FRANCHISE DISCLOSURE DOCUMENT

SPARKLE SQUAD™

Sparkle Squad, LLC
A Delaware Limited Liability Company
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http://www.sparklesquad.com

The franchise offered is for the right to operate a "Sparkle Squad" business, which provides residential and commercial window cleaning services to a height of up to 60 feet, gutter cleaning, screen cleaning, house washing, pressure washing, and soft washing services, and holiday lighting services.

The total investment necessary to begin operation of a Sparkle Squad Business franchise is $133,767 to $146,667. This includes $108,000 that must be paid to the franchisor.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive 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 governmental agency has verified the information contained in this document.**

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 of this Franchise Disclosure Document: September 15, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G and Exhibit H.
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 I 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 Sparkle Squad 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 Sparkle Squad franchisee?	Item 20 or Exhibit G and Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 arbitration and/or litigation only in its then-current home state (which currently is New Jersey). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in its then-current home state (which currently is New Jersey) than in your own state.

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

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

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

THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G Mennen Building
Lansing, Michigan 48913
Telephone Number: (517) 335-7567

Notwithstanding paragraph (f) above, we intend to enforce fully the provisions of the arbitration section of our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration provision. If you acquire a franchise, you acknowledge that we will seek to enforce that section as written, and that the terms of the Franchise Agreement will govern our relationship with you, including the specific requirements of the arbitration section.

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

To simplify the language in this Franchise Disclosure Document ("Disclosure Document"), "we," "us," or "our" means Sparkle Squad, LLC, the franchisor. "You" means the person to whom we grant a franchise to operate a Sparkle Squad Business. You must sign the Franchise Agreement (the "Agreement") attached as Exhibit A in your individual capacity. If you want an entity that you own to operate the franchise, you must sign the Assignment and Assumption Agreement (Exhibit C) under which all the provisions of the Agreement will apply to the entity and its owners (including you).

We are a Delaware limited liability company formed on September 15, 2022, and operate primarily under our own name and the SPARKLE SQUAD trademark. Our principal business address is 142 State Route 34, Holmdel, New Jersey 07733. We have offered franchises for Sparkle Squad Businesses since September 2023. Our direct parent company is LD Parent, Inc., which has the same principal business address as us. Our indirect parent company is CNL Strategic Capital, LLC, whose principal business address is 450 S. Orange Avenue, Suite 1400, Orlando, Florida 32801. If we have an agent in your state for service of process, we disclose that agent in Exhibit E. We have no predecessors.

We use the Agreement to grant franchises for Sparkle Squad Businesses to qualified persons ("Strategic-Partners") who agree to adhere to the overall mission and core values underlying the Sparkle Squad system and understand that they are the means of delivering on the mission. A "Sparkle Squad Business" is identified by our trademarks, including "SPARKLE SQUAD" and logo appearing on the cover page of this Disclosure Document (the "Marks"), and uses our systems, standards, and know-how. The Sparkle Squad Business that you will operate is referred to as the "Business." We have never operated a Sparkle Squad Business or offered franchises in another line of business. We have no business activities other than granting franchises for Sparkle Squad Businesses.

A Sparkle Squad business provides residential and commercial window cleaning services to a height of up to 60 feet, gutter cleaning, screen cleaning, house washing, pressure washing, and soft washing services, and holiday lighting services. The Sparkle Squad franchise will use our methods and techniques, together with our marketing program, back office support system, and other elements. We and our affiliates have developed, and we are making available to franchisees, comprehensive business methods and systems for developing and operating a Sparkle Squad Business, including technical information and expertise relating to authorized products and services we authorize. Our system also includes market selection, sales, marketing and advertising programs, and management information and techniques. You will operate within a specific territory (the "Territory").

The window cleaning, gutter cleaning, and general exterior beautification industry is highly developed and competitive. Your competitors include both independent and franchised businesses offering similar services (some of which may be part of local, regional, or national chains). Your business will be mobile in that you will offer your services directly to consumers at their residences or, with commercial customers, at their places of business. Your market will be members of the general population. Your sales may be seasonal in certain markets (for

example, those that have cold fall and winter seasons) and more year-round in other markets with warm or hot weather throughout the year.

No regulations apply specifically to the industry in which Sparkle Squad businesses operate. You must comply with all local, state, and federal laws that apply generally to all businesses. You should investigate all of these laws.

We are affiliated (by virtue of the same parent company) with Lawn Doctor, Inc. ("LDI"), which has the same principal business address as us. LDI offers and grants franchises for LAWN DOCTOR Businesses, the primary activity of which is to establish, care for, and maintain lawns and other vegetation in an identified territory. LDI also may require its franchisees to provide other services, including mosquito control. LAWN DOCTOR Businesses analyze lawn problems and care requirements, formulate and apply lawn chemicals and seed, market and promote the Business, and operate and maintain necessary equipment. They may offer optional services, such as liming, fungus control, grub treatments, and tree and shrub feeding. LDI has offered franchises since 1967 and, as of December 31, 2022, had 624 franchised LAWN DOCTOR Businesses in operation. LDI has never operated a Sparkle Squad Business or offered franchises for other businesses.

We also are affiliated (by virtue of the same parent company) with Mosquito Hunters, LLC ("MH"), which has the same principal business address as us. MH offers and grants franchises for "MOSQUITO HUNTERS" businesses offering outdoor pest control services specializing in the eradication of mosquitoes through regular spraying applications and a follow-up maintenance program. MH's predecessor began offering franchises in January 2015 and had sold 8 franchises as of May 2018 when MH acquired the MOSQUITO HUNTERS franchise system. As of December 31, 2022, there were 131 franchised MOSQUITO HUNTERS businesses in operation in the United States. MH has never operated a Sparkle Squad Business or offered franchises for other businesses.

We also are affiliated (by virtue of the same parent company) with ecomaids LLC ("EM"), which has the same principal business address as us. EM offers and grants franchises for "ECOMAIDS" businesses providing environmentally-friendly home cleaning services. EM has offered franchises since September 2019, although its predecessor began offering franchises in August 2012. EM has never operated a Sparkle Squad Business or offered franchises for other businesses. As of December 31, 2022, there were 77 franchised ECOMAIDS businesses operating in the United States.

We also are affiliated (as its direct parent company) with Elite Franchising Corp. ("Elite"), whose principal business address is 4–28 Steve Fonyo Dr., Kingston, ON (CANADA) K7M 8N9. Elite provides window cleaning, gutter cleaning, house washing, and screen cleaning services to residential and commercial customers. Elite's predecessor began franchising in 2018. Elite commenced offering franchises in May 2023. Elite has never operated a Sparkle Squad Business or offered franchises in any other line of business. As of December 31, 2022, there were 7 franchised ELITE businesses operating in Canada.

Levine Leichtman Capital Partners ("LLCP") Affiliate Franchise Programs

Our Affiliated Franchise Programs

Through common ownership with investment funds controlled by LLCP, an affiliate, we are affiliated with the franchise programs listed below. None of these affiliates has offered franchises in any line of business other than as listed below or conducted a Sparkle Squad Business:

(1) Tropical Smoothie Cafe, LLC ("TSC") franchises the right to develop and operate Tropical Smoothie Cafe restaurants ("Tropical Smoothie Cafe Restaurants"), which are customer-driven businesses that sell a variety of premium, handcrafted smoothies made with select fruit and vegetables blended fresh in the restaurant using proprietary recipes, as well as specialty sandwiches, flatbreads, wraps, and salads. TSC or its predecessors have offered franchises since 1998. As of December 26, 2022, there were 1,197 franchised Tropical Smoothie Cafe Restaurants in operation in the United States. TSC's principal place of business is located at 1117 Perimeter Center West, Suite W200, Atlanta, Georgia 30338.

(2) Kilwins Chocolates Franchise, Inc. ("Kilwins") franchises the right to operate a "Kilwins Full Line Chocolates, Confectionery & Ice Cream Store" or a "Kilwins Ice Cream & Chocolates Shop," which specializes in the sale of Kilwins-approved hand-crafted chocolates, Kilwins brand original recipe ice cream, fudge, and other confections. Kilwins has been operating stores since 1993 and franchising stores since March 1981. As of December 31, 2022, there were 149 Kilwins stores in operation in the United States. Kilwins' principal place of business is located at 1050 Bay View Road, Petoskey, Michigan 49770.

Item 2
BUSINESS EXPERIENCE

Chairman: Scott D. Frith

Mr. Frith has been our Chairman since October 2022. Mr. Frith also has been Chairman of LDI, MH, and EM, located in Holmdel, New Jersey, and Elite, located in Kingston, Ontario, since December 2011, May 2018, May 2019 and October 2022, respectively.

Chief Executive Officer: Chris Stoness

Mr. Stoness has been our Chief Executive Officer since October 2022. He also has been Chief Executive Officer of Elite, located in Kingston, Ontario, since October 2022, having been President of Elite's predecessor, Elite Window Cleaning Inc. in Kingston, Ontario, from its original date of incorporation in August 2013 until October 2022.

Chief Financial Officer and Secretary: John (Jack) Miskin

Mr. Miskin has been our Chief Financial Officer and Secretary since October 2022. Mr. Miskin also has been Chief Financial Officer and Secretary of LDI, MH, and EM, located in Holmdel, New Jersey, and Elite, located in Kingston, Ontario, since November 2016, May 2018, May 2019, and October 2022, respectively.

Senior Vice President of Franchise Development: Eric Martin

Mr. Martin has been our Senior Vice President of Franchise Development, based in Omaha, Nebraska, since October 2022. Mr. Martin also has been Senior Vice President of Franchise Development of LDI, MH, and EM, located in Holmdel, New Jersey, and Elite, located in Kingston, Ontario, since May 2017, May 2018, May 2019, and October 2022, respectively.

Vice President of Marketing: Chris McGeary

Mr. McGeary has been our Vice President of Marketing since October 2022. Mr. McGeary also has been Vice President of Marketing of LDI, MH, and EM, located in Holmdel, New Jersey, and Elite, located in Kingston, Ontario, since April 2015, May 2018, May 2019, and October 2022, respectively.

Vice President of Franchise Development: Sharon Cupach

Ms. Cupach has been our Vice President of Franchise Development since October 2022. Ms. Cupach also has been Vice President of Franchise Development for Elite, located in Kingston, Ontario, since October 2022 and Vice President of Franchise Development for EM, located in Holmdel, New Jersey, since July 2019. Ms. Cupach was Vice President of Franchise Development for Premium Service Brands, located in Estero, Florida from January 2019 to July 2019 and Vice President of Franchise Development for Oasis Senior Advisors, located in Bonita Springs, Florida, from September 2014 to January 2019.

Director/Manager: Matthew Frankel

Mr. Frankel has served as one of our Director/Managers since October 2022. He is currently a Managing Partner and Head of US Fund Investments and Permanent Capital Vehicles at Levine Leichtman Capital Partners, located in Beverly Hills, California, with which he has been associated since 2010.

Director/Manager: David Wolmer

Mr. Wolmer has served as one of our Director/Managers since October 2022. He is currently a Partner, Co-Chief Operating Officer, General Counsel, and Chief Compliance Officer of Levine Leichtman Capital Partners, located in Beverly Hills, California, with which he has been associated since 2008.

Director/Manager: Greg Flaster

Mr. Flaster has served as one of our Director/Managers since October 2022. He is currently a Director of Levine Leichtman Capital Partners, located in Beverly Hills, California, with which he has been associated since May 2019 and, before then, from 2011 to January 2018. Mr. Flaster was the Chief Financial Officer of a Gus's Fried Chicken master franchisee, located in Los Angeles, California, from February 2018 to March 2019.

Item 3
LITIGATION

Anthony O. Hurman Jr. and Candace M. Hurman v. Mosquito Hunters, LLC, Scott D. Frith, and Andy Fuller (American Arbitration Association, Case Number 1-22-005-2915, filed on December 19, 2022). The plaintiffs, a former MOSQUITO HUNTERS franchisee, allege that the defendants fraudulently induced them into signing a franchise agreement and then subsequently breached the agreement. They seek compensatory damages of $150,000, punitive damages, arbitration costs, and attorneys' fees and costs. Mosquito Hunters, LLC, Mr. Frith, and Mr. Fuller deny the claims and intend to defend against them vigorously.

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

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5
INITIAL FEES

You must pay us the following 3 principal initial fees when you sign the Franchise Agreement:

(1) A $40,000 initial franchise fee;

(2) A $7,500 initial training and support fee for onboarding, training, and franchise launch costs; and

(3) A $45,000 initial marketing fee that we will control, manage, and use during the first year you operate your Sparkle Squad Business to market, promote, and advertise the Business in the Territory.

These initial fees are uniform for all Strategic-Partners acquiring their franchises from us and are not refundable.

We are a participant in the "VetFran," "MinorityFran," and "First Responder" Initiatives and offer a $10,000 reduction in the initial franchise fee to qualified U.S. military veteran, minority, and first responder candidates, respectively (but these discounts cannot be combined).

