall have no force or effect.

4. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by the Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. The following language is hereby deleted from Section 20.1 of the Franchise Agreement, titled "Integration of Agreement":

> "Franchisee acknowledges that it is entering into this Agreement and all ancillary agreements executed contemporaneously with this Agreement, as a result of its own independent investigation of the Franchised Business and not as a result of any representations about Franchisor made by Franchisor's shareholders, officers, directors, employees, agents, representatives, independent contractors or franchisees which are contrary to the terms set forth in this Agreement or of any offering circular, prospectus, disclosure document or other similar document required or permitted to be given to Franchisee pursuant to applicable law."

6. Section 20.2 of the Franchise Agreement, titled "No Oral Modification" is deleted in its entirety and replaced with the following:

> "This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties."

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Franchise Agreement on the ______ day of ___________, 20___.

FRANCHISOR:	**FRANCHISEE:**
Sir Grout Franchising, LLC	______________________________
By: __________________________	By: __________________________
Its: __________________________	Its: __________________________

ADDENDUM TO SIR GROUT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF HAWAII

1. Sir Grout Franchising, LLC is currently registered to sell franchises (or exempt from franchise registration) in the states of: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

2. The states in which the Sir Grout Franchise Disclosure Document is or will be shortly on file (or exempt from franchise registration): California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

3. No state has refused, by order or otherwise, to register the Sir Grout franchise.

4. No state has revoked or suspended the right to offer Sir Grout franchises.

5. Sir Grout Franchising, LLC has not withdrawn the proposed registration of the Sir Grout Franchise Disclosure Document in any state.

6. The state cover page of the Sir Grout Franchise Disclosure Document is amended to include the following:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

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

<u>AMENDMENT TO SIR GROUT FRANCHISING, LLC</u>
<u>FRANCHISE AGREEMENT</u>
<u>REQUIRED BY THE STATE OF HAWAII</u>

In recognition of the Hawaii Franchise Investment Law, the parties to the attached Sir Grout Franchising, LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

1. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Franchise Agreement on the ______ day of ____________, 20___.

FRANCHISOR:	**FRANCHISEE:**
Sir Grout Franchising, LLC	______________________________
By: ___________________________	By: ___________________________
Its: ___________________________	Its: ___________________________

ADDENDUM TO SIR GROUT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS

In recognition of the Illinois Franchise Disclosure Act of 1987, Illinois Compiled Statutes 1992, Chapter 818, Sections 704/1 through 705/44, the Franchise Disclosure Document for Sir Grout Franchising, LLC for the offer of Sir Grout Franchises for operation in the State of Illinois shall be amended to include the following:

> Illinois law governs the agreements between the parties to this franchise.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that 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.
>
> Your rights upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
>
> No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by the Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently, without reference to this Addendum to the Franchise Disclosure Document.

AMENDMENT TO SIR GROUT FRANCHISING, LLC FRANCHISE AGREEMENT REQUIRED BY THE STATE OF ILLINOIS

In recognition of the Illinois Franchise Disclosure Act of 1987, Illinois Compiled Statutes 1992, Chapter 818, Sections 704/1 through 705/44, the Franchise Disclosure Document for Sir Grout Franchising, LLC for the offer of Sir Grout Franchises for operation in the State of Illinois shall be amended to include the following:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your rights upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by the Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Franchise Agreement on the ______ day of ____________, 20___.

FRANCHISOR:	**FRANCHISEE:**
Sir Grout Franchising, LLC	________________________________
By: ____________________________	By: ____________________________
Its: ____________________________	Its: ____________________________

ADDENDUM TO SIR GROUT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA

In recognition of the Indiana Franchise Law, Title 23, Article 2, Chapter 2.5 Sections 1 through 51, the Franchise Disclosure Document for Sir Grout Franchising, LLC offering franchises under the SIR GROUT mark for operation in the State of Indiana shall be amended as follows:

1. Item 17(c), pertaining to requirements for you to renew or extend your Franchise Agreement, is hereby amended by adding the following paragraph:

> Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve Franchisor from liability imposed by Indiana State Code 23-2-2.7.

2. Item 17(m), pertaining to requirements for approval of transfer, is hereby amended by adding the following:

> Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve Franchisor from liability imposed by Indiana State Code 23-2-2.7.

3. Item 17(r), pertaining to the post-termination non-competition covenants, is hereby amended by adding the following paragraph:

> The post-termination covenant not to compete complies with Indiana State Code 23-2-2.7-1(9) which prohibits Franchisor from prohibiting you from competing for a period longer than 3 years or in an area greater than the territory contained in your agreement.

4. Item 17(t), pertaining to the integration/merger clause, is hereby amended by adding the following paragraph:

> Notwithstanding anything to the contrary contained in your agreement, you do not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document.

5. Item 17(v), pertaining to the choice of forum, is hereby amended by adding the following paragraph:

> Choice of forum in any jurisdiction other than Indiana is prohibited under IC 23-2-2.7-1(10). Franchisor may not require that you agree to participate in any form of alternative dispute resolution other than arbitration before an independent arbitrator.

6. Item 17(w), pertaining to the choice of law, is hereby amended by adding the following paragraph:

The choice of Ohio law shall be subject to the superseding provisions in Indiana's Franchise Acts, IC 23-2-2.5 and 2.7.

AMENDMENT TO SIR GROUT FRANCHISING, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Law, Title 23, Article 2, Chapter 2.5 Sections 1 through 51, the parties to the attached Sir Grout Franchising, LLC Franchise Agreement (the "Agreement") agree as follows:

1. The Indiana Securities Commissioner requires that certain provisions contained in the franchise documents offered or sold to either a resident of the State of Indiana or a non-resident who will be operating a franchise in the State of Indiana be amended to be consistent with Indiana law, including the Indiana Deceptive Franchise Practices Law, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, and the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2-2.5-1 through 23-2-2-2.5-51 (collectively the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended and superseded.

a. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning non-renewal and termination of this Agreement. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate this Act, or a role or order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgments shall be void with respect to claims under the Acts.

c. If this Agreement contains covenants not to compete upon expiration or termination of the Agreement that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.

d. The Indiana Deceptive Franchise Practices Act provides that substantial modification of the Agreement by Franchisor requires written consent of the Franchisee. If the Agreement contains provisions that are inconsistent with this requirement, the Act will control.

e. If the Agreement requires litigation to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act.

f. If the Agreement requires that it be governed by a state's law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Act will control.

2. Each provision of the Amendment shall be effective only to the extent that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Act and the Indiana

Franchises Act, relating to each such provision, are met independent of this Agreement. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Franchise Agreement on the ______ day of ___________, 20___.

FRANCHISOR:	**FRANCHISEE:**
Sir Grout Franchising, LLC	______________________________
By: ___________________________	By: ___________________________
Its: ___________________________	Its: ___________________________

ADDENDUM TO SIR GROUT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND

In recognition of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§ 14-201 to 14-233, the Franchise Disclosure Document for Sir Grout Franchising, LLC for the offer of Sir Grout franchises for operation in the State of Maryland shall be amended to include the following:

1. Based upon the financial information submitted, the Commissioner has determined that all fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee.

2. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that you may sue in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Item 17 of the Disclosure Document is amended to state that the provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)

6. Item 17 of this Disclosure Document, in the summary columns of part (c) and (m), is amended to state that the general release required as a condition of renewal will not apply to any claim arising under the Maryland Franchise Registration and Disclosure Law.

7. Item 17 of the Disclosure Document is amended to state that the franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its rights to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

9. Each provision of this Addendum to the Franchise Disclosure Document 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 Addendum to the Franchise Disclosure Document.

AMENDMENT TO SIR GROUT FRANCHISING, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND

In recognition of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§ 14-201 to 14-233, the parties to the attached Sir Grout Franchising, LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Based upon the financial information submitted, the Commissioner has determined that all fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee.

2. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Franchise Agreement requires the Franchisee to execute a general release as a condition of renewal. The Franchise Agreement is amended to state that the general release required as a condition of renewal shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

b. The Franchise Agreement requires the Franchisee to execute a general release as a condition of assignment/transfer. The Franchise Agreement is amended to state that the general release required as a condition of assignment/transfer shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law. The general release required as a condition of assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

c. The Franchise Agreement requires the Franchisee to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law. The Franchise Agreement is amended to state that such acknowledgements shall be void with respect to claims under the Law and such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

d. The Franchise Agreement requires arbitration to be conducted in the State of Ohio. The Franchise Agreement is amended to state that the requirement for dispute resolution to be conducted in a forum other than the State of Maryland shall not be interpreted to limit any rights Franchisee may have to bring suit in the state of Maryland. A Franchisee may file an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland

Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

e. The Franchise Agreement requires the Franchisee to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Law as a condition of the sale of a franchise. Maryland Franchise Registration and Disclosure Law prohibits a Franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. The Franchise Agreement is amended to state that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

f. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

3. Section 20.2 of the Franchise Agreement, titled "No Oral Modification" is deleted in its entirety and replaced with the following:

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties.

4. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by the Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Franchise Agreement on the ______ day of ___________, 20___.

FRANCHISOR:	**FRANCHISEE:**
Sir Grout Franchising, LLC	______________________________
By: ___________________________	By: ___________________________
Its: ___________________________	Its: ___________________________

ADDENDUM TO SIR GROUT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Franchise Disclosure Document are inconsistent with the terms below, the terms below control:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require (except in certain specific cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400(J), prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rule Part 2869.4400(D) prohibits franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J).

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

AMENDMENT TO SIR GROUT FRANCHISING, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require (except in certain specific cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400(J), prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rule Part 2869.4400(D) prohibits franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J).

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Franchise Agreement on the ______ day of ___________, 20___.

FRANCHISOR:	**FRANCHISEE:**
Sir Grout Franchising, LLC	______________________________
By: ___________________________	By: ___________________________
Its: ___________________________	Its: ___________________________

ADDENDUM TO SIR GROUT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 5:

The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

4. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

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

5. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

6. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

7. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at

the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

THIS NEW YORK ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR LOCATE THEIR FRANCHISES IN NEW YORK.

ADDENDUM TO SIR GROUT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

1. The Summary column of Item 17 paragraph (c) of this Disclosure Document is modified to read as follows:

> Give us at least 90 days' notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the "North Dakota Law").

2. The Summary column of Item 17 Paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

> Any requirement that you must consent to termination or liquidated damages may not be enforceable under North Dakota Franchise Investment Law.

3. The Summary column of Item 17 Paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

4. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

> except that matters coming under the North Dakota Law will be submitted to arbitration in a mutually agreeable location.

5. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended to read as follows:

> Except for matters coming under the North Dakota Law, litigation and arbitration must be in Ohio.

6. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

> The law of North Dakota governs.

7. 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.):

> Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages;

General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement; and

Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

AMENDMENT TO SIR GROUT FRANCHISING, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

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 Sir Grout Franchising, LLC Franchise Agreement (the "Agreement") agree as follows:

1. **Precedence and Defined Terms**. This Amendment is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Amendment supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Amendment have the meanings as defined in the Agreement.

2. **Grant of Successor Franchise**. You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the "North Dakota Law").

3. **Post-Term Competitive Restrictions**. Post-effective covenants not to compete, such as those mentioned in Section 9, are generally unenforceable in the State of North Dakota.

4. **Jurisdiction**. All matters coming under the North Dakota Law may be brought in the courts of North Dakota.

5. **Waiver of Punitive Damages**. Sub-section 23.5 of the Agreement is deleted in its entirety.

6. **Limitation of Claims**. The statute of limitations under North Dakota Law applies to all matters coming under North Dakota Law.

7. **Governing Law**. This Agreement will be governed by North Dakota Law.

8. **Waiver of Jury Trial**. Sub-section 23.6 of the Agreement is deleted in its entirety.

9. **Arbitration**. All matters being arbitrated under North Dakota Law may be brought in a location agreeable to both the Franchisor and the Franchisee.

10. **Liquidated Damages**. Franchisee's consent to termination or liquidated damages is generally unenforceable under North Dakota Law.

11. **General Release**. Franchisee's consent to a general release is generally unenforceable under North Dakota Law.

12. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the

inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Franchise Agreement on the ______ day of ___________, 20___.

FRANCHISOR:	**FRANCHISEE:**
Sir Grout Franchising, LLC	______________________________
By: ___________________________	By: ___________________________
Its: ___________________________	Its: ___________________________

ADDENDUM TO SIR GROUT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the Rhode Island Franchise Investment Act, as amended, the Franchise Disclosure Document for Sir Grout Franchising, LLC for use in the State of Rhode Island shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution" shall be amended by the addition of the following paragraph:

> If you are a franchisee in Rhode Island, then the choice of law and venue provisions of your Franchise Agreement will not be enforceable.

ADDENDUM TO SIR GROUT FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF VIRGINIA

In recognition of the Virginia Retail Franchising Act, as amended in 2006, 21 VAC 5-110-65.1, the Franchise Disclosure Document for Sir Grout Franchising, LLC for the offer of Sir Grout franchises for operation in the State of Virginia shall be amended to include the following:

1. The following statements are added to Item 17.h:

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

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Addendum to the Franchise Disclosure Document.

AMENDMENT TO SIR GROUT FRANCHISING, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF VIRGINIA

In recognition of the Virginia Retail Franchising Act, as amended in 2006, 21 VAC 5-110-65.1, the Franchise Agreement for Sir Grout Franchising, LLC for the offer of Sir Grout franchises for operation in the State of Virginia shall be amended to include the following:

1. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Franchise Agreement on the ______ day of ___________, 20___.

FRANCHISOR:	**FRANCHISEE:**
Sir Grout Franchising, LLC	______________________________
By: __________________________	By: __________________________
Its: __________________________	Its: __________________________

ADDENDUM TO SIR GROUT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Sir Grout Franchising, LLC Franchise Disclosure Document for the offer of Sir Grout franchises for use in the State of Washington shall be amended as follows:

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

2. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise Agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens with a multi-unit purchase, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until Franchisor has met all its pre-opening obligations under the Franchise Agreement and Franchisee is open for business with respect to each such location.

3. Item 5 of this Disclosure Documents is amended as follows:

> "Franchisees who receive financial incentives to refer franchise prospects to Franchisors may be required to register as franchise brokers under the laws of Washington State."

4. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

5. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site 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 franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

6. A release or waiver of rights executed by a franchisee 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.

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

8. 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.

9. 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.

10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

11. Each provision of this Addendum to the Franchise 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 are met independently, without reference to this Addendum to the Franchise Disclosure Document.

WASHINGTON ADDENDUM TO THE
FRANCHISE AGREEMENT AND ANY RELATED AGREEMENTS

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the parties to the attached Sir Grout Franchising, LLC Franchise Agreement (the "Agreement") agree to amend the Agreement as follows:

1. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise Agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens with a multi-unit purchase, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until Franchisor has met all its pre-opening obligations under the Franchise Agreement and Franchisee is open for business with respect to each such location.

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

3. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

4. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site 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 franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

5. A release or waiver of rights executed by a franchisee 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.

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

7. 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.

8. 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.

9. Section 20.2 of the Franchise Agreement, titled "No Oral Modification" is deleted in its entirety and replaced with the following:

> This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties.

10. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by the Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

11. Each provision of this Amendment shall only be effective to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently, without reference to this Amendment.

IN WITNESS WHEREOF, the parties have duly executed this Amendment to the Franchise Agreement on the ______ day of ___________, 20___.

FRANCHISOR:	**FRANCHISEE:**
Sir Grout Franchising, LLC	______________________________
By: __________________________	By: __________________________
Its: __________________________	Its: __________________________

EXHIBIT E

SIR GROUT FRANCHISING, LLC LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2023

State	Name of Franchisee	Address	Phone Number	Territories
ARIZONA	Robert Neal	1846 East Innovation Park Oro Valley, AZ 85755	(203) 733-6168	1
	Scott Odom and Dan Lundstedt	8523 E Edgemont Ave Scottsdale, AZ 85257	(704) 607-6724	3
CALIFORNIA	Joshua Frantz, Desra Frantz and Isaac Frantz	153 Cross Street Unit 110 San Luis Obispo, CA 93401	(805) 868-5997	1
COLORADO	Bradley William Jones	1311 N. El Paso Street Colorado Springs, CO 80903	(970) 618-6994	1
CONNECTICUT	Tom Lindberg	3 Pebble Lane New Milford, CT	(203) 702-4896	2
	Rod Carnes	15 Carriage Dr Southbury, CT 06488	(860) 781-6480	1
DELAWARE	Ray Curatola	8811 Weeping Willow Trail Seaford, DE 19973	(203) 482-5666	1
DISTRICT OF COLUMBIA	Brian Fultz	150 S. Sterling Blvd., Unit 3562 Sterling, VA 20164	(703) 594-2260	2

State	Name of Franchisee	Address	Phone Number	Territories
FLORIDA				
	Kashan Charles Riley	606 3rd Ave West, Suite 408 Bradenton, FL, 34205	(941) 289-3899	1
	Brian Fultz and Carlos Nouche	12557 New Brittany Blvd, Suite 3V41 Fort Myers, FL 33907	(407) 722-2421 (678) 464-1238	1
	Brian Fultz and Carlos Nouche	12557 New Brittany Blvd, Suite 3V41 Fort Myers, FL 33907	(407) 722-2421 (678) 464-1238	2
	Brian Fultz	12859 McGreggor Blvd. Unit 4224 Fort Myers, FL 33919	(239) 322-3984	1
	Alex Neculae and Tatiana Rexsun	8881 SE Sandcastle Circle Hobe Sound, FL 33455	(225) 284-8961	1
	Martin Guttsen	12732 Longview Dr. W Jacksonville, FL 32223	(904) 234-2060	1
	Leronel J. Pena	417 Albatross Court Kissimmee, FL 34759	(954)-699-4811	1
	Kathryn Boyce and Ann Marie Mulligan	258 Short Avenue, Suite 2 Longwood, FL 32750	(407) 767-5758	2
	Renzo Velasco and Paola Copero	7711 S. West Shore Blvd. Tampa, FL 33616	51 - 964594448	1
GEORGIA				
	Jeffrey Miller	715 Abbey Terrace Alpharetta, GA 30022	(678) 251-2140	1
	Tim Harper	1851 Mauldin Road Elberton, GA 30635	(706) 522-4224	1
ILLINOIS				
	Daniel Lundstedt	Lundstedt Grout & Tile Maintenance, LLC 1550 West Cornelia Ave Chicago, IL 60657	(773) 661-6761	4
MARYLAND				
	Harold Quinn Harris, Jr.	197 D S, Southwood Ave. Apt D. Annapolis, MD 21401	(301) 674-9931	2

State	Name of Franchisee	Address	Phone Number	Territories
MASSACHUSETTS	Christopher Wyand	15 Main Street, Suite 255 Watertown, MA 02472	(781) 899-0388	1
MICHIGAN	Nicholas Jozefiak	51593 Westend, BLDG 9 Shelby TWP, MI, 48315	(586) 863-6755	1
NEW JERSEY	Raymond Curatolo	Raytom, LLC 119 Krista Court Chalfont, PA 18914	(215) 450-5763	1
	Rajneesh Jha	35 Colby Ave Manasquan, NJ 08736	(732) 551-3737	1
	Jeff Miller	110 Chestnut Ridge Road, Ste 220 Montvale, NJ 07645	(201) 571-2424	1
NEW YORK	John Pelton	1188 Willis Ave Ste 328 Albertson, NY 11507	(516) 815-2880	1
	Adrian Burnett	847 N. Williams Street Baldwin, NY 11501	(516) 852-4003	1
	Eddie Moleros	144 North 7th Street, Suite 423 Brooklyn, NY 11249	(347) 985-5446	1
	Timothy O’Leary	NKM Grout and Tile Restoration, LLC 37 Buena Vista Drive White Plains, NY 10603	(914) 592-5902	1
NORTH CAROLINA	John Vanwitzenberg	80 Yukon Trail Fuquay Varina, NC 27526	(321) 863-3474	1
	Joseph Freeman	206 Tree Hill Lane Hubert, NC 28539	(607) 749-0946	1
	Phil Gill, Tara Levere & Logan Maxwell	1014 Industrial Drive, Ste. A Matthews, NC 28105	(704) 626-6866	1
	Muhammad Rizwan	282 Preston Road Mooresville, NC 28117	(917) 618-9498	1