If you operate an existing Sparkle Squad Business, are in compliance with the terms of all agreements with us, are in sound financial condition, and have demonstrated a desire and ability to make the commitment of time and capital necessary to operate an additional Sparkle Squad Business, we may offer you the right to operate an additional Sparkle Squad Business under a separate franchise agreement for a reduced initial franchise fee. If you sign such a franchise agreement, you will pay an initial franchise fee of $25,000 that entitles you to operate the Sparkle Squad Business using the Marks in the Territory granted under the new agreement.

We currently have a policy under which we pay a $15,000 referral fee to any Strategic-Partner, employee, or vendor who refers to us a candidate who (i) is not currently in the Sparkle Squad system, (ii) has not previously inquired about becoming a Strategic-Partner, and (iii) later becomes a Strategic-Partner. We have the right to amend or cancel this policy in the future.

Besides the principal initial fees described above, you must purchase from us the required franchise equipment package, which includes our window cleaning system, pressure washer, gutter cleaning equipment, screen cleaner, software package, and ancillary tools. The estimated cost is $15,500. This payment is not refundable.

<u>Item 6</u>
OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks*
Royalty and Service Fee	10% of Net Revenues	Payable weekly on the Net Revenues of the preceding week	"Net Revenues" are the actual gross revenues collected from customers, whether for cash or credit, plus all other revenues derived from the Business, excluding taxes collected from customers and refunds and adjustments.
Technology Fee	Currently starts at $150 with a scheduled increase to $250 (subject to additional potential increases—see "Remarks" column)	Payable monthly	The Technology Fee currently is $150 per month until the cumulative Net Revenues of your Business reach $1,000,000, at which time the Technology Fee is currently scheduled to increase to $250 per month (provided, however, that we reserve the right, in our sole judgment, to increase the monthly Technology Fee from time to time during the Franchise Agreement's term, not to exceed $500 per month). The first monthly payment is not due until your Business commences operations.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks*
Out-of-Territory Royalty Fee	Incremental 15% of Net Revenues earned outside of Strategic-Partner's Territory	Same as Royalty and Service Fee	The 15% Out-of-Territory Royalty is paid in addition to the 10% of Net Revenues paid for the Royalty and Service Fee.
Local Advertising Obligation	Beginning in the 2nd Spring sales season after you sign the Franchise Agreement, you must spend each calendar year the greater of $5,000 or 3% of Net Revenues to market and promote your Business in your Territory	You will spend these dollars locally and decide how to handle the local spend (subject to our approval)	If you fail to spend the required amounts, you must pay us the unspent amount within 60 days after the end of the calendar year. We then may use those monies for any marketing or promotional expense (whether national, regional, local, or otherwise) at any time.
Centrally Managed Media Fund Contributions	Beginning in the 2nd Spring sales season after you sign the Franchise Agreement, you must contribute to the Centrally Managed Media Fund each calendar year the greater of $30,000 or 5% of Net Revenues	Payable in 8 equal monthly installments over an 8-month period beginning each March and ending each October during each calendar year	These funds will be managed by our Marketing Team and used specifically to drive leads within your territory.
National Marketing Fund ("NMF") Fee	Beginning the 1st day of the 3rd calendar year in operation, you must pay us $96 per week for deposit into the NMF	Payable weekly at the same time as the Royalty and Service Fee	
Back Office Support System Fee	5% of weekly Net Revenues contributed to the Back Office Support System Fund	Payable weekly at the same time as the Royalty and Service Fee	Used to cover the operating and development expenses of the Back Office Support System Services (described in Item 8).

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks*
Equipment, Product, and Service Purchases	Varies depending on products and services you buy from us or our affiliates	As incurred	During the franchise term, you might need to buy certain equipment, products, and services from us or our affiliates, from designated or approved distributors and suppliers, or according to our standards and specifications, as described in Item 8. If we or our affiliates sell equipment, products, or services to you during the franchise term (including additional franchise equipment packages for each additional Service Vehicle you acquire), we or our affiliates will give you a price list identifying the applicable prices. As disclosed in Item 5, we currently charge $15,500 for our required franchise equipment package. We have the right to increase that charge during the franchise term if our costs increase.
Transfer Fee	50% of the then-current initial license fee payable by a Strategic-Partner who is new to the Sparkle Squad system	$2,000 is payable when you declare your intent to sell your Business (it is applied toward the transfer fee due); the remaining amount is due before the transfer is completed	Due when you transfer the Business or a controlling ownership interest in you. The $2,000 is not refundable if you do not complete the transfer.
Broker Fee	Then-current amount (currently $25,000)	As incurred	Due if we engage a third-party broker or consultant on your behalf to assist in selling your Business. (This is in addition to the transfer fee.)
Interest on Late Payments	Highest legal rate for open account business credit, not to exceed 1.5% per month	As incurred	Our current policy is to charge interest at the rate of 1% per month, but this policy is subject to change at any time.
Inspections and Audits	Cost of an audit (amount of which depends on circumstances and extent of your non-compliance)	Within 15 days after receipt of the inspection or audit report	Payable only if audit shows an understatement of at least 3% of Net Revenues, or you fail to furnish reports and other information.
Indemnification	Will vary under circumstances and depend on nature of third-party claim	As incurred	You must reimburse us if we are held liable for claims arising from your operation of the Business.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks*
Costs and Attorneys' Fees	Will vary under circumstances and depend on nature of your non-compliance	As incurred	You must reimburse us for fees and costs we incur from your failure to make payments, submit reports, or comply with the Agreement.
Fine for Failure to Provide Materials for Inspection	$500 per day	As incurred	You must pay us $500 for each day you fail to provide any books, records, or other requested materials for inspection, plus our reasonable expenses resulting from the delay.
Fine for Use of Unauthorized Advertising	$250	As incurred	Fine is assessed on a per-item and per-occurrence basis.
Customer Complaint Reimbursement	Out-of-pocket cost reimbursement	As incurred	To satisfy complaints by your customers with regard to the quality or other aspects of your services, we have the right to refund any fees or charges and reimburse your customers for any damage that they claim you or your employees caused to their property. We have the right to charge you for any amounts we pay or refund to your customers in order to reimburse ourselves.
Tax Reimbursement	Cost reimbursement	As incurred	You must reimburse us for any taxes we must pay to any state taxing authority on account of either your operations or your payments to us.

* Unless noted, the payments described in this chart are not refundable and are not collected in whole or in part on behalf of any party other than us. The payments described above are our current offering and generally are uniformly imposed.

[Item 7 begins on next page]

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure*	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial License Fee[1]	$40,000	Cash	Upon your signing the Agreement	Us
Training and Support Fee	$7,500	Cash	Upon your signing the Agreement	Us
Initial Marketing Fee (for 1st year marketing)	$45,000	Cash	Upon your signing the Agreement	Us
Equipment Package[2]	$15,500	As incurred	As agreed	Us
Technology Fee[3]	$150	As incurred	As agreed	Supplier
Computer Hardware[4]	$0 to $2,000	As incurred	As agreed	Supplier
Rental Space[5]	$0 to $400	As incurred	Monthly	Landlord
Service Vehicle Purchase/Lease Down Payment[6]	$1,500	As incurred	As agreed	Supplier
Training Travel Expenses	$1,000 to $1,500	As incurred	As agreed	Suppliers
Insurance[7]	$300	As incurred	As agreed	Insurance Company
Additional Funds – 3 Months[8]	$22,817 to $32,817	As incurred	As incurred	Us, Utilities, vendors, insurer, employees, and transportation
TOTAL ESTIMATED INITIAL INVESTMENT[9]	$133,767 to $146,667			

Footnotes to Item 7 Chart

* All amounts are nonrefundable.

1. Item 5 contains information on the circumstances under which discounts and fee reductions are available to Strategic-Partners. Your initial franchise fee might be lower if you operate an existing Sparkle Squad Business and are acquiring a franchise to operate an additional Sparkle Squad Business.

2. Equipment and tools include a Sparkle Squad Waterfed Window Cleaning W1 package, pressure washer, gutter cleaning equipment, screen cleaner, softwash package, and ancillary tools.

3. This covers the first monthly Technology Fee you must pay us when you open for business.

4. You must have available or purchase computer hardware and software for the Business according to our standards and specifications, including a computer, monitor, printer, Microsoft Office, QuickBooks, and all consumables, including ink and paper. You must purchase peripheral devices such as telephones and connectivity (broadband, DSL, and cable).

5. In many instances, you may initially operate the Business from your home. If you do not have adequate storage space for equipment and materials, it should be available at a low rental given the limited space required (approximately 8' x 12'). We estimate monthly rental payments to be between $0 and $400 depending on the location. The low end of the range assumes you will operate the Business from your home with adequate storage space; the high end of the range assumes 1 month's rent for storage space at a cost of $400.

6. This estimate assumes you will lease the Service Vehicle used in the Business from our approved supplier. This figure covers lease costs for the first month. (The typical 60-month lease requires monthly payments of approximately $1,500.) The down payment or first month's lease payment estimate for the Sparkle Squad Job Pod includes wrapping, outfitting rhino lining, ramp, vent installation, and water filtration system outfitting.

7. You must obtain and maintain the insurance coverage that we periodically specify, including general liability, workers compensation, and motor vehicle liability insurance. Insurance costs will vary considerably by state and depend on policy limits, types of policies, nature and value of physical assets, gross sales, number of employees, location, business contents, and other factors affecting risk exposure. These estimates contemplate monthly costs, although payment terms will vary by provider. We describe our current insurance requirements in Item 8.

8. This estimates the funds needed to cover your additional initial expenses for the first 3 months of operation. Additional funds are for the following: Opening expenses (about $1,000); labor costs (about $18,000 to $28,000 depending on 2 or 3 full-time employees for servicing and/or supervising); Service Vehicle lease payments for second and third months of operation (about $3,000 depending on vehicle type); computer software payments for second and third months of operation ($517); rental space lease payments for second and third months of operation ($0 to $600); and technology fees for the second and third months of operation (about $300). Some expenses, particularly labor, will be affected by your locale and when the Business opens.

9. In compiling these amounts, we have relied on our affiliate's (Elite) experience in the window cleaning business since 2013.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Many of the items and services you will need for the Business must be purchased or leased from us or from sources we have designated or approved or must meet specifications we have set. We will provide you with a list of approved products and supplies, and a list of approved and designated suppliers, and will occasionally revise those lists. We estimate that source-restricted purchases for a Sparkle Squad Business will equal approximately 90 to 95% of your cost of establishing the Business and 50 to 60% of your ongoing costs. No officer of ours currently owns an interest in any supplier to the Sparkle Squad system.

We will provide certain support services for your Sparkle Squad Business, including a centralized call center, booking system, and support center, to process orders for the services within the franchise system, including orders in the Territory, handling customer inquiries, and other aspects of back office support to the extent we deem advisable (the "Back Office Support System Services"). We will direct all aspects of planning and operation of the Back Office Support System Services and have the right to add, remove, modify, or limit any Back Office Support System Services. We maintain a Back Office Support System Fund for the Back Office Support System Fees (described in Item 6) that you and other strategic-partners pay us from operating your Sparkle Squad Businesses. The Back Office Support System Fund is intended to provide a uniform standard for placement of orders for services and handling of customers throughout the franchise system, and to maintain a complete client database which provides management reports to franchisees. Except for these Back Office Support System Services, we and our affiliates currently are not the approved supplier or the only approved supplier of any required goods or services.

You must purchase computer hardware and software for the Business according to our standards and specifications. The computer hardware and software must be functional with the window cleaning business management computer software program provided by the supplier we designate. We have the right to require you to use designated and approved brands, types, makes and models of computer hardware (including printers) in connection with the computer software program. We also have the right to require you to use designated accounting professionals to ensure your required reports and financial statements are prepared properly.

You must purchase or lease at least one vehicle that is branded and outfitted with the required tool kit to perform the main services of the Sparkle Squad Business and that meets our specifications (the "Sparkle Squad Job Pod" or "Service Vehicle"). You must order the Service Vehicle from our approved supplier to ensure it complies with our standards and specifications. You also must: (1) take delivery of the Service Vehicle immediately following the completion of training school; (2) maintain the condition and appearance of the Service Vehicle and equipment consistent with the professional image of the Business; (3) display on the Service Vehicle and equipment only the Marks and signs, emblems, lettering, and logos we approve; and (4) not sell or transfer the Service Vehicle (other than to us) without first removing all of the Marks and proprietary equipment from the Service Vehicle.

You must maintain in force the insurance coverage that we require from time to time and meet the other insurance related obligations in the Agreement. Such insurance must include

comprehensive general liability, products liability, completed operations liability, motor vehicle liability, and workers' compensation. All such policies must be with carriers acceptable to us, must provide coverage on an occurrence basis, and must insure against claims for injury, death and property damage arising from the Business. Periodically, we will specify the required amount of coverage. Currently, general liability insurance must be not less than $1,000,000 combined single limit for each occurrence and $2,000,000 combined single limit aggregate; products and completed operations liability must not be less than $1,000,000 combined single limit aggregate; motor vehicle liability must not be less than $1,000,000 combined single limit aggregate; and workers' compensation must be the greater of our then-current requirements or as required by state law. We must be named an additional insured grantor. The types and amounts of coverage are subject to change by us.

Except as described above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business that you currently must buy or lease from us (or our affiliate), from designated or approved suppliers, or according to our standards and specifications.