State	Name of Franchisee	Address	Phone Number	Territories
PENNSYLVANIA	Ray Curatola	119 Krista Court Chalfont, PA 18914	(215) 450-5763	2
	Matt Mitchell	3917 Mary Street Drexel Hill, PA 19026	(215) 609-4868	2
	Jay Kucinic	604 Karrastyn Court Gibsonia, PA 15044	(412) 327-9729	1
SOUTH CAROLINA	Scott Odom	30 3rd Avenue Bluffton, SC 29910	(843) 644-5544	1
TENNESSEE	Ken Johnson	245 Ellawood Lane Collierville, TN 38017	(901) 827-4303	1
	Christopher Tisdale	132 East Lake Court Franklin, TN 37067	(615) 293-1770	2
TEXAS	Brian Fultz	P.O. Box 118922 Carrollton, TX 75011	(972) 370-9543	2
	Jorge & Courtney Sanchez	5100 Westheimer, Ste. 284 Houston, TX 77056	(713) 856-9586	2
	Silver Cornia	P.O. Box 582 Kyle, TX 78640	(512) 580-3003	1
WASHINGTON	Ethan Wickersham	2733 242nd PL SW Brier, WA 98036	(206) 369-4146	1
	Sajili D. Bacallo	3816 Rossberg St. SE Lacey, WA 98503	(310) 438-8369	1
	Ethan Wickersham	20503 63rd Place West, Ste. 1 Lynnwood, WA 98036	(206) 833-4949	1

SIR GROUT FRANCHISING, LLC LIST OF FRANCHISEES WITH FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT OPEN AS OF DECEMBER 31, 2023

Name of Franchisee	Address	Phone Number
Sajili D. Bacallo	3816 Rossberg St. SE Lacey, WA 98503	(310) 438-8369
Sajili D. Bacallo	3816 Rossberg St. SE Lacey, WA 98503	(310) 438-8369
Kevin W. Bunting	1 Paris Ridge Lane Henrico, VA 23229	(202) 906-9428
Kevin W. Bunting	1 Paris Ridge Lane Henrico, VA 23229	(202) 906-9428
Raymond Curatolo	9 Covered Bridge Road, Unit 4310 Newtown, CT 06470	(203) 482-5666
Elizabeth and Kevin Liederbach	757 Middlesex Rd Gross Point Park, MI 48230	(516) 227-5652

SIR GROUT FRANCHISING, LLC LIST OF FORMER FRANCHISEES AS OF DECEMBER 31, 2023

Name of Franchisee	City	State	Phone Number	Reason for Leaving
Brian Barczac	Seaford	DE	(302) 569-0609	Transfer
Tom Fogarty	Orlando	FL	(407) 758-4663	Transfer
Gashar Dixon**	North Baldwin	NY	(646) 737-5104	Termination
Gashar Dixon**	North Baldwin	NY	(646) 737-5104	Termination

** Terminated prior to opening.

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

EXHIBIT F

CONDITIONAL CONSENT TO TRANSFER AGREEMENT

THIS CONDITIONAL CONSENT TO TRANSFER AGREEMENT (the "Agreement") is made and entered into on this ___ day of _______________ (the "Effective Date"), by and between Sir Grout Franchising, LLC, a Delaware limited liability company with its principal office at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 ("Franchisor"), and _______________________________("Franchisee"), and ___________________________________, both individuals OR CORPORATION OR LLC with a primary residence or principal place of business at ___________________________________ ("Transferee") (each a "Party" and collectively, the "Parties").

WITNESSETH:

WHEREAS, a Franchise Agreement dated _______________________ (the "Existing Franchise Agreement"), was executed by and between Franchisee and Franchisor for the operation of a franchise location known as __________________________ (the "Franchise"); and

WHEREAS, each owner of Franchisee has entered into a Guaranty whereby they have personally guaranteed the performance of Franchisee's obligations under the Franchise Agreement; and

WHEREAS, Franchisee wishes to sell, assign and transfer, and Transferee wishes to buy, assume and receive, all of Franchisee's rights, obligations and assets relating to the Existing Franchise Agreement and the Franchise (collectively, the "Transfer"), as set forth in that Agreement between Franchisee and Transferee with effect as of the Transfer Date (the "Purchase Agreement"); and

WHEREAS, Franchisor has been notified of Franchisee's desire to sell the Franchise to Transferee and Franchisee has requested that Franchisor consent to the Transfer under Section _____ of said Existing Franchise Agreement, or exercise its right of first refusal; and

WHEREAS, as a condition to the Transfer, Transferee will execute Franchisor's then-current Franchise Agreement for a Franchise (collectively, the "New Franchise Agreement"), and the Existing Franchise Agreement will be terminated in accordance herewith; and

WHEREAS, Franchisor is willing to grant its consent to the proposed sale and transfer, subject to the terms and conditions in this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the Parties hereto, the Parties agree as follows:

1. <u>Condition Precedent</u>. It is a necessary condition precedent to the performance of all obligations of all parties to this Agreement, specifically the grant of Franchisor's consent, that the Transferee and Franchisee enter into the Purchase Agreement and that they complete the Transfer on the Transfer Date. If the Transfer is not completed on the Transfer Date, or on such alternate date as agreed upon by all parties in writing, this Agreement is void and Franchisor's consent is revoked.

2. <u>Conditions of Transfer.</u> As a condition of Franchisor's consent, Transferee and Franchisee collectively represent and warrant the following regarding the performance of the Transfer:

A. On the Transfer Date, Franchisee will transfer either all of the stock, shares, interests or other form of equity in Franchisee ("Franchisee Equity"), or substantially all Franchisee's assets related to the operation of the Franchise, including but not limited to vehicles, facilities, equipment, inventory, uniforms, marketing materials, social media accounts, contracts, accounts receivable/payable, and customer data (the "Franchise Assets") to Transferee. As of the Transfer Date, Transferee shall either have all right, title to and interest in the Franchise Assets, or control of the Franchisee Equity.

B. [Transferee / Franchisee] shall pay to the Franchisor the Transfer Fee of **[AMOUNT]** on the Transfer Date.

C. [OPTIONAL CLAUSE] No later than [DATE], the [Transferee / Franchisee] will make improvements to the Franchise Assets as directed by Franchisor to meet Franchisor's prevailing design and branding criteria and will pay all costs, fees and expenses related to or arising out of the improvements.

D. Franchisee and Transferee acknowledge and agree that they have negotiated the Transfer without involvement by Franchisor and that, except for the preparation and execution of this Agreement for the purpose of exercising Franchisor's right to consent, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest to, and has no obligations for, the accuracy of any representations or warranties made by or between Franchisee and Transferee in connection with this transfer.

3. Obligations and Representations. As a further condition of Franchisor's consent, Franchisee and Transferee separately represent and warrant the following:

A. Transferee Obligations and Representations. Transferee represents and warrants that:

i. Transferee has received disclosure of all franchise documents, including the New Franchise Agreement and Franchisor's FDD, and that it has reviewed and acknowledged disclosure and receipt of the same.

ii. Transferee, not later than the Transfer Date, will execute Franchisor's New Franchise Agreement and all related and ancillary documents.

iii. Transferee has complied, and will continue to comply, with all requirements of the Franchisor, including participation in training, purchasing inventory and equipment, updating fixtures and other preparations for operating the Franchise beginning on the Transfer Date, or at such other time as Transferee and Franchisor may agree.

iv. If necessary for the continued operation of the Franchise, Transferee has entered into a lease or taken assignment of an existing lease or entered into a sublease for or purchased the premises of the Franchise, effective as of the Transfer Date, and has provided evidence of such lease, sublease, assignment or purchase to the Franchisor in a form satisfactory to Franchisor. It is not the expectation of the Parties that Transferee will take possession of Franchisee's personal residence, if such residence is used as the premises of the Franchise, but rather that Transferee shall be obligated to find a new premises for the continued operation of the Franchise no later than the Transfer Date.

B. Franchisee Obligations and Representations. Franchisee represents and warrants that:

i. Franchisee agrees that the Existing Franchise Agreement will terminate as of the Transfer Date. All post-termination obligations under the Existing Franchise Agreement, and all obligations of the Guarantors under their individual Guaranty, shall remain in full force and effect after the Transfer Date, until they expire according to their terms.

ii. Franchisee has complied, and will continue to comply, with all obligations under the Existing Franchise Agreement, including but not limited to payment of all amounts due and owing to the Franchisor, whether under the Existing Franchise Agreement or any other agreement, and, where necessary, the return of customer data and trademarked and proprietary materials to Franchisor.

iii. Franchisee is not in default of the Existing Franchise Agreement, or, to the extent Franchisee is in default, Franchisor and Franchisee have agreed in a separate writing on the resolution of such default.

iv. Franchisee has no right or title to the Trademark Assets and has not represented to Transferee or any other person, natural or fictitious, that it has right or title to the Trademark Assets. Franchisee has not entered into any agreement to sell or transfer the Trademark Assets. As of the Transfer Date, Franchisee will cease to identify itself or any other business it operates (excluding other Sir Grout® franchises owned by the Franchisee) as a current or former Sir Grout® franchise and will cease to use any Trademark Asset, including any Sir Grout® trademark, trade name or trade dress, or any colorable imitation of the same, or other indicia of a Sir Grout® franchise in any manner or purpose. "Trademark Assets" means all trade names, trademarks and trade dress of the Sir Grout® system, including the name "Sir Grout®" and any forms, slogans, signs, symbols, devices or other materials bearing the name "Sir Grout®". This representation shall not apply to any franchise locations operated by Franchisee after the Transfer Date under the terms of other, active franchise agreements with Franchisor.

v. Franchisee will continue to operate the Franchise until the Transfer Date. Franchisee shall remain obligated to pay Franchisor any amounts due and owing under the Franchise Agreement that arise on or before the Transfer Date.

vi. As of the Transfer Date, Franchisee has no security interest in the Franchise Assets or any assets related to the business of the Franchise, that are the subject of the Transfer, and no such security interest in the same will exist at any time after the Transfer Date. Franchisee waives any rights it has, had or every will have to foreclose on, levy upon or repossess the Franchise Assets or any assets related to the business of the franchise that are the subject of the Transfer.

vii. Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns, will not make any disparaging, derogatory or negative comments, statements or other communications, orally, in writing, or in any medium, to any person or organization about Franchisor or the Sir Grout® system or any parties or persons associated therewith, nor take any action that could have the effect of damaging the reputation of Franchisor, the Sir Grout® system or any parties or persons associated therewith.