If you wish to use any type or brand of product or supply item, or purchase products or supplies from a supplier, that we have not yet approved, you must notify us of your desire to do so and submit to us specifications, photographs, samples and other information we request. You are not required to pay a fee to secure supplier approval. We will, within 30 days, determine whether the products, supplies or the supplier meets our specifications and standards. We develop our specifications and lists of approved suppliers through internal and field testing, consultations with Strategic-Partners and suppliers, review of industry and trade association information, and other means. We have the right to revoke supplier approval in a written notice, a copy of which will be provided to you. We have the right to limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or our affiliate) for a particular item or service. For example, if we designate a buying marketplace (which may be developed and/or operated by us or our affiliate), you must buy the products and services we require through that marketplace. To the extent that we have developed criteria for suppliers, they are not available for review by Strategic-Partners.

We have not established any purchasing or distribution cooperatives. We have negotiated purchasing arrangements (including price terms) with suppliers who provide printed materials, Service Vehicles, and consumables to Strategic-Partners. We and our affiliates have the right to derive revenue—in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments—from suppliers that we designate, approve, or recommend for some or all Sparkle Squad Businesses on account of those suppliers' prospective or actual dealings with you and other SPARKLE SQUAD Businesses. That revenue may or may not be related to services that we and our affiliates perform. All amounts received from suppliers, whether or not based on your or other franchisees' purchases from those suppliers, will be our and our affiliates' exclusive property, which we and our affiliates have the right to retain and use without restriction for any purposes we and they deem

appropriate. Any products or services that we or our affiliates sell you directly may be sold to you at prices exceeding our and their costs. We do not provide you with any material benefits based on your purchase of approved items or services or your use of approved suppliers.

We will derive revenue or other material consideration from selling certain equipment, supplies, and services to you directly and have the right to accept payments from suppliers on account of their dealings with you. We currently plan to receive payments from a third-party supplier of certain consumables you will use in providing your services. That payment currently is equal to 2% of the third-party supplier's sales to our franchisees. Because we started franchising in 2023, we and our affiliates received no revenue during 2022 on account of franchisee purchases or leases of equipment, supplies, or services from us, our affiliates, of third-party suppliers.

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	1 of Agreement	11 and 12
(b) Pre-opening purchases/leases	7 of Agreement	5, 7, and 8
(c) Site development and other pre-opening requirements	7 of Agreement	7, 8, 11, and 15
(d) Initial and ongoing training	2 of Agreement	7 and 11
(e) Opening	1.C and 2.A of Agreement	11
(f) Fees	1.C, 5, 6, 7.A, D, and F, 8, 10, 11.C, 14.A, and 15.E of Agreement	5, 6, 7, and 8
(g) Compliance with standards and policies/operating manual	2.B and 7 of Agreement	8, 11, and 16
(h) Trademarks and proprietary information	3 and 4 of Agreement	13 and 14

Obligation	Section in Agreement	Disclosure Document Item
(i) Restrictions on products/services offered	7.C and E of Agreement	8, 11, and 16
(j) Warranty and customer service requirements	7.E and F of Agreement	Not Applicable
(k) Territorial development and sales quotas	Not Applicable	Not Applicable
(l) On-going product/service purchases	7 of Agreement	6 and 8
(m) Maintenance, appearance and remodeling requirements	7 and 12.A of Agreement	8
(n) Insurance	7.G of Agreement	7 and 8
(o) Advertising	8 of Agreement	5, 6, 7, 8, and 11
(p) Indemnification	5 of Agreement	6
(q) Owner's participation/management and staffing	2.A and 7.H of Agreement	11 and 15
(r) Records and reports	9 of Agreement	Not Applicable
(s) Inspections and audits	10 of Agreement	6
(t) Transfer	11 of Agreement	6 and 17
(u) Renewal	12 of Agreement	17

Obligation	Section in Agreement	Disclosure Document Item
(v) Post-termination obligations	14 of Agreement	17
(w) Non-competition covenants	4.B and 14.D of Agreement	15 and 17
(x) Dispute resolution	15 of Agreement	17
(y) Compliance with customer complaint resolution procedures	7.F of Agreement	6

Item 10
FINANCING

We do not offer direct or indirect financing. We do not guaranty your note, lease, or obligation.

Item 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM, AND TRAINING

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

Before you open the Business, we will:

(1) Provide you with specifications, standards, operating procedures, and specialized equipment for a Sparkle Squad Business to protect the quality of our products and services. (Agreement - Sections 7.A and 7.E) While we deliver, or cause to be delivered, to you the required franchise equipment package, we provide no other delivery or installation services.

(2) Provide you with reasonable guidance in the development of the Business. (Agreement - Section 2.B)

(3) Train you in the Sparkle Squad system. (Agreement - Section 2.A)

During your operation of the Business, we will:

(1) Provide you with guidance for the operation of the Business. We will provide guidance to you and supervisory employees through the Operating Manual (defined below) and, at our option, via telephonic conversations and consultation at our offices or your office. (Agreement - Section 2.B)

(2) Provide you access to the Operating Manual and, at our option, additional presentation materials and content on our learning management system. (Agreement - Section 2.B)

(3) Let you use the Marks. (Agreement - Section 3)

(4) Disclose confidential information to you relating to the operation of the Business. (Agreement - Section 4)

(5) Advise you of approved suppliers for a Service Vehicle and other items and required and authorized products and supplies. (Agreement - Section 7)

(6) Maintain and administer a Centrally Managed Media Fund to drive leads within your territory and a National Marketing Fund for regional and national marketing, advertising, and promotions programs. (Agreement - Sections 8.B and 8.C)

(7) Provide the Back Office Support System Services described in Item 8. (Agreement – Section 6.D)

(8) We might assist you in establishing prices for authorized products and supplies, but we generally do not control the prices you charge for your products and services.

Because Sparkle Squad Businesses provide services at customer locations and generally do not maintain physical sites, we do not have any site selection procedures or factors we consider in approving sites. Therefore, we do not have the right to terminate the Agreement if we and you cannot agree on a site.

Operating Manual

We will provide you with access to one copy of the operating manual (Agreement - Section 2.B), which may include one or more separate manuals as well as computer software, information available on an Internet site, other electronic media and/or written materials (the "Operating Manual"). The Operating Manual contains mandatory and suggested specifications, standards, and operating procedures we prescribe for the operation of a Sparkle Squad Business and information about your other obligations under the Agreement so that the quality of our brand, products, and services is maintained. We have the right to modify the Operating Manual, but this will not alter your fundamental status and rights under the Agreement. You must keep your copy of the Operating Manual current, but the master copy we maintain at our principal office will control. The Operating Manual is confidential, and you may disclose its contents only to your employees who need to know its contents to perform their jobs. You may not copy any part of the Operating Manual. The table of contents to the Operating Manual is attached as Exhibit F. As of the issuance date of this Disclosure Document, the Operating Manual contains approximately 80 total pages.

At our option, we have the right to post some or all of the Operating Manual on a restricted website or extranet to which you will have access. If we do so, you must monitor and access the website or extranet for any updates to the Operating Manual or system standards.

Advertising

There are several component parts of your advertising obligations under the Agreement.

Initial Marketing During First Year of Operation

As described in Item 5, you will pay us an Initial Marketing Fee of $45,000 when you sign the Agreement. We will control, manage, and use that money during your first year of operation to market, promote, and advertise your Sparkle Squad Business in the Territory. We will determine the items and tactics on which to spend that money. (Agreement - Section 8.A)

Local Advertising—General

Beginning in the second Spring sales season after you sign the Agreement, you must spend each calendar year during the franchise term the greater of $5,000 or 3% of your Net Revenues for marketing and promotion in your Territory (the "Local Advertising Obligation"). (Agreement - Section 8.A) The Local Advertising Obligation is in addition to the Centrally Managed Media Fund contributions and the National Marketing Fund Fee described below. Within 60 days after the end of each year (beginning with the year you start spending these amounts), you must submit to us a report detailing your marketing and promotion expenditures in your Territory during that year. If you fail to spend the Local Advertising Obligation during any calendar year, you must pay us the unspent amount within the same 60 days after the calendar-year end. We then have the right to use such monies for any marketing or promotional expense (whether national, regional, local, or otherwise) at any time.

You must submit for our approval samples of all advertising and promotional materials. If you do not receive written disapproval within 30 days after delivering the materials to us, they will be deemed to be approved. If you use any unapproved materials, we have the right to assess a fine of $250 per item per occurrence.

You must participate in any toll-free telephone number program we specify, including by signing any agreements and paying any associated charges, whether to us or a third party. You must display the toll-free telephone number as the primary and dominant business phone number. The toll-free telephone number will be displayed on all marketing materials and all of your Service Vehicles. (Agreement - Section 8.A(5))

You must comply with our requirements, standards, and specifications concerning your use of websites or other computer-based advertising to promote your Business. You must submit proposed website information for our approval before you implement a website, and we must approve any changes you make to a website. You may not in any event use the Marks in your domain name or electronic address. (Agreement - Section 7.J)

Local Advertising—Centrally Managed Media Fund

Recognizing the value of marketing and promotion to the goodwill and public image of Sparkle Squad Businesses, we will maintain and administer a Centrally Managed Media Fund to drive leads within your Territory. (Agreement – Section 8.B) Beginning in the second Spring sales season after you sign the Agreement, you must contribute to the Centrally Managed Media Fund—in 8 equal monthly installments over an 8-month period beginning each March and ending each October during each calendar year—the greater of $30,000 or 5% of the Net Revenue of your Business (the "Centrally Managed Media Fund Contribution"). At the end of the second full calendar year and at the end of each subsequent calendar year throughout the franchise term, the Centrally Managed Media Fund Contribution for the next calendar year will be established based on the Net Revenues as of the end of the prior calendar year. The Centrally Managed Media Fund had no operations before this Disclosure Document's issuance date. Any contributions not spent during a calendar year are rolled over to the following calendar year.

We will direct all advertising programs financed by the Centrally Managed Media Fund and control creative concepts, materials, and endorsements and their geographic, market, and media placement and allocation. The Centrally Managed Media Fund may pay for preparing and producing advertising, marketing, and promotional content and related materials; administering, directing, and preparing regional and multi-regional advertising and marketing programs; and supporting public relations, market research, and other advertising, marketing, and promotional activities. We also have the right to use the Centrally Managed Media Fund to pay for on-line Internet advertising and marketing, including Facebook, Twitter, and other social media, and to pay for click-through charges to search engines, banner advertising sources, and advertising host sites ("social media" includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). If we advance the costs to purchase advertising, marketing and promotion content on behalf of the Centrally Managed Media Fund, the Fund will reimburse our costs of purchasing the advertising, marketing, and promotional content on a monthly basis. If the Centrally Managed Media Fund does not receive enough contributions to reimburse us during the calendar year, then the balance will carry over to the following year. The Centrally Managed Media Fund will be accounted for separately from our other funds and will not be used to defray our general operating expenses, except for salaries, administrative costs and overhead relating to the Centrally Managed Media Fund and its marketing and promotional programs.

The Centrally Managed Media Fund is not our asset or a trust. We do not owe you fiduciary obligations because we maintain the Fund. We have the right to spend in any fiscal year an amount greater or less than the aggregate contributions of Sparkle Squad Businesses contributing to the Centrally Managed Media Fund in that year. We have the right to make loans to the Centrally Managed Media Fund (and the Fund has the right to borrow from us or other lenders) bearing reasonable interest to cover any deficits of the Fund or cause the Fund to invest any surplus for future use. We will prepare an annual unaudited report of monies collected and costs incurred by the Fund and make the report available for inspection by you. Except for certain marketing materials that contain a statement regarding the availability of franchise opportunities, we do not use Centrally Managed Media Fund monies for soliciting the sale of

franchises. We have the right to incorporate the Centrally Managed Media Fund or operate it through a separate entity (or entities) whenever we deem appropriate.

The Centrally Managed Media Fund is intended to maximize general public recognition and patronage of Sparkle Squad Businesses and the Marks for the benefit of all Sparkle Squad Businesses. We undertake no obligation to ensure that expenditures by the Fund are proportionate or equivalent to contributions to it by Sparkle Squad Businesses or that any Sparkle Squad Business will benefit directly or in proportion to its contribution to the Fund from the conduct of marketing programs or the placement of advertising. (In other words, while we have no obligation to spend any amount of your Fund contribution on advertising in your market area, we must spend the Fund Contribution specifically to drive leads within your Territory.) Except as provided above, we need not spend any amount on advertising in your market area.

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Centrally Managed Media Fund contributions at the Fund's expense. We also have the right to forgive, waive, settle and compromise all claims by or against the Fund.

We have the right at any time to defer or reduce the Centrally Managed Media Fund Contribution of a Sparkle Squad Business and, upon 30 days' prior written notice to you, reduce or suspend Centrally Managed Media Fund Contributions, as well as operations of the Fund, for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to all Sparkle Squad Businesses (whether franchised or operated by us or our affiliates) in proportion to their (and our) respective Centrally Managed Media Fund Contributions during the preceding 12-month period.

Advertising—National Marketing Fund

We will maintain and administer a National Marketing Fund (the "NMF") for the regional and national marketing, advertising, and promotions programs we deem appropriate. We will direct all such programs, materials, endorsements and media used and their placement and allocation. (Agreement – Section 8.C)

Beginning the first day of your third calendar year in operation, you must start to pay us for deposit into the NMF the weekly sum of $96 (the "NMF Fee"). The NMF Fee is due along with the Royalty. The NMF had no operations before this Disclosure Document's issuance date.

We will use the NMF for media costs (including print, digital, search engine management and optimization, social media, television and radio, and other communications channels without restriction), commissions, market research costs, creative and production costs, including the costs of creating promotions and artwork, printing costs, and other costs relating to advertising and promotional programs. We reserve the right to place and develop such advertisements and promotions and to market them for you, either directly or through an advertising or public relations agency retained or formed for that purpose.

We will account for the NMF separately from our other funds and not use the NMF to defray any of our general operating expenses, except for salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, that we incur in activities reasonably related

to the administration or direction of the NMF and advertising programs (including conducting market research). We will prepare an in-house statement of the NMF's operations annually and make it available to you upon request (the NMF to cover the cost of such statement).

The NMF is intended to maximize general public recognition and patronage of the Sparkle Squad system for the benefit of all franchisees. We undertake no obligation to ensure that any particular franchisee benefits directly or pro-rata from the placement or conduct of such advertising and promotion. We will use reasonable efforts to place or conduct advertising and promotion in your general geographic area in the manner and to the extent we deem reasonable.

We assume no direct or indirect liability or obligation to you regarding the NMF's maintenance, direction or administration. You are not a third-party beneficiary and have no right to enforce any contributions from other franchisees or the NMF's administration. Our obligation with respect to the NMF is contractual in nature. The NMF is not a trust fund.

The NMF is not intended to be a source of profit for us. If there is a surplus of funds at the end of any year, they will be applied to one or more of the following, in any combination we determine: (i) carried forward and applied to the next year's operating costs, or (ii) distributed pro rata to Sparkle Squad Businesses that contributed to the NMF for that year.

There currently are no franchisee advertising councils that advise us on advertising and marketing policies and programs. There are currently no local or regional cooperatives.

Computer System

You must purchase or have available computer hardware and software for the Business that meets our standards and specifications in order to operate the computer software program described below. (Agreement - Section 7.J) This includes a computer, monitor, printer, and third-party software, including Microsoft Office and QuickBooks.

You must use the computer software we designate. The computer software program is designed for your use in the overall management and operation of the Business and to collect and generate lists of customers and prospects, help conduct direct mail programs, provide accounting management information, generate data to track revenues from the Business, schedule services, provide GPS directions, and handle customer inquiries. The cost of the computer software program is part of the back-office support system, for which you pay 5% of weekly net revenues.

Except as described above, neither we nor the third parties whose products you buy have any contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates to the computer hardware and compatible software, unless you obtain a service contract or a warranty covers the product.

You may also be required to incur reasonable costs to purchase or lease new or modified computer hardware and software for use with the computer software program described above. There are no contractual limitations on the frequency and cost of this obligation. You will also sign the Extranet Agreement (Exhibit D). We will have unlimited independent access to all information and data that your computer system generates and stores, including all data derived

from the computer software program. We estimate the cost of any computer hardware and software, including peripheral devices and software in addition to the computer software program, to be up to $2,000. Because of varying market conditions and types of maintenance and support contracts, we are unable to estimate the annual cost of any optional maintenance, updating, upgrading, or support contracts.

Besides paying third-party suppliers the monthly license and support fees, you must pay us monthly Technology Fees to fund the technology expenditures we deem best for Sparkle Squad Businesses. (Agreement – Section 6.C) The Technology Fee currently is $150 per month until the cumulative Net Revenues of your Business reach $1,000,000, at which time the Technology Fee is currently scheduled to increase to $250 per month (provided, however, that we reserve the right, in our sole judgment, to increase the monthly Technology Fee from time to time during the franchise term). The first Technology Fee payment is due in the calendar month in which your Business commences operations. Each subsequent Technology Fee payment is due no later than the tenth day of each subsequent calendar month. We have the right to allocate and spend Technology Fees in our sole judgment, including for salaries, wages, and benefits, direct technology program costs, and overhead expenses for technology-related activities. The Technology Fee is in addition to any other costs you incur for the Software Program or other computer hardware or additional software. We have no obligation to account to you or other franchisees for our use of Technology Fees or to ensure that you or your Business benefits directly or pro rata based on your Technology Fee payments.

Business Opening

You select the Territory for your Business, subject to our approval. You must commence operation of your Business within 30 days after you complete our training program. Upon your request, we have the right, at our sole option, to grant you an extension of the 30-day period. (Agreement – Section 1.C) You must commence training no later than 180 days after the Agreement's effective date. (Agreement – Section 2.A) We have the right to terminate the Agreement if you do not comply with the opening deadline specified above. Factors affecting the time period between execution of the Agreement and opening of the Sparkle Squad Business include attendance at and satisfactory completion of our training program, arranging for any financing, and complying with all necessary licensing and regulatory requirements.

Training

You may designate up to 2 persons (the principal owner is required to attend) to participate in our mandatory training program. (Agreement – Section 2.A) The program will be conducted 5-6 times per year. You will be responsible for all travel and living expenses in connection with the training program. If you or your designee does not complete the training program to our satisfaction, you or your designee must attend the next initial training program at your expense. As noted above, you must commence training no later than 180 days after the Agreement's effective date and begin operating your Business within 30 days after you complete training. If you or your designee's performance in the additional training program is unsatisfactory, we have the right to terminate the Agreement effective upon delivery of notice of termination to you. We have the right to require that you and, if applicable, your general

manager complete supplemental and refresher training programs, to be furnished without charge, at designated locations. You must pay any travel and living expenses for supplemental and refresher training programs. We, at our discretion, may provide some or all training programs in a virtual environment via a restricted website or extranet to which you have access.

Currently, the initial training program is conducted at our headquarters (or at nearby facilities). The current training program is a 4-day training program which includes approximately 31 hours of actual classroom and on-site instruction. The instructional materials for our training program include handouts, our online learning management system, and quizzes that we require you to take. Our officers participate in and supervise all phases of the program based on their expertise with Sparkle Squad Businesses or similar businesses. Our Department of Operations administers the training program. Chris Stoness, our Chief Executive Officer, has been an executive with the Sparkle Squad system since our formation and has experience in all aspects of operations, having founded our Canadian affiliate's ELITE WINDOW business system in 2013 and operated it continuously since then. Mr. Stoness oversees the training program.

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Introduction Business Overview Sparkle Squad Background Mission Vision Values The Sparkle Squad Franchising Business Model	2.5	0	Holmdel, New Jersey
Financial Planning	2.5	0	Holmdel, New Jersey
Vonigo CRM	1	0	Holmdel, New Jersey
Vehicle Leasing Program	.5	0	Holmdel, New Jersey
The Jungle (Call Center)	1	0	Holmdel, New Jersey
Sales	2	0	Holmdel, New Jersey
Window Cleaning & Technician Training	2	4	Holmdel, New Jersey
Safety	1.5	1	Holmdel, New Jersey
Products	1.5	0	Holmdel, New Jersey
Recruiting	1	0	Holmdel, New Jersey
Day-to-Day Operations	2	0	Holmdel, New Jersey
Marketing - Ground Game	3	1	Holmdel, New Jersey
Accounting/Reporting	1	0	Holmdel, New Jersey
Marketing - Centralized Media	1.75	0	Holmdel, New Jersey

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Ongoing Support	3	0	Holmdel, New Jersey
Photos	.75	0	Holmdel, New Jersey
TOTAL	27	6	

In addition to the above training, you will have access to our learning management system, which currently includes over 100 custom training courses on topics including financial acumen, software, business strategies, marketing tactics, technical skills, succession planning, and more.

In addition to the above training, the designated supplier of the computer software program will provide you with computer software training.

Item 12
TERRITORY

A geographic territory (the "Territory") will be identified in the Franchise Agreement in which you will initially conduct the Business. The Territory will contain no less than 35,000 single-family residences. We do not have the right to alter your Territory or territorial rights during the franchise term (we have the right to change the Territory upon your acquisition of a successor franchise for the Business). You have no options, rights of first refusal, or similar rights to acquire additional franchises.

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.

If you are in compliance with the Agreement, we will not operate, or grant a franchise for the operation of, a Sparkle Squad Business with a territory which overlaps in any material respect with your Territory. Except for this limitation, we and our affiliates retain all rights with respect to Sparkle Squad Businesses, the Marks, and other activities, including:

(1) the right to provide, offer and sell, and to grant others the right to provide, offer and sell, products that are identical or similar to and/or competitive with those offered and sold by Sparkle Squad Businesses, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including via catalog, the Internet or other media) both inside and outside your Territory and on any terms and conditions we and our affiliates deem appropriate;

(2) the right to establish and operate, and grant to others the right to establish and operate, businesses offering and selling services and products that are identical or similar to and/or competitive with those offered and sold by Sparkle Squad Businesses, but under

trademarks and service marks other than the Marks, both inside and outside your Territory and on any terms and conditions we and our affiliates deem appropriate;

(3) the right to establish and operate, and grant to others the right to establish and operate, businesses offering and selling services and products that are dissimilar from those offered and sold by Sparkle Squad Businesses, whether under the Marks or other trademarks and service marks, both inside and outside your Territory and on any terms and conditions we and our affiliates deem appropriate;

(4) the right to operate, and to grant others the right to operate, Sparkle Squad Businesses with territories which do not overlap in any material respect with your Territory under any terms and conditions we deem appropriate and regardless of proximity to the Business;

(5) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided by a Sparkle Squad Business, and franchising, licensing or creating similar arrangements with respect to those businesses once acquired, wherever those businesses (or the Strategic-Partners or licensees of those businesses) are located or operating (including in your Territory); and

(6) the right to be acquired by a business providing products and services similar to those provided by Sparkle Squad Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in your Territory.

We have the right to exercise any of the retained rights above without compensating you.

You must conduct the Business solely within your Territory, so that no Net Revenues of the Business are derived from customers whose properties are located outside your Territory. You must pay us an incremental royalty of 15% of the Net Revenues for all business conducted outside your Territory. This 15% royalty is in addition to the required weekly royalty of 10% of the Net Revenues of the Business. In addition, this incremental 15% royalty will apply if you acquire an existing Sparkle Squad Business that has customers outside its designated territory. Therefore, you may not provide services to customers outside of your Territory without our prior written approval. If we provide our approval, you may provide services only in the manner we specify, and we have the right, but not the obligation, to allow you to engage in telemarketing or other direct marketing to provide services outside your Territory. Given the nature of Sparkle Squad Businesses, we do not expect you to engage in Internet or catalog sales. If you have customers whose properties are located outside your Territory and we grant to another Strategic-Partner a territory that encompasses such properties of your customers, then you must give such customers to such other Strategic-Partner at no charge.

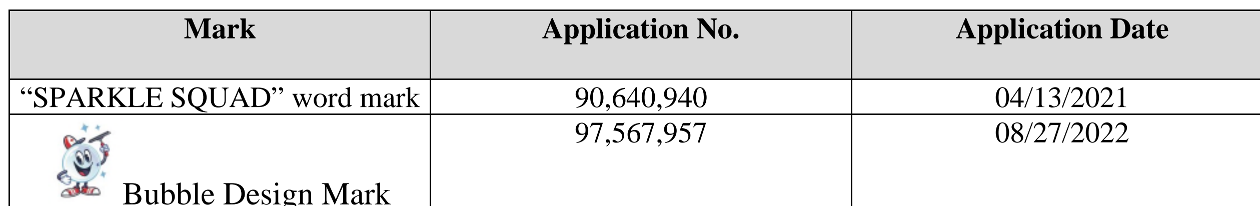
Subject to our approval, you may (but have no obligation to) relinquish a portion of your Territory for inclusion in the territory of a Sparkle Squad Business we grant to another person or entity. If you do so, you will be entitled to be paid any amount the new Strategic-Partner agrees to pay for this relinquishment over and above the initial franchise fee payable to us.

Because Sparkle Squad Businesses provide services at customer locations and generally do not maintain physical sites, relocation is not an issue that arises with Sparkle Squad Businesses. The continuation of your territorial rights does not depend upon your achievement of any sales level or other contingency with the exception of your compliance with the Agreement as described above. We currently do not operate, franchise, or plan to operate or franchise a business under a different trademark that sells or will sell services or goods similar to those offered by Sparkle Squad Businesses. While we do not currently intend to use the Marks or other trademarks in other channels of distribution for similar products or services, we have the right to do so.

However, we expect that holiday lighting services (to be offered under the "Humbug Holiday Lighting" name) will become a mandatory service offering under the MOSQUITO HUNTERS Business franchise beginning in early 2024, and that holiday lighting services (to be offered under the "Heroes Holiday Lighting" name) will become a voluntary service offering under the LAWN DOCTOR Business franchise in the near future. Our franchising affiliates MH and LDI (described in Item 1), which offer the MOSQUITO HUNTERS and LAWN DOCTOR franchises, respectively, share our principal business address and generally use the same training facilities that we will use. MOSQUITO HUNTERS and LAWN DOCTOR Businesses may solicit and accept orders for holiday lighting services from customers near your Business and in your Territory. However, because we, LDI, and MH want all of our franchise systems to succeed, we and they expect to resolve, in the best manner possible, any conflicts between our and their respective franchisees regarding territory, customers, and support in the holiday lighting space.