4. Release. In consideration for Franchisor's consent, Franchisee, for itself, its affiliates, and its successors and assigns, hereby remises, releases and forever discharges Franchisor, its affiliates, successors and assigns, as well as the shareholders, members, principals, officers, directors, employees, attorneys, agents, heirs and executors of Franchisor, its affiliates, successors and assigns (collectively, the "Released Parties"), of and from any and all debts, demands, losses, actions, causes of action, suits, accounts, covenants, contracts, warranties, agreements, damages and any and all claims, demands and liabilities

whatsoever, of every name and nature, both in law and in equity, including without limitation causes of action arising out of alleged conspiracy, violations of any contract, express or implied, any covenant of good faith and fair dealing, *quantum meruit*, or any federal, state or municipal statute, regulation or ordinance, that the Franchisee, its affiliates, successors or assigns may now have or ever had against the Released Parties, whether under this Agreement, the Existing Franchise Agreement, or any other agreement, transaction, relationship, duty, obligation or in any other form, known and unknown, from the beginning of the world until the Transfer Date, it being the intent of the Franchisee to grant in favor of the Released Parties hereby a general release. Without otherwise limiting the generality of the foregoing release, the foregoing release will not apply to obligations of Franchisor to Franchisee specifically set forth in this Agreement.

A. [IF FRANCHISE IS IN MARYLAND] The foregoing release shall not be construed to release any of Franchisees claims or rights to claims under the Maryland Franchise Registration and Disclosure Law, if such release is in contravention of the Maryland Franchise Registration and Disclosure Law.

B. [IF FRANCHISEE IS A CALIFORNIA CORP OR DOMICILED IN CALIFORNIA] The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

> A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.

Franchisee expressly waives the provisions of Section 1542 of the California Civil Code and expressly releases each parties to be released from all liability or claims arising out of any matters recited in the release.

C. The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

5. Franchisor Consent and Representations. Under Section _____of the Existing Franchise Agreement, the Transfer cannot take place without the consent of Franchisor. Contingent upon Franchisee's and Transferee's compliance with the terms and conditions of this Agreement, on or before 12:01 am of _________________ (the "Transfer Date"), Franchisor consents, represents and warrants as follows:

A. Franchisor consents to the Transfer.

B. Franchisor waives its right of first refusal under Section ______ of the Existing Franchise Agreement.

C. Franchisor has reviewed the suitability of Transferee as a franchisee and Transferee has demonstrated to the sole satisfaction of Franchisor that the Transferee has the financial resources, character and ability to operate the Franchise.

D. Franchisor directs Franchisee to deliver to Transferee at the Transfer Date, for Transferee's use in accordance with the terms of the New Franchise Agreement, any and all physical Trademark Assets in the possession of Franchisee.

6. Singular Consent. Franchisee and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and will not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement not specifically identified herein. Such consent must be separately obtained.

7. Changed Circumstances. Franchisee and Transferee understand and acknowledge that Franchisor may, in the future, approve transfers under different terms, conditions and policies than those stated in this Agreement. Franchisor's consent and waivers of the right of first refusal under this Agreement will not be relied upon in future transactions as indicative of Franchisor's position or the conditions which might be attached to future consents or waivers of its right of first refusal.

8. Indemnification.

A. Franchisee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Franchisee, jointly and severally with Transferee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Franchisee and Transferee regarding the Transfer.

B. Transferee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Transferee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Transferee, jointly and severally with Franchisee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Transferee and Franchisee regarding the Transfer.

9. Non-Disclosure. Franchisor, Franchisee and Transferee agree to treat the existence and terms of this Agreement, the transactions contemplated hereby, and any communications, documents or agreements in connection herewith as "Confidential Information" as defined in the Existing Franchise Agreement and New Franchise Agreement, respectively, and to abide by the obligations contained in the Existing Franchise Agreement and New Franchise Agreement with respect thereto.

10. Additional Representations and Warranties. Franchisor, Franchisee and Transferee, separately and for themselves individually, represent and warrants that as of the Transfer Date: (i) it is a legal entity duly organized and validly existing under the laws of its state and/or country of incorporation, as applicable; (ii) it has the power and authority to enter into and accept the terms and conditions of this Agreement, (iii) as a corporation or limited liability company it has duly authorized its representative and that each such representative has the right and authority to enter into and to accept the terms and conditions of this Agreement on behalf of the corporation or limited liability company; and (iv) the execution, delivery and performance by it of this Agreement and its compliance with the terms and provisions hereof does not and will not conflict with or result in a breach of any other agreement or relationship by a party with any other party.

11. Severability. If any provision of this Agreement will be declared illegal or unenforceable, in whole or in part, for any reason whatsoever, the remaining provisions are nevertheless deemed valid and binding.

12. Waiver. The waiver by any Party of any breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any other or subsequent breach or violation hereof.

13. Entire Understanding. This Agreement sets forth the entire understanding of the Parties for the subject matter hereof, and may be amended only by a writing signed by all Parties hereto. This Agreement will be binding upon each signatory, and their respective heirs, executors, successors and assigns.

14. Governing Law; Jurisdiction. This Agreement will be governed by the laws of the State of Ohio without application of the principles of conflicts of law. Each of the Parties hereto irrevocably consents to the personal jurisdiction of the Federal and state courts of the State of Ohio for any matter arising out of or relating to this Agreement, except that in any action seeking to enforce any order or judgment of such courts such personal jurisdiction will be non-exclusive.

15. Counterparts. This Agreement may be executed in one or more counterparts, including digital signatures, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

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

FRANCHISOR:

SIR GROUT FRANCHISING, LLC

By:
Its:

FRANCHISEE:

_________________ *[enter name of corporate entity]*

By:
Its:

TRANSFEREE:

_________________ *[enter name of corporate entity]*

By:
Its:

EXHIBIT G

FINANCIAL STATEMENTS/PARENT GUARANTEE

THE FINANCIAL STATEMENTS AS OF, AND FOR THE PERIOD ENDED, MARCH 31, 2024 ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.

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GUARANTEE OF PERFORMANCE

For value received, **HS GROUP HOLDING COMPANY, LLC**, a Delaware limited liability company (the "Guarantor"), located at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111, absolutely and unconditionally guarantees to assume the duties and obligations of **SIR GROUT FRANCHISING, LLC**, located at 17700 Saint Clair Avenue, Cleveland, OH 44110 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Santa Monica (city), California, on the 30 day of April, 2024.

GUARANTOR:

HS GROUP HOLDING COMPANY, LLC

By: [signature]
Name: Caroline Peck
Its: Vice President and Manager

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Financial Report
December 31, 2023

Contents

Independent Auditor's Report

Board of Directors
HS Group Holding Company LLC and Subsidiaries d/b/a Threshold Brands

Opinion
We have audited the consolidated financial statements of HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in members' equity and cash flows for the years ended December 31, 2023, 2022, and 2021, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years ended December 31, 2023, 2022, and 2021, in accordance with accounting principles generally accepted in the United States of America.

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

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

RSM US LLP

Detroit, Michigan
April 24, 2024

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Balance Sheets
December 31, 2023 & 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	**$ 7,292,172**	$ 2,848,939
Accounts receivable, net of allowance for credit losses	**7,308,258**	2,838,072
Inventory	**374,941**	626,335
Prepaid expenses and other current assets	**3,638,733**	2,739,829
Discontinued operations	**456,472**	691,541
Total current assets	**19,070,576**	9,744,716
Property and equipment, net	**1,750,108**	2,053,004
Other assets:		
Goodwill, net	**58,322,671**	49,421,067
Intangibles, net	**28,931,482**	20,570,821
Right of use asset - operating leases, net	**4,037,117**	4,902,678
Capitalized contract costs	**4,013,241**	3,913,698
Other assets	**200,786**	366,051
Discontinued operations	**5,099,952**	5,649,309
Total other assets	**100,605,249**	84,823,624
Total assets	**$ 121,425,933**	$ 96,621,344
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	**$ 3,331,237**	$ 2,579,019
Accrued expenses	**1,736,480**	2,289,453
Current portion of long-term debt	**409,376**	355,469
Operating lease liabilities, current	**1,234,334**	1,149,172
Current portion of deferred franchise and territory fees	**2,596,885**	1,703,657
Discontinued operations	**1,687,613**	1,504,355
Total current liabilities	**10,995,925**	9,581,125
Long-term debt, net	**28,187,920**	27,087,563
Deferred franchise and territory fees, net of current portion	**6,238,685**	6,581,039
Operating lease liabilities noncurrent	**2,877,766**	3,825,580
Discontinued operations	**433,367**	357,315
	37,737,738	37,851,497
Total liabilities	**48,733,663**	47,432,622
Members' equity	**72,692,270**	49,188,722
Total liabilities and members' equity	**$ 121,425,933**	$ 96,621,344

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Operations
Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Revenues:			
Recurring revenue	**$ 43,861,005**	$ 42,434,021	$ 31,818,811
Franchise fee revenue	**2,355,244**	2,284,333	1,148,834
Total revenues	**46,216,249**	44,718,354	32,967,645
Operating expenses:			
Cost of services	**7,365,194**	7,716,433	6,488,425
General and administrative expenses	**13,588,879**	18,981,922	11,602,742
Payroll and benefits	**19,327,071**	20,314,913	15,092,714
Depreciation and amortization expenses	**9,096,227**	8,030,433	6,067,212
Transaction expenses	**2,127,651**	884,988	2,054,118
Total operating expenses	**51,505,022**	55,928,689	41,305,211
Loss from operations	**(5,288,773)**	(11,210,335)	(8,337,566)
Other expense (income):			
Interest expense	**3,516,317**	2,434,486	1,364,806
Other expense (income)	**204,046**	(203,807)	(145,135)
Other expense	**3,720,363**	2,230,679	1,219,671
Loss from continuing operations	**(9,009,136)**	(13,441,014)	(9,557,237)
Loss from discontinued operations (including gain on disposal of $9,972 for the year ended December 31, 2023)	**(1,459,871)**	(831,424)	(830,729)
Net loss	**$ (10,469,007)**	$ (14,272,438)	$ (10,387,966)

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Changes in Members' Equity
Years Ended December 31, 2023, 2022, and 2021