Item 13
TRADEMARKS

We will license to you the right to use the Marks in the operation of the Business and in providing the services and products associated with the Business. The principal Marks are the following, for which our affiliate LDI has filed trademark registration applications on the Principal Register of the U.S. Patent and Trademark Office based on intent to use the Marks:



Mark	Application No.	Application Date
"SPARKLE SQUAD" word mark	90,640,940	04/13/2021
Bubble Design Mark	97,567,957	08/27/2022

While neither Mark has yet been effectively registered with the U.S. Patent and Trademark Office, once the registrations are secured, LDI intends to file all required affidavits of use and renewals when they become due.

LDI does not have federal registrations for the 2 principal Marks appearing above. Therefore, the trademarks do not have many legal benefits and rights as a federally-registered trademark. If LDI's (and our) right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

LDI licenses us to use the Mark and related intellectual property, and to authorize franchisees to use them in operating Sparkle Squad Businesses, under a Trademarks, Copyrights, and Trade Secrets License Agreement effective September 15, 2022 (the "License Agreement"). The License Agreement's initial term is 20 years; we have the right to renew the License Agreement for 2 successive 5-year terms. We have the right to terminate the License Agreement at any time. LDI may terminate the License Agreement immediately if we breach the License Agreement and fail to cure the breach within 30 days after receiving written notice from LDI. When the License Agreement terminates or expires, we must stop using and sublicensing the Marks and related intellectual property. However, any Sparkle Squad Business franchisee that has been authorized to use the Marks in its franchise may continue using the Marks until that franchisee's franchise agreement, and any permitted successor franchise agreement, expire or are terminated, but only if the franchisee continues to comply with its obligations in the franchise agreement and any permitted successor franchise agreement during their remaining terms. No other agreement limits our right to use or sublicense any Mark.

There are currently no effective material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or any pending material federal or state court litigation, involving any of the Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must follow our rules when you use the Marks, including our requirements and restrictions concerning use of the Marks on any website. Your right to use the Marks is limited to the conduct of the Business in compliance with the Franchise Agreement and all applicable standards, specifications, and operating procedures we prescribe. Your unauthorized use of the Marks will constitute an infringement of our rights. All provisions of the Agreement will apply to any additional trade and service marks and commercial symbols we authorize you to use. You must use the Marks as the sole identification of the Business, but you must identify yourself as the independent owner, operator, and manager of the Business in the manner we prescribe. You may not use any Mark or any variation thereof (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols, (3) in connection with the performance or sale of any unauthorized services or products, (4) as part of any domain name, electronic address, or search engine, or (5) in any other manner we have not expressly authorized in writing. To the extent you use any Mark in employment-related materials, you must include a clear disclaimer that you (and only you) are the employer of employees and that we, as the franchisor, are not the employer of your Business's employees and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

You must immediately notify us of any apparent infringement or challenge to your use of any Mark. We will take action as we deem appropriate and control any litigation or proceeding. You must assist us with any action we may take in connection with an infringement or challenge to any Mark. If we decide to modify or discontinue use of any Mark or use one or more

additional or substitute trade or service marks, no matter the circumstances, then you must comply with our directions to modify or discontinue the use of such Mark. We are not required by the Franchise Agreement to defend you against any claim respecting your use of any Mark. We also are not obligated to reimburse you for your direct expenses in modifying or discontinuing the use of a Mark and substituting a different trademark or service mark, for any loss of goodwill associated with any modified or discontinued Mark, or for your expenditures to promote a modified or substitute trademark or service mark.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Currently, no patents or patent applications are material to the franchise. We claim a copyright in our Operating Manual, advertising and marketing materials, and similar items used in the franchise. We have not registered these copyrights with the United States Copyright Office but need not do so to protect them. Our right to use many of the copyrighted materials described above and much of the confidential information described below arises from the same License Agreement described in Item 13.

There are currently no effective material determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. We are not obligated to protect or defend copyrights. Except for the License Agreement, there are no agreements currently in effect which significantly limit our right to use or license the use of the copyrighted materials in any manner material to you. We do not actually know of any infringing uses of our copyrights that could materially affect your use of copyrighted materials in any state. We are not obligated to reimburse you for your direct expenses in modifying or discontinuing the use of any copyright. Nor are you entitled to any other compensation in such circumstances.

Through the Operating Manual and other means, we provide confidential information to Strategic-Partners. Our confidential information includes methods, techniques, formats, specifications, procedures, information, systems, sales and marketing techniques and knowledge of and experience in the development, operation, and franchising of Sparkle Squad Businesses (some of which constitutes trade secrets under applicable law). You must keep this information completely confidential. You may not use the confidential information in any other business or make unauthorized copies of any confidential information. Your customer list is included in our confidential information, is our property, and constitutes our trade secret. You must implement the procedures that we require to prevent unauthorized disclosure of the confidential information. We have the right to review and approve the form of confidentiality agreement you use and to be a third-party beneficiary of that agreement with independent enforcement rights. Our right to review and approve the form of agreement is solely to ensure that you adequately protect confidential information. Under no circumstances will we control the forms or terms of employment agreements you use with your Business's employees or otherwise be responsible for your labor relations or employment practices.

All ideas, concepts, techniques, or materials relating to a Sparkle Squad Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the franchise system, and works made-for-hire for us. To the extent any item

does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must sign whatever assignment or other documents we request to show our ownership or to help us obtain intellectual property rights in the item.

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

You (or, if you are an entity, your owners) must continuously promote the Business and devote your full time, energies, and attention to operating the Business. You cannot engage in any business or activity that competes with us, the Business, or the Sparkle Squad system. However, we may permit you to engage in other non-competitive business activities if you obtain our written consent, which we may withhold in our sole discretion. If we allow you to transfer your rights and obligations under the Franchise Agreement to a corporation or other entity that you own, you will remain bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete.

There are no limits on whom you may hire as an on-premises supervisor (for example, a general manager) if you or your owners do not operate the Business on a day-to-day basis. That on-premises supervisor need not have any equity interest in you. However, the on-premises supervisor must successfully complete our training program and agree to maintain the confidentiality of our proprietary information. Franchise owners are subject to non-competition restrictions. A spouse of a franchise owner generally need not sign a personal guaranty unless that spouse also has an ownership interest in the franchisee.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all residential and commercial window cleaning, gutter cleaning, screen cleaning, house washing, pressure washing, soft washing, and holiday lighting services (and related products and services) that we require or authorize for sale by the Business in the Territory. You have no right to offer or sell any services or products that we do not authorize or approve. We have the right to change the types of required or authorized services and products during the franchise term; there are no limits on our right to do so. You must conduct the Business within the Territory, so that no Net Revenues of the Business are derived from customers whose properties are located outside your Territory. Otherwise, there generally are no restrictions on the customers with whom you are allowed to do business.

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Other Agreement	Summary
(a) Length of the franchise term	1.C of Agreement	10 years.
(b) Renewal or extension of the term	12 of Agreement	Your renewal right permits you to obtain a successor franchise for the Business for a term of 10 years after the initial term of the Agreement expires if you meet certain requirements.
(c) Requirements for franchisee to renew or extend	12 of Agreement	You must have complied with all provisions of the Agreement, refurbish and re-equip each Service Vehicle, and repair or replace equipment. You must give us notice at least 6 months, but not more than 12 months, before the end of the initial term. You must continue to comply with the Agreement and execute our then-current form of franchise agreement and related documents, which may have materially different terms and conditions from the Agreement, including different fee requirements and territorial rights. You and your owners must also execute general releases of all claims against us.
(d) Termination by franchisee	Not Applicable	No specific provision. However, you have the right to terminate under any grounds permitted by law.
(e) Termination by franchisor without cause	Not Applicable	We do not have the right to terminate the Franchise Agreement without cause.
(f) Termination by franchisor with cause	13 of Agreement	We have the right to terminate the Franchise Agreement only if you commit a violation.
(g) "Cause" defined – curable defaults	13 of Agreement	You fail to accurately report the Net Revenues of the Business, or to pay us any amounts due, and do not correct the failure within 10 days after receiving written notice; fail to comply with any other provision of the Agreement or any standard (excluding those described in (h) below), and do not correct the failure within 30 days after receiving written notice or provide proof to us of your

Provision	Section in Franchise or Other Agreement	Summary
		efforts to correct the failure if it cannot be cured within 30 days after written notice; your Business is attached, seized, subjected to a writ or distress warrant, or levied upon and that action is not vacated within 30 days; or an order appointing a receiver, trustee, or liquidator for your Business is not vacated within 30 days.
(h) "Cause" defined – non-curable defaults	13 of Agreement	You abandon the Business; transfer control of the Business without approval; make any material misrepresentation or omission in your franchise application; fail to complete training; are convicted of or plead no contest to a felony or other crime; make an unauthorized transfer of the assets or an ownership interest in the Business; make any unauthorized use of confidential information or the Operating Manual; fail on 3 or more separate occasions during any 1-year period to submit when due any required reports, to pay us when due royalty and service fees or other payments, or otherwise to comply with the Franchise Agreement; submit to us on 2 or more separate occasions reports or supporting records which understate by more than 3% the fees due for 2 or more months; misuse any Mark; violate any law or create a health or safety hazard; fail to maintain insurance; interfere with our right to inspect the Business; engage in unethical conduct which adversely affects the reputation of the Business or other Sparkle Squad Businesses; lose a license necessary to operate the Business; fail to pay taxes; become insolvent or file bankruptcy; violate the non-compete provisions; or default or fail to cure any default (if cure is permitted) under the agreement between you and the designated supplier for the Software

Provision		Section in Franchise or Other Agreement	Summary
			Program, or the agreement between you and the designated supplier for the Software Program expires or is terminated.
(i)	Franchisee's obligations on termination/nonrenewal	14 of Agreement	Obligations include complete de-identification (including canceling any website associated with the Business), payment of amounts due to us or customers within 15 days after the effective date of termination or expiration, and cease using any confidential information, the Operating Manual, and any other proprietary materials. Also see (r) below.
(j)	Assignment of contract by franchisor	11.A of Agreement	Fully transferable by us.
(k)	"Transfer" by franchisee - defined	11.B of Agreement	Includes voluntary or involuntary, direct or indirect assignment, sale, gift, or other disposition of any interest in the Franchise Agreement, your ownership, the franchise, or Business assets.
(l)	Franchisor approval of transfer by franchisee	11.C of Agreement	We have the right to approve all transfers but will not unreasonably withhold approval if you are in full compliance with the Franchise Agreement and satisfy all transfer conditions.
(m)	Conditions for franchisor approval of transfer by franchisee	11.B and 11.C of Agreement	If you desire to engage a broker or consultant to identify a potential transferee, you must provide us at least 90 days' prior notice. Transfer conditions include transferee qualifies by meeting our standards for franchisees; transferee assumes all your obligations; you pay all amounts owed to us and submit all required reports; transferee (and, if applicable, its general manager) completes training; transferee executes our then-current form of franchise agreement and related documents (which may have different terms and conditions from your Franchise Agreement);

Provision	Section in Franchise or Other Agreement	Summary
		transferee assumes all your obligations under your agreement with the designated supplier for the Software Program; you pay us a $2,000 transfer deposit and full transfer fee; you execute a general release of any claims against us; you pay us the then-current broker fee if we engage a broker for you; we approve the transfer's material terms; you clean and repair the Service Vehicles to our satisfaction; you execute a non-competition covenant; you provide transition services to the transferee for at least 60 days after the transfer is complete; and you agree to subordinate to the transferee's obligations to us any obligations of the transferee to make payments of the purchase price to you.
(n) Franchisor's right of first refusal to acquire franchisee's business	11.E of Agreement	We can match any offer for the Business, the Business assets, or your ownership.
(o) Franchisor's option to purchase franchisee's business	Not Applicable	We do not have this right.
(p) Death or disability of franchisee	11.D of Agreement	Business must be transferred to an approved party within 6 months from the date of your death or permanent incapacity, subject to the conditions in (m) above.
(q) Non-competition covenants during the term of the franchise	4 of Agreement	Subject to state law, you cannot perform services for, or have any direct or indirect interest as an owner, director, officer, employee, or in any other capacity for, any Competitive Business located or operating within your Territory, 50 miles of the boundary of your Territory, the territory of any other Sparkle Squad Business, or 50 miles of the boundary of the territory of any other Sparkle Squad Business. A "Competitive Business" means any business that operates, or grants franchises or licenses to others to operate, a

Provision		Section in Franchise or Other Agreement	Summary
			business providing (i) window cleaning, screen cleaning, gutter cleaning, house washing, pressure washing, soft washing, or holiday lighting services or (ii) any related or ancillary services you provide as part of your Sparkle Squad Business.
(r)	Non-competition covenants after the franchise is terminated or expires	14.D of Agreement	For 18 months, you cannot have any direct or indirect interest as an owner, director, officer, employee, or in any other capacity in any Competitive Business located within the same areas described in (q) above. However, we have the right to enforce this post-term non-competition restriction only to the extent reasonable under applicable law.
(s)	Modification of the agreement	7.E and 15.L of Agreement	No modification generally unless by mutual written agreement, but the Operating Manual, specifications and procedures can be changed.
(t)	Integration/merger clause	15.N of Agreement	Only the terms of the Agreement, including the preambles and exhibits, and the Operating Manual are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
(u)	Dispute resolution by arbitration or mediation	15.F of Agreement	Arbitration of most disputes within 10 miles of our then-current principal office (currently in New Jersey), subject to state law.
(v)	Choice of forum	15.H of Agreement	Subject to arbitration requirement, litigation generally must be in state or federal courts in New Jersey (subject to state law).
(w)	Choice of law	15.G of Agreement	Except for Federal Arbitration Act and other federal law, New Jersey law generally governs (subject to state law).

Item 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in this Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make 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 the franchisor's management by contacting Scott D. Frith at 142 State Route 34, Holmdel, New Jersey 07733, (732) 946-4300, the Federal Trade Commission, and theappropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing in the tables below are as of December 31st in each year.

Table No. 1

Systemwide Outlet Summary
For years 2020 to 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0

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

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

[Table 3 begins on next page]

Table No. 3

Status of Franchised Outlets
For years 2020 to 2022

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Opera-tions-Other Reasons	Col. 9 Outlets at End ofthe Year
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

Table No. 4

Status of Company-Owned Outlets
For years 2020 to 2022

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5

Projected Openings As Of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
All States	0	0	0
Total	0	0	0

Because we started franchising as of this Disclosure Document's issuance date, we currently have no Strategic-Partners. In addition, there were no Strategic-Partners who were terminated, cancelled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreements, during 2022 or who have not communicated with us within 10 weeks of the Disclosure Document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no trademark-specific franchisee organizations associated with SPARKLE SQUAD franchise system that we have created, sponsored, or endorsed and no independent franchisee organizations that have asked to be included in this Disclosure Document.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses restricting them from discussing with you their experiences as a franchisee in our franchise system.

Item 21
FINANCIAL STATEMENTS

The following financial statements are attached to this Disclosure Document as Exhibit I:

1. The consolidated audited financial statements of our parent company, LD Parent, Inc. (and its subsidiaries), as of (a) December 31, 2022, and December 31, 2021, and for the years then ended, and (b) December 31, 2021, and December 31, 2020, and for the years then ended; and

2. The unaudited consolidated Comparative Balance Sheet of our parent company, LD Parent, Inc. (and its subsidiaries), as of June 30, 2023, and the unaudited Consolidated Statements of Income of our parent company, LD Parent, Inc. (and its subsidiaries), for the 6-month fiscal period ending June 30, 2023.

LD Parent, Inc. absolutely and unconditionally guarantees to assume our duties and obligations to you under the Franchise Agreement disclosed to you in this Disclosure Document. A copy of the Guarantee of Performance also appears in Exhibit I.

Item 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit A: Sparkle Squad, LLC Franchise Agreement
Exhibit B: Electronic Funds Transfer Authorization
Exhibit C: Assignment and Assumption Agreement
Exhibit D: Extranet Agreement
Exhibit J: State Riders to Franchise Agreement

Item 23
RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this Disclosure Document.

EXHIBIT A

FRANCHISE AGREEMENT

SPARKLE SQUAD, LLC

FRANCHISE AGREEMENT

____
STRATEGIC-PARTNER

d/b/a SPARKLE SQUAD OF _______________

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EXHIBITS

EXHIBIT A – OWNERS OF STRATEGIC-PARTNER

SPARKLE SQUAD
FRANCHISE AGREEMENT

THIS SPARKLE SQUAD FRANCHISE AGREEMENT (this "Agreement") is made and entered into by and between **SPARKLE SQUAD, LLC**, a Delaware limited liability company with its principal office at 142 State Route 34, Holmdel, New Jersey 07733 (the "COMPANY") and ____________________ d/b/a Sparkle Squad of ________________________, whose principal address is ________________________ ("STRATEGIC-PARTNER") as of the date signed by the COMPANY and set forth opposite the COMPANY's signature on this Agreement (the "Agreement Date").

1. **DEFINITIONS, PREAMBLES AND GRANT OF FRANCHISE.**

A. **DEFINITIONS.**

For purposes of this Agreement, the terms listed below have the meanings that follow them. Other terms used in this Agreement are defined in the context in which they occur in this Agreement.

"**Agreement Date**" shall have the meaning set forth in the first paragraph hereof.

"**Back Office Support System**" shall have the meaning set forth in Section 6.D. hereof.

"**Back Office Support System Fee**" shall have the meaning set forth in Section 6.D. hereof.

"**Back Office Support System Services**" shall have the meaning set forth in Section 6.D. hereof.

"**Business Assets**" shall mean the assets relating to STRATEGIC-PARTNER'S SPARKLE SQUAD Business, including, but not limited to, customer lists, customer contracts and any other information relating to customers of STRATEGIC-PARTNER's SPARKLE SQUAD Business.

"**Centrally Managed Media Fund**" shall have the meaning set forth in Section 8.B. hereof.

"**Centrally Managed Media Fund Contribution**" shall have the meaning set forth in Section 8.B. hereof.

"**COMPANY**" shall have the meaning set forth in the first paragraph hereof.

"**Competitive Business**" shall mean any business that operates, or grants franchises or licenses to others to operate, a business providing (i) window cleaning, screen cleaning, gutter cleaning, house washing, pressure washing, soft washing, or holiday lighting services or (ii) any related or ancillary services provided by STRATEGIC-PARTNER as part of its SPARKLE SQUAD Business.

“**Confidential Information**” shall have the meaning set forth in Section 4.A. hereof.

“**Controlling Interest**” shall mean a greater than fifty percent (50%) interest in the equity or voting control of any entity.

“**Customer List**” shall have the meaning set forth in Section 4.A. hereof.

“**Franchise**” shall have the meaning set forth in Section 1.C. hereof.

“**Initial Franchise Fee**” shall have the meaning set forth in Section 6.A. hereof.

“**Local Advertising Obligation**” shall have the meaning set forth in Section 8.A. hereof.

“**Marks**” shall have the meaning set forth in Section 1.B. hereof.

“**National Marketing Fund (NMF)**” shall have the meaning set forth in Section 8.C. hereof.

“**Net Revenues**” means and includes the actual gross revenues collected from customers of STRATEGIC-PARTNER in connection with services performed or to be performed for such customers, whether for cash or credit, plus any and all other revenues derived from the operation of the Franchise by STRATEGIC-PARTNER, but excluding all federal, state or municipal sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authorities, and customer refunds and credit adjustments.

“**Operating Manual**” means the form of the COMPANY’s operating manual for the operation of a SPARKLE SQUAD Business, which may include one or more separate manuals as well as compact discs, computer software, information available on an Internet site, other electronic media, and/or written materials.

“**Service Vehicles**” means the vehicle(s) used by STRATEGIC-PARTNER in connection with the operation of his SPARKLE SQUAD Business, including, but not limited to, the Sparkle Squad Job Pod.

“**Sparkle Squad Business**” shall have the meaning set forth in Section 1.B. hereof and shall include the Business Assets.

“**Sparkle Squad Job Pod**” means STRATEGIC-PARTNER’s Service Vehicle branded and outfitted with the required toolkit to perform the main services of the SPARKLE SQUAD Business.

“**STRATEGIC-PARTNER**” shall have the meaning set forth in the first paragraph hereof.

“**Territory**” shall have the meaning set forth in Section 1.C. hereof.

“**Transfer**” means and includes a voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition by STRATEGIC-PARTNER (or any of its owners) of any

interest in this Agreement, the ownership of STRATEGIC-PARTNER, the Business Assets or the SPARKLE SQUAD Business. An assignment, sale, gift or other disposition shall include the following events: (a) the transfer of ownership of capital stock, membership interest, partnership interest, or other ownership interest; (b) merger or consolidation, or issuance of additional ownership interests in STRATEGIC-PARTNER; (c) sale of any ownership interest in STRATEGIC-PARTNER or any interest or right convertible to an ownership interest in STRATEGIC-PARTNER; (d) transfer of interest in STRATEGIC-PARTNER or the Business Assets in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (e) transfer of interest in STRATEGIC-PARTNER or the Business Assets in the event of the death of STRATEGIC-PARTNER or an owner of STRATEGIC-PARTNER by will, declaration of a transfer in trust, or under the laws of intestate succession. Any such assignment or transfer without such approval shall constitute a breach hereof and convey no rights to or interests in STRATEGIC-PARTNER's SPARKLE SQUAD Business, this Agreement, the Business Assets or the Franchise.

"**Website**" means an interactive electronic document contained in a central computer linked to communications software service providers.

B. **PREAMBLES.**

The COMPANY and its affiliates have designed and developed a technology-based approach for providing, under the Marks, residential and commercial window cleaning services to a height of up to sixty (60) feet, gutter cleaning, screen cleaning, house washing, pressure washing, and soft washing services, and holiday lighting services (together, the "SPARKLE SQUAD Business"). The SPARKLE SQUAD Business utilizes certain specifications, standards, operating procedures and specialized equipment to protect the quality of the COMPANY's products and services, all of which may be improved, further developed or otherwise modified from time to time. The COMPANY and its affiliates own all rights to, interest in and goodwill of, and use, promote and license, certain trade names, trademarks and service marks and other commercial symbols in connection with SPARKLE SQUAD Businesses, including the trade and service mark "SPARKLE SQUAD" (the "Marks").

STRATEGIC-PARTNER acknowledges that:

(1) The COMPANY's officers, directors, employees and agents act only in a representative and not in a personal capacity in their dealings with STRATEGIC PARTNER.

(2) STRATEGIC-PARTNER understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain the quality of the COMPANY's brand, products, and services.

(3) STRATEGIC-PARTNER made no misrepresentations in obtaining the Franchise.

The acknowledgements in clauses (4) though (6) below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

(4) STRATEGIC-PARTNER has conducted an independent investigation of the business contemplated by this Agreement and recognizes that it involves business risks and that the success of the venture is largely dependent upon the business abilities of STRATEGIC-PARTNER.

(5) The COMPANY's grant of a franchise to STRATEGIC-PARTNER to operate a SPARKLE SQUAD Business and STRATEGIC-PARTNER's completion of the COMPANY's training program are not representations or guarantees of the SPARKLE SQUAD Business' success or profitability.

(6) STRATEGIC-PARTNER has not received or relied upon any warranty or guaranty, express or implied, as to the potential revenues, profits or success of the Franchise (defined below) or policies made by the COMPANY or its officers, directors, employees or agents that are contrary to the statements made in the COMPANY's Disclosure Document.

C. **GRANT OF FRANCHISE.**

STRATEGIC-PARTNER has applied for a franchise to operate a SPARKLE SQUAD Business and such application has been approved by the COMPANY in reliance upon all of the representations made therein. Subject to the provisions of this Agreement, the COMPANY hereby grants to STRATEGIC-PARTNER a franchise (the "Franchise") to operate a SPARKLE SQUAD Business in the Territory (as further described herein) and to use the Marks in the operation thereof for a term of ten (10) years commencing on the Agreement Date. Termination or expiration of this Agreement shall constitute a termination or expiration of the Franchise. STRATEGIC-PARTNER agrees to commence the conduct of his SPARKLE SQUAD Business within thirty (30) days after his completion of the COMPANY's training program. If STRATEGIC-PARTNER requests, the COMPANY may, at its sole option, grant STRATEGIC-PARTNER an extension of the thirty (30)-day period.

STRATEGIC-PARTNER agrees to conduct his SPARKLE SQUAD Business initially within the following territory:____

____

(the "Territory"). The Territory shall contain approximately, but no less than, thirty-five thousand (35,000) single family residences. If this Agreement is being executed pursuant to a transfer, renewal or grant of a successor agreement, STRATEGIC-PARTNER acknowledges and agrees that this Section 1.C. does not grant STRATEGIC-PARTNER any rights to expand the number of single family residences in his Territory notwithstanding anything to the contrary contained herein.

So long as STRATEGIC-PARTNER is in compliance with this Agreement, the COMPANY will not operate, or grant a franchise for the operation of, a SPARKLE SQUAD Business with a territory which overlaps in any material respect with STRATEGIC-PARTNER's Territory during the term of this Agreement. Except for this limitation, the COMPANY and its affiliates retain all rights with respect to SPARKLE SQUAD Businesses, the Marks, and any other activities the COMPANY and its affiliates deem appropriate, including, but not limited to:

(1) the right to provide, offer and sell, and to grant others the right to provide, offer and sell, products that are identical or similar to and/or competitive with those offered and sold by SPARKLE SQUAD Businesses, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including, without limitation, via catalog, the internet or other media) both inside and outside STRATEGIC-PARTNER's Territory and on any terms and conditions the COMPANY and its affiliates deem appropriate;

(2) the right to establish and operate, and grant to others the right to establish and operate, businesses offering and selling services and products that are identical or similar to and/or competitive with those offered and sold by SPARKLE SQUAD Businesses, but under trademarks and service marks other than the Marks, both inside and outside STRATEGIC-PARTNER's Territory and on any terms and conditions the COMPANY and its affiliates deem appropriate;

(3) the right to establish and operate, and grant to others the right to establish and operate, businesses offering and selling services and products that are dissimilar from those offered and sold by SPARKLE SQUAD Businesses, whether under the Marks or other trademarks and service marks, both inside and outside STRATEGIC-PARTNER's Territory and on any terms and conditions the COMPANY and its affiliates deem appropriate;

(4) the right to operate, and to grant others the right to operate SPARKLE SQUAD Businesses with territories which do not overlap in any material respect STRATEGIC-PARTNER's Territory under any terms and conditions the COMPANY deems appropriate and regardless of proximity to STRATEGIC-PARTNER's SPARKLE SQUAD Business;

(5) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided by a SPARKLE SQUAD Business, and franchising, licensing or creating similar arrangements with respect to those businesses once acquired, wherever those businesses (or the strategic-partners or licensees of those businesses) are located or operating (including in STRATEGIC-PARTNER's Territory); and

(6) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) by a business providing products and services similar to those provided by SPARKLE SQUAD Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in STRATEGIC-PARTNER's Territory.