Balance, December 31, 2020	$ 50,386,426
Issuance of Class A units	1,150,000
Contributed capital related to acquisitions	5,150,000
Foreign currency translation	(32,060)
Net loss	(10,387,966)
Balance, December 31, 2021	46,266,400
Issuance of Class A units	774,578
Contributed capital related to acquisitions	16,500,000
Foreign currency translation	(79,818)
Net loss	(14,272,438)
Balance, December 31, 2022	49,188,722
Issuance of Class A units	7,705,254
Contributed capital related to acquisitions	26,315,146
Distributions	(221,436)
Foreign currency translation	173,591
Net loss	(10,469,007)
Balance at December 31, 2023	**$ 72,692,270**

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Cash Flows
Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Cash flows from operating activities:			
Net loss from continuing operations	**$ (9,009,136)**	$ (13,441,014)	$ (9,557,237)
Net loss from discontinued operations	**(1,459,871)**	(831,424)	(830,729)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:			
Depreciation and amortization	**9,096,227**	8,030,433	6,067,212
Accretion of debt issuance costs	**209,733**	209,532	122,886
Loss (gain) on sale of fixed assets	**151,375**	(24,018)	-
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	**(3,892,055)**	352,313	(744,466)
Prepaid expenses and other current assets	**(655,452)**	(1,916,684)	387,382
Inventories	**251,394**	(51,635)	(407,450)
Capitalized contract costs	**(99,543)**	(1,084,997)	(1,228,179)
Other assets	**221,947**	(195,350)	162,394
Accounts payable and accrued expenses	**(314,296)**	2,088,873	896,771
Deferred franchise and territory fees	**(425,333)**	1,098,016	1,002,758
Other liabilities	**-**	(210,500)	210,500
Operating lease assets and liabilities	**2,909**	72,074	-
Net cash used in operating activities —continuing operations	**(4,462,230)**	(5,072,957)	(3,087,429)
Net cash used in operating activities —discontinuing operations	**(404,355)**	(186,428)	(554,662)
Net cash used in operating activities	**(4,866,585)**	(5,259,385)	(3,642,091)
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	**(22,648,233)**	(13,632,318)	(11,864,149)
Purchase of property and equipment	**(179,453)**	(479,941)	(871,412)
Proceeds from sales of equipment	**24,119**	192,627	208,379
Net cash used in investing activities —continuing operations	**(22,803,567)**	(13,919,632)	(12,527,182)
Net cash used in investing activities —discontinuing operations	**(202,807)**	(290,871)	(1,897,023)
Net cash used in investing activities	**(23,006,374)**	(14,210,503)	(14,424,205)
Cash flows from financing activities:			
Borrowings on long-term debt	**1,300,000**	-	16,000,000
Payment of debt issuance costs	**-**	-	(551,094)
Distributions to members	**(221,436)**	-	
Payments on long-term debt	**(355,469)**	(284,375)	(143,594)
Proceeds from capital contributions	**31,220,400**	15,774,578	1,150,000
Net cash provided by financing activities —continuing operations	**31,943,495**	15,490,203	16,455,312
Net cash provided by financing activities —discontinuing operations	**113,078**	79,560	-
Net cash provided by financing activities	**32,056,573**	15,569,763	16,455,312
Effect of exchange rate changes on cash	**181,670**	(140,104)	(123,805)
Net increase (decrease) in cash and cash equivalents	**4,365,284**	(4,040,229)	(1,734,789)
Cash and cash equivalents, beginning	**3,140,848**	7,181,077	8,915,866
Cash and cash equivalents, ending	**$ 7,506,132**	$ 3,140,848	$ 7,181,077

(Continued)

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Supplemental disclosures of cash flow information:			
Interest paid	**$ 3,083,356**	$ 1,077,276	$ -
Supplemental schedule of noncash operating, investing and financing activities:			
Acquisition of businesses:			
Assets acquired	**$ 12,410,853**	$ 3,070,399	$ 3,926,223
Liabilities assumed	**(1,489,748)**	(333,510)	(658,342)
Net identifiable assets acquired	**10,921,105**	2,736,889	3,267,881
Goodwill	**15,202,529**	12,428,214	10,880,109
Net assets acquired	**26,123,634**	15,165,103	14,147,990
Less cash acquired	**(675,401)**	(32,785)	(133,841)
Less units issued as consideration	**(2,800,000)**	(1,500,000)	(2,150,000)
Cash purchase price	**$ 22,648,233**	$ 13,632,318	$ 11,864,149

See notes to consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

Nature of business: HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (collectively, the Company) through its wholly owned subsidiaries including Threshold Brands LLC, MaidPro Franchise, LLC (MaidPro), FlyFoe, LLC (FlyFoe), Men In Kilts US, LLC (Men in Kilts), Men in Kilts Canada Inc. (MIKC), Pestmaster Franchise Network, LLC (PFN), Pestmaster Services, L.P. (PSI), Kaigan LLC (Kaigan), USA Insulation Franchise, LLC (USA), USA Enterprises, LLC (USAE), FDIE, LLC (FDIE), Sir Grout Franchising, LLC (SGF), Sir Grout, LLC (SG), Plumbing Heating Paramedics LLC (PHP), PHP Franchise LLC (PHPF), Granite Garage Floors Franchising, LLLC (GGFF), Granite Garage Floors Atlanta (GGFA), Mold Medics LLC (MM), Mold Medics Franchise, LLC (MMF), Miracle Methods LLC (MMCS) and Miracle Methods Franchise, LLC (MMUS) is in the business of selling franchises as well as operating certain franchises and supply companies.

MaidPro is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide residential and office cleaning services in the United States and Canada. MaidPro began franchising operations in January 1997 and conducts operations from its principal office in Massachusetts.

FlyFoe was established on November 30, 2017. FlyFoe is a franchisor that provides support, guidance, and training to its franchisees. FlyFoe's franchisees provide mosquito and tick control services and other related services in the United States.

Men in Kilts was established on March 29, 2019, and MIKC was established in 2002. They are each franchisors that provides support, guidance, and training to its franchisees. Their franchisees provide exterior house cleaning services, including window cleaning, gutter cleaning, house washing, and pressure washing for both residential and commercial properties in the United States and Canada.

PFN operates as a franchisor of pest control services throughout the United Sates. It provides territorial rights for operation of their businesses, giving initial training and ongoing support for franchisees. The customer base is both residential and commercial. It began operations in 1981. PSI and Kaigan operate certain Pestmaster franchises.

USA was established on March 22, 2006. It is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide insulation services for both residential and commercial buildings. USAE operates certain USA franchises. FDIE is an operating company that primarily provides inventory to USA franchises. FDIE manufactures foam insulation and related chemicals and equipment that it sells and ships directly to franchisees.

SGF was established in 2004. It is a franchisor that provides a variety of services across grout and tile restoration (e.g., cleaning, repair, color sealing, re-caulking), stone restoration (e.g., floor and countertop polishing, crack repair), surface coatings (e.g., durability coating, slip-resistance coatings), and sandless hardwood refinishing. SG also acts as a product supplier for franchisees, where supplies are purchased from vendors and directly shipped to the franchisees.

PHP was established in 2011. It provides HVAC and plumbing services to residential customers throughout Indiana. PHP offers HVAC system repairs, HVAC system replacements, plumbing system repairs, and recurring maintenance check-ins. PHP was sold on January 31, 2024 and is included in discontinued operations (see Note 9). PHPF is a newly established franchisor that sells franchises providing services similar to PHP.

Note 1. Summary of Significant Accounting Policies (Continued)

GGFA was established in 1980. The company provides upgrading of concrete surfaces (garage floors, basements, workshops, unfinished spaces, exterior porches, and patios) with an industrial coating system with finishes appearing like Granite, Quartz, Stone, Metallic or Terrazzo. GGFF operates as a franchisor in which their franchisees provide services similar to GGFA. GGFA was sold on December 31, 2023 and is included in discontinued operations (see Note 9).

MM provides mold remediation, air duct cleaning, and other ancillary services such as radon testing for residential and commercial customers. MM is expected to be sold in the next year and is included in discontinued operations (see Note 9). MMF operates as a franchisor in which their franchisees provide services similar to MM.

MMCS provides bathroom and kitchen resurfacing services for residential and commercial customers. MMUS operates as a franchisor in which their franchisees provide services similar to MMC.

Basis of presentation: The consolidated balance sheets are presented as of December 31, 2023 and 2022. The consolidated statements of operations, changes in members' equity, and cash flows are presented for the years ended December 31, 2022, 2021, and 2021. The accompanying consolidated financial statements of the Company include its wholly owned subsidiaries.

All intercompany transactions have been eliminated. The accompanying consolidated financial statements have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Company follows to ensure its financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these notes to the consolidated financial statements are to the FASB Accounting Standards Codification (ASC).

Revenue recognition policy: The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows: identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when or as performance obligations are satisfied.

Significant accounting policies:

Nature of services
The Company's franchise agreements include (a) the right to use its symbolic intellectual property over the term of each franchise agreement, (b) preopening services, such as training, (c) ongoing services, such as management of the advertising fund contributions and support services for the franchisees, and (d) a license to use the Company's internal-use software which is hosted on the Company's software as a service (SaaS) platform. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day-to-day, the symbolic intellectual property is accessed over time and the customer (the franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities). Revenue earned from providing these services is collectively referred to as franchise revenue.

Note 1. Summary of Significant Accounting Policies (Continued)

The Company's revenue consists primarily of recurring revenue, which includes franchise royalties, advertising fund contributions, and support services performed for franchisees. Franchise revenue (Initial franchise fees) is based on the market type selected and are paid at the time an individual franchise agreement is signed. Territory fees are for the purchase of additional territory over and above the minimum qualified households allowable based on the market type selected and are also paid at the time an individual franchise agreement is signed.

The Company also operates certain franchise locations. The revenue for these consists of revenue recognized at a point in time as the service is completed.

Payment terms
The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. Agreements may include initial and renewal franchise fees, sales-based royalties, and fees for administrative services performed for the franchisee.

The Company believes its franchising agreements do not contain a significant financing component because (a) the timing of the upfront payment does not arise for the reason of provision of financing to the Company and (b) the sales-based royalty is variable and based on factors outside the Company or the franchisee's control.

Revenue recognition
Initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement beginning when the agreement is signed. Franchise agreements typically have a term of five to ten years with the option to renew for an additional years if the franchisee is in compliance with the terms of the franchise agreement.