STRATEGIC-PARTNER agrees that he will at all times faithfully, honestly and diligently perform his obligations hereunder and that he will continuously exert his best efforts to effectively promote and enhance his SPARKLE SQUAD Business and develop and service customers within the Territory. STRATEGIC-PARTNER agrees to conduct his SPARKLE SQUAD Business within the Territory, such that none of the Net Revenues (as defined herein) of his SPARKLE SQUAD Business are derived from customers whose properties are located outside STRATEGIC-PARTNER's Territory. STRATEGIC-PARTNER must pay to the COMPANY an incremental royalty of fifteen percent (15%) of the Net Revenues for all business conducted outside the STRATEGIC-PARTNER's Territory. This fifteen percent (15%) royalty is in addition to the required weekly royalty of ten percent (10%) of the Net Revenues of the SPARKLE SQUAD Business, as described in Section 6.B.

If STRATEGIC-PARTNER has customers whose properties are located outside the Territory, and the COMPANY grants to another strategic-partner a territory that encompasses such properties of STRATEGIC-PARTNER's customers, then STRATEGIC-PARTNER shall transfer and assign such customers to such other strategic-partner at no charge.

Subject to the COMPANY's approval, STRATEGIC-PARTNER shall have the right to relinquish a portion of the Territory for inclusion in the territory of a Franchise granted by the COMPANY to another person or entity. STRATEGIC-PARTNER shall be entitled to any consideration which such person agrees to pay for such relinquishment over and above the initial franchise fee payable to the COMPANY in connection with the grant of such franchise.

D. **INDEPENDENT CONTRACTORS.**

STRATEGIC-PARTNER and the COMPANY understand and agree that this Agreement does not create a fiduciary relationship between STRATEGIC-PARTNER and the COMPANY, that STRATEGIC-PARTNER and the COMPANY are and will be independent contractors, and that nothing in this Agreement, including the term "strategic-partner," is intended to make either STRATEGIC-PARTNER or the COMPANY a general or special agent, joint venturer, partner or employee of the other for any purpose. Nor is the COMPANY the employer or joint employer of STRATEGIC-PARTNER's SPARKLE SQUAD Business employees. STRATEGIC-PARTNER agrees to identify itself conspicuously in all dealings with clients, suppliers, distributors, public officials and others as the SPARKLE SQUAD Business' owner, operator, and manager under a franchise the COMPANY has granted and to place notices of independent ownership on the forms, business cards, stationery, advertising and other materials the COMPANY requires from time to time. The COMPANY will not exercise direct or indirect control over the working conditions of STRATEGIC-PARTNER's SPARKLE SQUAD Business personnel, except to the extent such indirect control is related to the COMPANY's legitimate interest in protecting the quality of the COMPANY's brand, products, or services. The COMPANY does not share or codetermine the terms and conditions of employment of STRATEGIC-PARTNER's SPARKLE SQUAD Business employees and does not affect matters relating to the employment relationship between STRATEGIC-PARTNER and its SPARKLE SQUAD Business employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, STRATEGIC-PARTNER agrees to identify itself conspicuously in all dealings with its SPARKLE SQUAD Business personnel as the employer of such personnel and to notify such

personnel that the COMPANY, as the franchisor, is not their employer and does not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

2. **TRAINING AND GUIDANCE.**

A. **TRAINING.**

The COMPANY shall furnish a training program on the operation of the SPARKLE SQUAD Business at such time and place as the COMPANY designates. (This is the training for which STRATEGIC-PARTNER must pay the initial training and support fee specified in Section 6.A.(2) below.) This training will not include training on matters relating to labor relations and employment practices. STRATEGIC-PARTNER shall have the right to designate up to two (2) individuals (including STRATEGIC-PARTNER and a general manager) to participate in the training program, provided that such individuals attend the training program together. STRATEGIC-PARTNER and, if applicable, its general manager must commence training no later than one hundred eighty (180) days after this Agreement's effective date. STRATEGIC-PARTNER shall be responsible for all travel and living expenses incurred in connection with the training program. If, during the training program, the COMPANY determines, in its sole discretion, that STRATEGIC-PARTNER or his designee (such as a general manager) is not qualified to operate a SPARKLE SQUAD Business or has not satisfactorily completed the training program, the COMPANY shall have the right to require such individuals to attend the next initial training program at STRATEGIC-PARTNER's expense (including all travel and living expenses incurred by STRATEGIC-PARTNER and his designee(s) in connection therewith). If STRATEGIC-PARTNER's or a designee's performance in the additional training program is unsatisfactory, the COMPANY shall have the right to terminate this Agreement effective upon delivery of notice of termination to STRATEGIC-PARTNER. The COMPANY shall have the right to require that STRATEGIC-PARTNER and, if applicable, his general manager complete supplemental and refresher training programs, to be furnished without charge, at designated locations. STRATEGIC-PARTNER shall pay all such travel and living expenses therefor. At its option, the COMPANY may provide some or all training programs in a virtual environment via a restricted website or extranet to which STRATEGIC-PARTNER will have access.

B. **GUIDANCE.**

The COMPANY shall furnish to STRATEGIC-PARTNER guidance in connection with the operation of his SPARKLE SQUAD Business. Such guidance shall, in the sole discretion of the COMPANY, be furnished in the Operating Manual. The COMPANY may, at its option, provide additional guidance to STRATEGIC PARTNER via presentation materials and content on the COMPANY's learning management program. The COMPANY may also provide guidance via telephonic conversations and/or consultation with supervisory personnel at the offices of the COMPANY or STRATEGIC-PARTNER's office. Additional guidance and assistance shall be available to supervisory personnel, in the sole discretion of the COMPANY, at per diem fees and charges established from time to time by the COMPANY.

The COMPANY will during the term of the Franchise provide STRATEGIC-PARTNER with access to one (1) copy of the Operating Manual. The Operating Manual shall contain mandatory and suggested specifications, standards and operating procedures prescribed from time to time by the COMPANY for the operation of a SPARKLE SQUAD Business and information relative to other obligations of STRATEGIC-PARTNER hereunder so that the quality of the COMPANY's brand, products, and services is maintained. The COMPANY shall have the right to add to and to otherwise modify the Operating Manual from time to time to reflect changes in authorized products, services and equipment, standards of product and service quality and performance, and the operation of the SPARKLE SQUAD Business, provided that no such addition or modification shall alter STRATEGIC-PARTNER's fundamental status and rights under this Agreement. STRATEGIC-PARTNER shall keep his copy of the Operating Manual current; however, in the event of a dispute, the master copy maintained by the COMPANY at its principal office shall be controlling. STRATEGIC-PARTNER agrees that the contents of the Operating Manual are confidential and that STRATEGIC-PARTNER will not disclose the Operating Manual to any person other than employees of his SPARKLE SQUAD Business who need to know its contents. STRATEGIC-PARTNER shall not, at any time, copy or otherwise reproduce any part of the Operating Manual. As further described in Section 7.J., the COMPANY may post some or all of the Operating Manual on a website or extranet to which STRATEGIC-PARTNER has access.

3. **MARKS.**

A. **OWNERSHIP AND GOODWILL OF MARKS.**

STRATEGIC-PARTNER acknowledges that his right to use the Marks is derived solely from this Agreement and is limited to his conduct of business pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by the COMPANY from time to time during the term of the Franchise, including, but not limited to, standards and procedures prescribed by the COMPANY with respect to STRATEGIC-PARTNER's use of any Mark in connection with a website. Any unauthorized use of the Marks by STRATEGIC-PARTNER, including, but not limited to, use by STRATEGIC-PARTNER of any Mark as part of a website domain name or electronic address, shall constitute an infringement of the rights of the COMPANY and its affiliates in and to the Marks. STRATEGIC-PARTNER agrees that all usage of the Marks by STRATEGIC-PARTNER and any goodwill established thereby shall inure to the exclusive benefit of the COMPANY and its affiliates, and STRATEGIC-PARTNER acknowledges that this Agreement does not confer any goodwill or other interests in the Marks upon STRATEGIC-PARTNER. All provisions of this Agreement applicable to the Marks shall apply to any additional proprietary trade and service marks and commercial symbols the COMPANY hereafter authorizes for use by STRATEGIC-PARTNER. STRATEGIC-PARTNER shall immediately notify the COMPANY of any apparent infringement of or challenge to STRATEGIC-PARTNER's use of any Mark. The COMPANY and its affiliates shall have sole discretion to take such action as they deem appropriate and the right to exclusively control any litigation or proceeding arising out of any such infringement or challenge. STRATEGIC-PARTNER agrees to render such assistance in connection therewith as the COMPANY and its affiliates deem necessary or advisable.

B. LIMITATIONS ON STRATEGIC-PARTNER'S USE OF MARKS.

STRATEGIC-PARTNER agrees to use the Marks as the sole identification of the Franchise, provided that STRATEGIC-PARTNER shall identify himself as the independent owner, operator, and manager thereof in the manner prescribed by the COMPANY. STRATEGIC-PARTNER may not use any Mark or any variation thereof (1) as part of any corporate or legal business name, (2) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to STRATEGIC-PARTNER hereunder), (3) in connection with the performance or sale of any unauthorized services or products, (4) as part of any domain name, electronic address or search engine, or (5) in any other manner the COMPANY has not expressly authorized in writing. STRATEGIC-PARTNER agrees to prominently display the Marks and only the Marks (as prescribed in Section 7.B. hereof) on the Service Vehicles, and on contracts, forms, equipment and other materials authorized by the COMPANY. To the extent STRATEGIC-PARTNER uses any Mark in employment-related materials, STRATEGIC-PARTNER must include a clear disclaimer that it (and only it) is the employer of employees and that the COMPANY, as the franchisor, is not the employer of STRATEGIC-PARTNER's SPARKLE SQUAD Business employees and does not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. STRATEGIC-PARTNER further agrees that STRATEGIC-PARTNER's telephone number shall be used exclusively for the operation of STRATEGIC-PARTNER's SPARKLE SQUAD Business and for no other purpose.

STRATEGIC-PARTNER agrees to give such notices of trade and service mark registrations as the COMPANY specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law. If, in the COMPANY's sole discretion, it becomes advisable for the COMPANY and/or STRATEGIC-PARTNER to modify or discontinue use of any Mark and/or use one or more additional or substitute trade or service marks, STRATEGIC-PARTNER agrees to comply with the COMPANY's directions to modify or otherwise discontinue the use of such Mark within a reasonable time after notice thereof. The COMPANY has no obligation to reimburse STRATEGIC-PARTNER's (1) direct expenses in modifying or discontinuing the use of a Mark and substituting therefor a different trademark or service mark, (2) loss of goodwill associated with any modified or discontinued Mark, or (3) expenditures to promote a modified or substitute trademark or service mark.

4. CONFIDENTIAL INFORMATION/EXCLUSIVE RELATIONSHIP.

A. CONFIDENTIAL INFORMATION.

The COMPANY possesses, and will continue to develop and acquire, certain confidential information relating to the methods, techniques, formats, specifications, procedures, information, systems, sales and marketing techniques and knowledge of and experience in the development, operation and franchising of SPARKLE SQUAD Businesses (the "Confidential Information"). The COMPANY will disclose the Confidential Information to STRATEGIC-PARTNER in the training program, the Operating Manual and in guidance furnished to STRATEGIC-PARTNER. STRATEGIC-PARTNER acknowledges that the Confidential Information is proprietary and

involves trade secrets of the COMPANY and its affiliates and that he will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of a SPARKLE SQUAD Business during the term of this Agreement. The COMPANY will disclose the Confidential Information to STRATEGIC-PARTNER only on the condition that STRATEGIC-PARTNER and its owners agree, and they hereby do agree, that STRATEGIC-PARTNER and its owners:

(a) will not use any Confidential Information in any other business or capacity;

(b) will keep the Confidential Information absolutely confidential during and after this Agreement's term;

(c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

(d) will adopt and implement all reasonable procedures that the COMPANY periodically prescribes to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to personnel of the SPARKLE SQUAD Business and others needing to know such Confidential Information to operate the SPARKLE SQUAD Business, and requiring all employees having access to Confidential Information to sign confidentiality and non-competition agreements in a form acceptable to the COMPANY. The COMPANY has the right to review and approve the form of agreement that STRATEGIC-PARTNER uses and to be a third party beneficiary of that agreement with independent enforcement rights. The COMPANY's right to review and approve the form of agreement is solely to ensure that STRATEGIC-PARTNER adequately protects Confidential Information. Under no circumstances will the COMPANY control the forms or terms of employment agreements STRATEGIC-PARTNER uses with its SPARKLE SQUAD Business employees or otherwise be responsible for STRATEGIC-PARTNER's labor relations or employment practices.