Continuing royalties are calculated as a percentage of franchisees' reported sales that are related entirely to the Company's performance obligation under the franchise agreement. These royalties are considered variable consideration, but because they relate to a license of intellectual property, they are not included in the transaction price. Instead, royalty revenue is recognized as franchisee sales occur. Advertising contributions received from the Company's franchisees are recorded as a component of franchise royalties and fees in the consolidated statements of operations.

Contract balances
The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred franchise and territory fees) also is recorded.

Commission costs
The Company defers those direct and incremental costs associated with the sale of franchises. Deferred costs are charged to earnings when the related deferred franchise and territory fees are recognized as revenue over the term of the respective agreement. The Company has determined the period of benefit for direct and incremental costs associated with the sale of franchises to be the initial term of the franchise agreement. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition.

Note 1. Summary of Significant Accounting Policies (Continued)

Advertising funds
The Company collects funds from its franchisees for advertising pursuant to the Company's franchise agreements at a percentage of franchisee sales. These advertising services are not considered distinct because they are highly dependent and interrelated to the franchise right. Advertising contributions are considered part of the transaction price for the franchise right and recognized as revenue as the underlying sales occur. The advertising costs incurred for franchisees will be expensed in accordance with the Company's normal policy.

Cash and cash equivalents: The Company considers all short-term, highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. Cash equivalents consist of money market accounts.

The following table provides a reconciliation of cash and cash equivalents reported in the consolidated balance sheets for continuing operations that sums to the total of the amounts shown in the consolidated statements of cash flows for the years ended December 31:

	2023	2022	2021
Cash - continuing operations	$7,292,172	$2,848,939	$6,701,825
Cash reclassified to discontinued operations	213,960	291,909	479,252
	$7,506,132	$3,140,848	$7,181,077

Accounts receivable: Accounts receivable are recorded at transaction price. The allowance for credit losses on accounts receivable represents the Company's estimate of expected credit losses over the lifetime of the receivables. This estimation process is based on historical experience, current conditions, asset-specific risk characteristics and reasonable and supportable forecasts about future economic and market conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The allowance for credit loss was approximately $813,000 and $542,000 for the years ended December 31, 2023 and 2022, respectively. The Company will continue to monitor and evaluate the adequacy of the allowance for credit losses on accounts receivable on a regular basis and make adjustments as necessary in response to changes in economic conditions and credit quality indicators.

The Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326), on January 1, 2023. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instruments which would include accounts receivables. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against account receivable balances based on current and historical information. The adoption of this ASU did not have a material effect on the Company's financial statements.

Concentration of credit risk: The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. The Company grants credit to its franchisees and customers. Consequently, the Company's ability to collect the amounts due from franchisees and customers is affected by economic fluctuations. The Company routinely assesses the financial strength of its franchisees and customers and believes that its accounts receivable credit risk exposure is limited.

Note 1. Summary of Significant Accounting Policies (Continued)

Franchisor advertising: Advertising costs of the franchisor are charged against income during the period the advertising is displayed. Advertising costs are expensed as incurred and totaled approximately $938,000, $1,863,000, and $2,148,000 for the years ended December 31, 2023, 2022, and 2021 respectively.

Software development costs: Costs for software developed for internal use are accounted for in accordance with ASC 350, Intangibles – Goodwill and Other - Internal-Use Software. ASC 350 requires the capitalization of certain costs incurred in connection with developing or obtaining internal-use software. In accordance with ASC 350, the Company expenses costs incurred in the preliminary project stage of developing or acquiring internal use software, such as research and feasibility studies, as well as costs incurred in the post-implementation/operational stage, such as maintenance and training. Capitalization of software development costs occurs only after the preliminary project stage is complete,

management authorizes the project, and it is probable that the project will be completed and the software will be used for the function intended. Costs associated with the purchase and development of computer software are capitalized and amortized on a straight-line basis over the estimated useful life of the related asset. Software development costs are recorded in property and equipment in the accompanying consolidated balance sheets. The Company capitalized software development costs. There were approximately $72,000 and $0 of capitalized costs for the year ended December 31, 2023 and 2022, respectively.

Property and equipment: Property and equipment is stated at cost, net of accumulated depreciation and amortization. Expenditures for additions and improvements are capitalized while maintenance and repair expenditures are charged to operations as incurred. When assets are sold or otherwise retired from service, their cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is included in the results of operations. Depreciation and amortization is computed using the straight-line method based on the following estimated useful lives:

	Years
Equipment	5-10
Vehicles	5-10
Furniture and fixtures	3-5
Leasehold improvements	Lesser of useful life or lease term
Software development costs	3-7

Goodwill and intangibles: Goodwill is recognized for the excess of the fair value of an acquired business over the fair value of the identifiable net assets acquired. Under FASB ASC Topic 350, Intangibles—Goodwill and Other, the Company elected the accounting alternative to amortize goodwill on a straight-line basis over 10 years.

The Company has elected the provisions of FASB ASU 2014-18, *Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination*. ASU 2014-18 specifies that a private company that elects the accounting alternative to recognize or otherwise consider the fair value of intangible assets as a result of any in-scope transactions should no longer recognize separately from goodwill: (1) customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of the business and (2) noncompetition agreements.

Note 1. Summary of Significant Accounting Policies (Continued)

The Company tests its recorded goodwill for impairment upon a triggering event. Factors that could trigger an impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the overall business, significant negative industry or economic trends and a sustained period where market capitalization, plus an appropriate control premium, is less than member's equity. Goodwill is tested using a fair-value approach at the entity level. No impairment expense was recognized for the years ended December 31, 2023, 2022 and 2021.

Intangible assets include franchise agreements, trade names, trade secrets and software. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which range between 7 to 25 years.

Long-lived assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If impairment is considered, recoverability of these assets is measured by a comparison of the carrying amount of the asset to estimated future undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount of which the carrying amount of the asset exceeds the fair value of the asset. No impairment expense was recognized for the years ended December 31, 2023, 2022 and 2021.

Fair value measurements: The Company uses the fair value measurement and disclosure guidance for all assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that management believes market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2: Inputs to the valuation methodology include quoted prices in markets that are not active or quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable, reflecting the entity's own assumptions about assumptions market participants would use in pricing the asset or liability.

Note 1. Summary of Significant Accounting Policies (Continued)

Leases: In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Company adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Company has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, Leases.

The Company elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Company does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Company has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon the adoption of Topic 842 on January 1, 2022.

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its various asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's operating leases of approximately \$6.67 million and \$6.71 million, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

Note 1. Summary of Significant Accounting Policies (Continued)

Income taxes: As a limited liability company, the Company is treated as a partnership for federal and state income tax purposes. As such, the taxable income of the Company is allocated in the tax returns of its members for federal and state tax purposes in accordance with their respective percentage ownership. Accordingly, no provision for federal income taxes is included in the consolidated financial statements. Entity-level, composite state and local income taxes (benefits) are accrued at the applicable rates, if any, and are included in the consolidated statements of operations.

The FASB provides guidance for how uncertain tax provisions should be recognized, measured, disclosed, and presented in the consolidated financial statements. The Company identifies its tax positions taken or expected to be taken in the course of preparing its tax returns and determines whether any tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Management has determined that there are no uncertain tax positions at December 31, 2023, 2022, and 2021.

Debt issuance costs: Debt issuance costs are carried at cost less accumulated amortization as a direct deduction from the carrying amount of the related loan. The costs are amortized over the term of the related loan using a method that approximates the effective interest rate method. Amortization expense is classified in interest expense in the accompanying consolidated statements of operations.

***Foreign currency translation*:** The functional currency of the Company's international subsidiary is the Canadian dollar. Foreign currency denominated assets and liabilities are translated into United States dollars at the rate of exchange in effect at year-end. Income and expenses are translated at a weighted average rate of exchange for the years ended December 31, 2023, 2022 and 2021. The aggregate effect of translating the consolidated financial statements is included in foreign currency translation in the consolidated statements of changes in members' equity.

Use of estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Subsequent events*:** On January 31, 2024, the Company sold PHP in exchange of 300 Class A units owned by the buyer that were valued at $630,000 (see Note 9).

The Company evaluated subsequent events for potential required disclosure through April 24, 2024, which is the date the consolidated financial statements were available to be issued.

Note 2. Acquisition of Businesses

Men in Kilts Canada: On February 8, 2021, the Company acquired 100% of the assets in MIKC for total consideration of $1,450,854.

The acquisition was funded through equity contributions and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. Goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired, and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:		
Cash	$	1,300,854
150 Class A Units of HS Group Holding Company, LLC		150,000
Total invested capital	$	1,450,854
Recognized amount of net assets of the Company:		
Other current assets	$	34,500
Intangible assets		927,000
Accrued expenses and other liabilities		(69,593)
Total identifiable net assets acquired		891,907
Goodwill		558,947
	$	1,450,854

The fair value of the 150 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $252,478 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $927,000 of identified intangible assets, $829,000 was assigned to franchise agreements (10-year life) and $98,000 was assigned to trade names (20-year life).

Note 2. Acquisition of Businesses (Continued)

Plumbing Heating Paramedics: Effective May 7, 2021, the Company acquired 100% of the membership interest in PHP for total consideration of $5,380,087.

The acquisition was funded through equity contributions, draw down of debt and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired, and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:	
Cash	$ 2,436,860
Due to seller	(56,773)
3,000 Class A Units of HS Group Holding Company, LLC	3,000,000
Total invested capital	$ 5,380,087
Recognized amount of net assets of the Company:	
Cash	$ 783,815
Receivables	265,090
Prepaid expenses and other assets	20,621
Fixed assets	195,658
Intangible assets	905,000
Accounts payable	(11,857)
Accrued expenses and other liabilities	(630,062)
Deferred service contract	(130,955)
Notes Payable	(132,500)
Extended warranties	(541,548)
Total identifiable net assets acquired	723,262
Goodwill	4,656,825
	$ 5,380,087

The fair value of the 3,000 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $669,400 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

The $905,000 of identified intangible assets were assigned to trade names (20-year life).

Certain current and prior year amounts were reclassed to discontinued operations as of December 31, 2023 and 2022.

Note 2. Acquisition of Businesses (Continued)

Sir Grout: Effective September 13, 2021, the Company acquired 100% of the membership interest in SGF and SG for total consideration of $12,697,136.

The acquisition was funded through equity contributions, draw down of debt and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired, and liabilities assumed recognized at preliminary fair value at the date of acquisition:

Consideration:	
Cash	$ 10,697,136
1,354 Class A Units of HS Group Holding Company, LLC	2,000,000
Total invested capital	$ 12,697,136
Recognized amount of net assets of the Company:	
Cash	$ 133,841
Receivables	152,790
Other assets	66,092
Intangible assets	2,612,000
Accounts payable	(5,338)
Accrued expenses and other liabilities	(128,159)
Deferred revenue	(455,252)
Total identifiable net assets acquired	2,375,974
Goodwill	10,321,162
	$ 12,697,136

The fair value of the 1,354 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $697,658 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $2,612,000 of identified intangible assets, $2,029,000 was assigned to franchise agreements (10-year life) and $583,000 was assigned to trade names (20-year life).

Note 2. Acquisition of Businesses (Continued)

Granite Garage: Effective May 13, 2022, the Company acquired 100% of the membership interest in GGFF and GGFA for total consideration of $15,488,411.

The acquisition was funded through equity contributions, and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired, and liabilities assumed recognized at preliminary fair value at the date of acquisition:

Consideration:	
Cash	$ 13,970,942
Due to seller	17,469
835 Class A Units of HS Group Holding Company, LLC	1,500,000
Total invested capital	$ 15,488,411
Recognized amount of net assets of the Company:	
Cash	$ 129,606
Receivables	227,163
Inventory	92,885
Other current assets	154,809
Contract assets	31,395
Fixed assets	23,852
Right-of-use asset	43,701
Tradename	1,038,000
Franchise agreements	1,797,000
Accounts payable and accruals	(101,868)
Lease liability	(45,540)
Deferred revenue	(330,806)
Total identifiable net assets acquired	3,060,197
Goodwill	12,428,214
	$ 15,488,411

The fair value of the 835 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $884,988 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $2,830,000 of identified intangible assets, $1,792,000 was assigned to franchise agreements (10-year life) and $1,038,000 was assigned to trade names (20-year life).

Certain current and prior year amounts were reclassed to discontinued operations as of December 31, 2023 and 2022.

Note 2. Acquisition of Businesses (Continued)

Mold Medics: Effective May 3, 2023, the Company acquired 100% of the membership interest in Mold Medics for total consideration of $3,505,567.

The acquisition was funded through equity contributions and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce subsumed into goodwill, the Company's presence in the marketplace and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the amounts of the assets acquired, and liabilities assumed at the date of acquisition:

Consideration:		
Cash	$	1,684,344
810 Class A Units of HS Group Holding Company, LLC		1,800,000
Due to seller		21,223
Total invested capital	$	3,505,567
Recognized amount of net assets of the Company:		
Cash	$	111,888
Receivables		113,800
Fixed assets		16,082
Tradename		290,000
Accounts payable and accruals		(83,162)
Other liability		(35,000)
Total identifiable net assets acquired		413,608
Goodwill		3,091,959
	$	3,505,567

The fair value of the 810 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $853,553 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Identified intangible assets included $290,000 which was assigned to trade names (20-year life).

Certain current and prior year amounts were reclassed to discontinued operations as of December 31, 2023.

Note 2. Acquisition of Businesses (Continued)

Miracle Methods: Effective November 22, 2023, the Company acquired 100% of the membership interest in Miracle Methods for total consideration of $22,638,133.

The acquisition was funded through equity contributions and the issuance of member units to the sellers. The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce subsumed into goodwill, the Company's presence in the marketplace and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the amounts of the assets acquired, and liabilities assumed at the date of acquisition:

Consideration:	
Cash	$ 21,830,802
476 Class A Units of HS Group Holding Company, LLC	1,000,000
Due to seller	(192,669)
Total invested capital	$ 22,638,133
Recognized amount of net assets of the Company:	
Cash	$ 613,988
Receivables	574,979
Prepaid and other assets	243,452
Fixed assets	97,187
Other assets - noncurrent	56,682
Intangible assets	10,470,000
Accounts payable and accruals	(468,693)
Deferred revenue	(976,207)
Total identifiable net assets acquired	10,611,388
Goodwill	12,026,745
	$ 22,638,133

The fair value of the 476 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $1,274,098 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $10,470,000 of identified intangible assets, $7,595,000 was assigned to franchise agreements (5-year life), $1,958,000 was assigned to trade names (20-year life), and $917,000 was assigned to software (5-year life).

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Equipment	$ 486,658	$ 569,313
Vehicles	2,155,872	1,343,729
Furniture and fixtures	72,192	80,268
Leasehold improvements	93,224	604,580
Work in process	62,630	68,915
Software development costs	72,357	133,357
Total property and equipment	2,942,933	2,800,162
Less accumulated depreciation and amortization	(1,192,825)	(747,158)
Property and equipment, net	$ 1,750,108	$ 2,053,004

Depreciation expense for the years ended December 31, 2023, 2022, and 2021 was approximately $352,000, $436,000 and $316,000, respectively.

Certain current and prior year amounts were reclassed to discontinued operations as of December 31, 2023 and 2022.

Note 4. Intangible Assets and Goodwill

Following is a summary of intangible assets:

	December 31, 2023			
	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	6.33	$ 22,963,548	$ 4,744,640	$ 18,218,908
Trade names	17.72	8,966,637	1,000,436	7,966,201
Software	4.07	2,683,000	886,959	1,796,041
Trade secrets	21.98	1,081,000	130,668	950,332
		$ 35,694,185	$ 6,762,703	$ 28,931,482
Goodwill	7.74	$ 75,107,177	$ 16,784,506	$ 58,322,671

Note 4. Intangible Assets and Goodwill (Continued)

	December 31, 2022			
	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	8.04	$ 15,351,284	$ 3,023,790	$ 12,327,494
Trade names	18.12	6,716,407	643,944	6,072,463
Software	4.62	1,776,300	599,008	1,177,292
Trade secrets	22.98	1,081,000	87,428	993,572
		$ 24,924,991	$ 4,354,170	$ 20,570,821
Goodwill	8.26	$ 59,870,481	$ 10,449,414	$ 49,421,067

Certain current and prior year amounts were reclassed to discontinued operations as of December 31, 2023 and 2022.

The change in the carrying value of goodwill for the years ended December 31, 2023 and 2022 , is as follows:

Balance at December 31, 2021	$ 42,520,675
Additions of goodwill	12,438,859
Amortization expense	(5,538,467)
Balance at December 31, 2022	49,421,067
Additions of goodwill	15,223,753
Amortization expense	(6,322,149)
Balance at December 31, 2023	$ 58,322,671

Amortization expense recognized on intangible assets and goodwill as of December 31, 2023, 2022, and 2021 totaled approximately $8,744,000, $7,594,000,and $5,751,000, respectively.

The future estimated aggregate amortization expense for intangibles and goodwill as of December 31, 2023, is as follows:

	Goodwill	Intangibles
Years ending December 31:		
2024	$ 7,500,213	$ 2,436,746
2025	7,500,213	2,436,746
2026	7,500,213	2,436,746
2027	7,500,213	2,347,857
2028	7,500,213	2,189,890

Note 5. Long-Term Debt

In connection with the Company's acquisition of USA on December 23, 2020, the Company entered into a credit agreement with a financial institution. Maximum borrowings under the credit agreement allow for $2,000,000 of a revolving loan, $12,500,000 of a senior secured term loan and $20,000,000 of additional term loans, which are secured by substantially all of the assets of the Company. The available borrowings on the revolver are limited to a borrowing base, calculated from the adjusted senior debt to earnings before interest, taxes, depreciation and amortization (EBITDA) as further defined in the credit agreement. In connection with the agreement, the Company incurred debt issuance costs of $410,323, which are amortized over the term of the credit agreement.

In connection with the Company's Acquisition of PHP on May 7, 2021, the Company signed the First Amendment to the Loan Agreement (the First Amendment) which provided an additional term loan of $4,000,000. The Company incurred debt issuance costs of $100,000, which are amortized over the term of the credit agreement.

On September 13, 2021, the Company signed the Second Amendment to the Loan Agreement (the Second Amendment), which granted approval for the acquisition of Sir Grout, LLC, and provided an additional term loan of $12,000,000. The Company incurred debt issuance costs of $451,094, which are amortized over the term of the credit agreement.

The interest rate is a floating rate equal to the lesser of Secured Overnight Financing Rate (SOFR) plus the applicable margin as defined in the credit agreement, which is 11.04% as of December 31, 2023. Principal payments are due quarterly on the first day of each quarter in an amount equal to $102,344 and with a balloon payment on December 23, 2025. There is $27,716,562 outstanding on the senior secured term loan at December 31, 2023, and $1,300,000 drawn down on the revolving loan and nothing drawn down on the additional term loans.

The credit agreement includes certain ratios and excess cash flow payments. The credit agreement is collateralized by all business assets of the Company. As of December 31, 2023, the Company was in compliance with its debt covenants.

Amortization expense recognized on debt issuance costs was approximately $210,000, $210,000, and $123,000 as of December 31, 2023, 2022,and 2021, respectively.

A summary of long-term debt is as follows as of December 31, 2023:

	2023	2022
Term loan	$ 27,716,562	$ 28,072,031
Revolver	1,300,000	-
Less unamortized debt issuance costs	(419,266)	(628,999)
Less current portion	(409,376)	(355,469)
	$ 28,187,920	$ 27,087,563

Future maturities of long-term debt are as follows:

2024	$ 409,375
2025	28,607,187
	$ 29,016,562

Note 6. Leases

Operating lease: The Company leases real estate and vehicles, under operating lease agreements that have initial term of four to 15 years. Some leases include one or more options to renew, generally at the Company's sole discretion, with renewal terms that can extend the lease five times up to a term of five years each. In addition, certain leases contain termination options, where the rights to terminate are held by either the Company, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Company will exercise that option. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

The components of lease expense are as follows for the years ended December 31:

	2023	2022
Operating lease cost	$ 1,246,219	$ 1,426,819
Short-term lease cost	12,400	-
Total lease cost	$ 1,258,619	$ 1,426,819

Supplemental cash flow information related to leases is as follows for the year ended December 31:

	2023	2022
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	$ 1,235,137	$ 1,379,117
Right-of-use assets in exchange for new lease obligations:		
Operating leases	$ 322,159	$ 6,670,560
Weighted-average remaining lease term:		
Operating leases	4.5	5.4
Weighted-average discount rate:		
Operating leases	1.4%	1.0%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2023:

	Operating Leases
Years ending December 31:	
2024	$ 1,294,982
2025	1,225,158
2026	584,634
2027	324,249
2028	311,964
Thereafter	570,128
Total lease payments	4,311,115
Less imputed interest	199,015
Total present value of lease liabilities	$ 4,112,100

Note 7. Commitments and Contingencies

Legal matters: From time to time, the Company may be involved in legal actions arising in the ordinary course of business or, conditions may exist that may result in a loss but will only be resolved when one or more future events occur or fail to occur. Each of these actions or matters is assessed by the Company's management and legal counsel to evaluate the perceived merits of any proceeding or claim, as well as any relief sought or expected to be sought. Such assessment involves the exercise of judgment. The Company establishes accruals for losses that management deems to be probable and subject to reasonable estimate. If the assessment indicates that a potentially material loss contingency is not probable but reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Related-party transaction: A company related to the Company's majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in general and administrative expense on the accompanying consolidated statements of operations. The total expense for the years ended December 31, 2023, 2022, and 2021, is approximately $530,000, $295,000, and $294,000, respectively.

Note 8. Members' Equity

Members' equity consisted of the following membership units:

	2023	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	88,117
Class B Units	11,431	5,250

	2022	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	72,224
Class B Units	7,524	4,184

Class A Units have voting rights on all matters requiring the consent, approval or vote of the Members. The Class A Units receive preference on distributions.

Class B Units are profit interests that do not have voting rights and have been issued to designated management employees of the Company without any corresponding capital contribution. The holders of these units are entitled to share in the appreciation of the Company's assets that occur subsequent to the date of grant. The Class B Units are dilutive to the participating preferred units.

Note 8. Members' Equity (Continued)

The Company has issued 11,431, 8,415, and 6,452 units to certain management employees as of December 31, 2023, 2022, and 2021, respectively. The units substantially vest upon a change in control of the Company, if still employed. The fair value of the awards at the date of grant is estimated using option pricing models. The expected terms assumption reflects the period for which the Company believes the awards will remain outstanding and is based on the expected behavior of the award holders. The Company determined the volatility of the fair value of its units through comparison to similar entities considering such characteristics as industry, stage of life cycle, size, and financial leverage. The risk free rate reflects the U.S. Treasury yield curve for similar expected life instruments in effect at the time of grant. During the years ended December 31, 2023 and 2022, and 2021 there were 6,181, 4,231, and 1,314 cumulative units forfeited, respectively. Class B units have no compensation expense recorded as their vesting condition is not considered probably until a change in control occurs.

Note 9. Discontinued Operations

GGFA was sold by the Company on December 31, 2023, in exchange of 300 Class A units owned by the buyer that were valued at $221,000. This entity operated as a separate business. In addition, on January 31, 2024, the Company sold PHP in exchange of 300 Class A units owned by the buyer that were valued at $630,000. Finally, MM is being marketed for sale and it is probable that a transaction will occur in the next year. PHP and MM are classified as held-for-sale.

The sale of GGFA, subsequent sale of PHP and the anticipated sale of MM businesses are considered to be a strategic change in operations as they are all non-franchisors so the Company can focus on the franchisor business. GGFA, PHP, and MM are therefore being accounted for as discontinued operations. The results of the operations and sale GGFA business are being presented as loss from discontinued operations in the accompanying consolidated statements of operations for the years ended December 31, 2023, 2022, and 2021.

Note 9. Discontinued Operations (Continued)

The results of operation of GGFA, PHP, and MM included in loss from discontinued operations in the consolidated statements of operations for the years ended December 31, 2023, 2022, and 2021, is as follows:

	2023	2022	2021
Revenues:			
Recurring revenue	**$ 8,798,202**	$ 7,518,439	$ 3,914,103
Total revenues	**8,798,202**	7,518,439	3,914,103
Operating expenses:			
Cost of services	**3,131,846**	2,654,396	938,042
General and administrative expenses	**2,039,743**	1,558,587	1,915,405
Payroll and benefits	**4,519,254**	3,545,276	1,496,810
Depreciation and amortization expenses	**610,410**	598,952	384,722
Total operating expenses	**10,301,253**	8,357,211	4,734,979
Loss from operations	**(1,503,051)**	(838,772)	(820,876)
Other expense (income):			
Interest expense	**896**	-	-
Other expense (income)	**(34,104)**	(7,348)	9,853
Other expense	**(33,208)**	(7,348)	9,853
Loss from discontinuing operations	**(1,469,843)**	(831,424)	(830,729)
Gain on sale from discontinued operations	**9,972**	-	-
Net loss	**$ (1,459,871)**	$ (831,424)	$ (830,729)

Note 9. Discontinued Operations (Continued)

The balance sheets of GGFA, PHP, and MM included in loss from discontinued operations in the consolidated balance sheets for the year ended December 31, 2023 and 2022, are summarized as follows:

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	**$ 213,960**	$ 291,909
Accounts receivable, net of allowance for credit losses	**133,321**	121,528
Inventory	**80,754**	188,288
Prepaid expenses and other current assets	**28,437**	89,816
Total current assets	**456,472**	691,541
Property and equipment, net	**434,145**	269,191
Other assets:		
Goodwill, net	**3,316,651**	3,880,688
Intangibles, net	**957,667**	1,012,917
Right of use asset - operating leases, net	**391,489**	484,613
Other assets	**-**	1,900
Total other assets	**4,665,807**	5,380,118
Total assets	**$ 5,556,424**	$ 6,340,850
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	**$ 428,289**	$ 163,164
Accrued expenses	**1,097,308**	1,118,275
Other liabilities	**59,154**	77,727
Operating lease liabilities, current	**102,862**	145,189
Total current liabilities	**1,687,613**	1,504,355
Other long-term liabilities	**133,484**	1,833
Operating lease liabilities noncurrent	**299,883**	355,482
	433,367	357,315
Total liabilities	**2,120,980**	1,861,670
Members' equity	**3,435,444**	4,479,180
Total liabilities and members' equity	**$ 5,556,424**	$ 6,340,850

HS Group Holding Company
Balance Sheet
As of March 31, 2024

	Mar 31, 2024
Cash and Cash Equivalents	$ 2,867,624
Receivables	5,450,126
Other Current Assets	2,287,717
Total Current Assets	**10,605,467**
Intangibles	72,800,068
Fixed Assets	2,142,663
Other Assets	10,417,477
Total Assets	**$ 95,965,675**
Accounts Payable	$ 2,911,450
Other Current Liabilities	3,484,278
Total Current Liabilities	**6,395,729**
Deferred Revenue	9,080,116
Other Long Term Liabilities	33,150,252
Total Liabilities	**48,626,097**
Equity	47,339,578
Total Liabilities & Equity	**$ 95,965,675**

Threshold Brands LLC
HS Group Holding Company (Consolidated)
Income Statement
January through March 2024

Financial Row	Amount
Ordinary Income/Expense	
Income	
Revenue	
Franchise Royalties	$3,747,952.59
Franchise Fees	$374,900.83
Service Revenue	$830,933.86
Company Store Revenue	$4,240,983.79
Products, Parts, & Service Revenue	$2,282,284.00
Other Revenue	$1,314,276.36
Total Revenue	**$12,791,331.43**
Total Income	**$12,791,331.43**
Cost Of Sales	
Labor	$1,334,895.37
Freight	$99,451.08
Product & Materials	$1,756,197.39
Vehicle	$165,187.83
Miscellaneous	$597,612.04
Total Cost Of Sales	**$3,953,343.71**
Gross Profit	**$8,837,987.72**
Expense	
SG&A Expenses	
Compensation & Benefits	$4,642,839.82
Rent & Utilities	$426,996.70
Information Technology	$554,238.67
Professional Services	$1,081,167.57
Marketing & Advertising	$1,402,103.59
Travel & Entertainment	$188,289.84
Office - Vehicle	$45,676.98
Office & Administrative	$500,533.61
Total SG&A Expenses	**$8,841,846.78**
Total Expenses	**$8,841,846.78**
Net Ordinary Income	**($3,859.06)**
Other Income and Expenses	
Other Income	**$496.24**
Other Expense	
Depreciation & Amortization Expense	$2,278,740.81
Taxes	$15,681.86
Other Expense	$899,904.04
Rounding Gain/Loss	($0.01)
Realized Gain/Loss	$412.65
Unrealized Gain/Loss	($9,746.20)
Total Other Expense	**$3,184,993.15**
Net Other Income	**($3,184,496.91)**
Net Income	**($3,188,355.97)**

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	**Effective Date**
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	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.

RECEIPT (Our Copy)

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sir Grout Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires we give you this disclosure document at least 10 business days before the execution of any franchise or other agreement or the payment of any consideration, whichever occurs first.

If Sir Grout Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The Franchisor is Sir Grout Franchising, LLC, located at 17700 Saint Clair Avenue, Cleveland, Ohio 44110. Its telephone number is (617) 412-4464.

The Franchise Seller for this offering is Donna Davidson, Sir Grout Franchising, LLC, 17700 Saint Clair Avenue, Cleveland, Ohio 44110; Telephone: (617) 765-0926

Franchise Seller:____
Name/Address/Telephone Number

Issuance Date: May 1, 2024

See Exhibit A for our registered agents authorized to receive service of process.

I received a disclosure document dated May 1, 2024 that included the following Exhibits:

A. Franchisor's Agents for Service of Process and State Franchise Administrators	E. List of Current and Former Franchisees
B. Franchise Agreement w/Exhibits	F. Conditional Consent to Transfer
C. Table of Contents to Confidential Operating Manual	G. Financial Statements/Parent Guarantee
D. State Specific Addenda and Rider	

Date: ____________________________
(Do not leave blank)

____
Signature of Prospective Franchisee

____
Print Name

Please sign this copy of the receipt, date your signature, and return it to Sir Grout Franchising, LLC, 17700 Saint Clair Avenue, Cleveland, Ohio 44110.

RECEIPT (Your Copy)

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Date: ____________________________

(Do not leave blank)

____

Signature of Prospective Franchisee

____

Print Name

Please sign this copy of the receipt, date your signature, and retain it for your records. 4862-8857-1306, v. 6