STRATEGIC-PARTNER agrees that the list of the names, addresses and other information regarding STRATEGIC-PARTNER's current clients, former clients, and those who have inquired about the service (the "Customer List") shall be included in the Confidential Information, shall be the property of the COMPANY and shall constitute a trade secret of the COMPANY. STRATEGIC-PARTNER agrees that STRATEGIC-PARTNER may not disclose the Customer List, or any portion thereof, to any person other than the COMPANY, either during the term of this Agreement or thereafter.

"Confidential Information" does not include information, knowledge or know-how which STRATEGIC-PARTNER knew from previous business experience before the COMPANY provided it to STRATEGIC-PARTNER (directly or indirectly) or before STRATEGIC-PARTNER began training or operating his SPARKLE SQUAD Business. If the COMPANY includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled.

All ideas, concepts, techniques or materials relating to a SPARKLE SQUAD Business, whether or not protectable intellectual property and whether created by or for STRATEGIC-PARTNER or STRATEGIC-PARTNER's employees, must be promptly disclosed to the COMPANY and will be deemed to be the COMPANY's sole and exclusive property, part of the franchise system, and works made-for-hire for the COMPANY. To the extent any item does not qualify as a "work made-for-hire" for the COMPANY, by this paragraph STRATEGIC-PARTNER assigns ownership of that item, and all related rights to that item, to the COMPANY and agrees to sign whatever assignment or other documents the COMPANY requests to evidence the COMPANY's ownership or to help the COMPANY obtain intellectual property rights in the item.

B. **EXCLUSIVE RELATIONSHIP.**

STRATEGIC-PARTNER acknowledges and agrees that the COMPANY would be unable to protect the Confidential Information against unauthorized use or disclosure if franchised strategic-partners of SPARKLE SQUAD Businesses were permitted to hold interests in any Competitive Business. STRATEGIC-PARTNER therefore agrees that during the term of this Agreement, neither STRATEGIC-PARTNER, its owner(s) nor any member of his or their immediate families shall perform services for, or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative or agent, or in any other capacity in, any Competitive Business located or operating within (a) STRATEGIC-PARTNER's Territory, (b) fifty (50) miles of the boundary of STRATEGIC-PARTNER's Territory, (c) the territory of any other SPARKLE SQUAD Business, or (d) fifty (50) miles of the boundary of the territory of any other SPARKLE SQUAD Business.

5. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

STRATEGIC-PARTNER shall hire all employees of his SPARKLE SQUAD Business, and will be exclusively responsible for all terms relating to their employment, including employee selection, training, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

STRATEGIC-PARTNER shall not employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in the COMPANY's liability for any of STRATEGIC-PARTNER's indebtedness or obligations, nor may STRATEGIC-PARTNER use the Marks in any way not expressly authorized by the COMPANY, including, but not limited to, on a website. Except as expressly authorized by this Agreement, STRATEGIC-PARTNER shall make no express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the COMPANY and the COMPANY shall not be obligated by or be liable under any agreements or representations made by STRATEGIC-PARTNER that are not expressly authorized hereunder. In addition to any sales, use, excise, privilege or other transaction taxes that the COMPANY is required or permitted by law to collect from STRATEGIC-PARTNER for the sale, lease or other provision of goods or services under this Agreement, STRATEGIC-PARTNER shall pay to the COMPANY an amount equal to all federal, state, local or foreign (i) sales, use, excise, privilege, occupation or any other transactional taxes, or (ii) any other taxes or similar exactions no matter

how designated (excluding only taxes imposed on the COMPANY for the privilege of conducting business and calculated with respect to the COMPANY's net income, capital, net worth, gross receipts, or some other basis or combination thereof, but not excluding any gross receipts taxes imposed on the COMPANY for STRATEGIC-PARTNER payments intended to reimburse the COMPANY for expenditures incurred for the benefit and on behalf of STRATEGIC-PARTNER), that are imposed on the COMPANY or required to be withheld by STRATEGIC-PARTNER in connection with the receipt or accrual of service fees, royalties or any other amounts payable by STRATEGIC-PARTNER to the COMPANY under this Agreement. Any additional required payment pursuant to the preceding sentence shall be made in an amount necessary to provide the COMPANY with after tax receipts (taking into account any additional payments required hereunder), equal to the same amounts the COMPANY would have received under the provisions of this Agreement if such additional tax liability or withholding had not been imposed or required.

STRATEGIC-PARTNER agrees to indemnify and hold the COMPANY, its affiliates, shareholders, directors, officers, employees, agents, successors and assignees harmless from and against any liability for any claims arising out of the operation of his SPARKLE SQUAD Business, including any allegation that the COMPANY or its affiliates, shareholders, directors, officers, employees, agents, successors, and assignees is a joint employer or otherwise responsible for STRATEGIC PARTNER's acts or omissions related to STRATEGIC PARTNER's SPARKLE SQUAD Business employees. For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages, taxes and costs reasonably incurred in the defense of any claim, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. The COMPANY shall have the right to defend any such claim in which it is named as a defendant. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

6. **FEES.**

A. **INITIAL FEES.**

STRATEGIC-PARTNER agrees to pay to the COMPANY the following initial fees on or before the Agreement Date:

(1) An initial franchise fee of Forty Thousand Dollars ($40,000) (the "Initial Franchise Fee");

(2) An initial training and support fee of Seven Thousand Five Hundred Dollars ($7,500) for onboarding, training, and franchise launch costs; and

(3) An initial marketing fee of Forty-Five Thousand Dollars ($45,000) (the "Initial Marketing Fee") that the Company will control, manage, and use during the first year of operation of STRATEGIC-PARTNER's SPARKLE SQUAD Business to market, promote, and advertise the SPARKLE SQUAD Business in the Territory.

These fees shall be fully earned by the COMPANY when paid and are nonrefundable.

B. **ROYALTY AND SERVICE FEE.**

STRATEGIC-PARTNER agrees to pay to the COMPANY by Thursday of each week during the term hereof a weekly royalty and service fee in the amount of ten percent (10%) of the Net Revenues of STRATEGIC-PARTNER's SPARKLE SQUAD Business for the immediately preceding week (Monday through Sunday).

C. **TECHNOLOGY FEE.**

STRATEGIC-PARTNER agrees to pay the COMPANY a Technology Fee to fund the technology expenditures the COMPANY deems best for SPARKLE SQUAD Businesses. The Technology Fee currently is one hundred fifty dollars ($150) per month until the cumulative Net Revenues of STRATEGIC-PARTNER's SPARKLE SQUAD Business reach One Million Dollars ($1,000,000), at which time the Technology Fee is currently scheduled to increase to Two Hundred Fifty Dollars ($250) per month (provided, however, that the COMPANY reserves the right, in its sole judgment, to increase the monthly Technology Fee from time to time during this Agreement's term). The first Technology Fee payment is due and payable to the COMPANY in the calendar month in which STRATEGIC-PARTNER's SPARKLE SQUAD Business commences operations. Each subsequent Technology Fee payment is due and payable no later than the tenth day of each subsequent calendar month. The COMPANY has the right to allocate and spend Technology Fees in its sole judgment, including for salaries, wages, and benefits, direct technology program costs, and overhead expenses for technology-related activities. The Technology Fee is in addition to any other costs STRATEGIC-PARTNER incurs to purchase or license the Software Program or other computer hardware or additional software described in Section 7.I. below. The COMPANY has no obligation to account to STRATEGIC-PARTNER or other franchisees for its use of Technology Fees or to ensure that STRATEGIC-PARTNER or STRATEGIC-PARTNER's SPARKLE SQUAD Business benefits directly or pro rata based on its Technology Fee payments.

D. **BACK OFFICE SUPPORT SYSTEM.**

(1) The COMPANY shall provide support services to the STRATEGIC-PARTNER in its discretion, including a centralized call center, booking system, and support center, to process orders for the services within the franchise system, including orders in the Territory, handling customer inquiries, and other aspects of back office support to the extent the COMPANY deems advisable in its discretion, including without limitation: the processing of customer bookings, payment processing, meetings, and the creation of related reports (the "Back Office Support System Services"). The COMPANY shall direct all aspects of planning and operation of the Back Office Support System Services in its absolute and uncontrolled discretion. The COMPANY may choose to add, remove, modify, or limit any Back Office Support System Services in its absolute discretion as set out in the Operating Manual from time to time.

(2) The COMPANY shall maintain a fund (the "Back Office Support System Fund"), and STRATEGIC-PARTNER shall contribute to the Back Office Support

System Fund in the amount of five percent (5%) of Net Revenue (the "Back Office Support System Fee"). The Back Office Support System Fee shall be paid to COMPANY along with the Royalty.

(3) The Back Office Support System Fund shall be used and expended to cover the operating and development expenses of the Back Office Support System Services, including costs associated with the creation, staffing, purchase of equipment, and other ongoing operational and development costs of the Back Office Support System Services.

(4) The Back Office Support System Fund shall be accounted for separately from other funds of the COMPANY and shall not be used to defray any of the COMPANY's general operating expenses, except for salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as the COMPANY may incur in activities reasonably related to the administration, direction, and provision of the Back Office Support System Services and the administration of the Back Office Support System Fund. An in-house statement of operation of the Back Office Support System Fund shall be prepared annually and shall be made available to STRATEGIC-PARTNER upon request, the cost of such statement to be paid by the Back Office Support System Fund.

(5) STRATEGIC-PARTNER acknowledges and agrees that the Back Office Support System Services and the Back Office Support System Fund are intended to provide a uniform standard for placement of orders for services and handling of customers throughout the franchise system, and to maintain a complete client database which provides management reports to franchisees. The COMPANY undertakes no obligation to ensure that any particular franchisee (including STRATEGIC-PARTNER) benefits on a pro-rata basis from the Back Office Support System Services or the Back Office Support System Fund.

(6) Except as expressly provided for herein, the COMPANY assumes no direct or indirect liability or obligation to STRATEGIC-PARTNER with respect to the maintenance, direction or administration of the Back Office Support System Services or the Back Office Support System Fund. STRATEGIC-PARTNER is not a third party beneficiary and shall have no right to enforce any contributions from other franchisees or the administration of the Back Office Support System Fund. Any obligation of the COMPANY with respect to the Back Office Support System Fund shall be contractual in nature, and STRATEGIC-PARTNER shall have no proprietary right in the Back Office Support System Fund, and it shall not constitute a trust fund.

(7) STRATEGIC-PARTNER shall fully participate in all programs involving the Back Office Support System Services as the COMPANY may require from time to time.

(8) The Back Office Support System Fund is not intended to be a source of profit for the COMPANY. In the event of surplus funds at the end of any year, such funds will be applied to one or more of the following, in any combination as may be determined

in the COMPANY's absolute discretion: (i) carried forward and applied to the next year's operating costs, (ii) transferred to the NMF, or (iii) distributed pro rata to SPARKLE SQUAD Businesses that contributed to the Back Office Support System Fund for that year.

E. **INTEREST ON LATE PAYMENTS.**

All royalty and service fees, technology fees, advertising contributions, Back Office Support System Fees, lease payments, amounts due for purchases by STRATEGIC-PARTNER from the COMPANY, and other amounts which STRATEGIC-PARTNER owes to the COMPANY shall bear interest after due date at the highest applicable legal rate for open account business credit in the state of STRATEGIC-PARTNER's domicile, not to exceed one and one-half percent (1.5%) per month. STRATEGIC-PARTNER acknowledges that this Section 6.E. shall not constitute the COMPANY's agreement to accept such payments after same are due or a commitment by the COMPANY to extend credit to or otherwise finance STRATEGIC-PARTNER's SPARKLE SQUAD Business. Further, STRATEGIC-PARTNER acknowledges that his failure to pay all amounts when due shall constitute grounds for termination of this Agreement.

F. **APPLICATION OF PAYMENTS.**

Notwithstanding any designation by STRATEGIC-PARTNER, the COMPANY shall have sole discretion to apply any payments by STRATEGIC-PARTNER to any of his past due indebtedness for royalty and service fees, technology fees, advertising contributions, Back Office Support System Fees, purchases from the COMPANY or its affiliates, interest or any other indebtedness.

G. **METHOD OF PAYMENT - ELECTRONIC FUNDS TRANSFER.**

At any time during the term of this Agreement on at least thirty (30) days' prior written notice from the COMPANY to STRATEGIC-PARTNER, the COMPANY may request that STRATEGIC-PARTNER agree to and shall timely remit royalty and service fees, technology fees, advertising contributions, Back Office Support System Fees, and any other amounts due to the COMPANY hereunder via electronic funds transfer or other means to a bank or financial institution designated by the COMPANY, and STRATEGIC-PARTNER hereby grants the COMPANY authorization for direct (automatic) debiting of STRATEGIC-PARTNER's bank or financial institution general operating account. In such event, STRATEGIC-PARTNER agrees to supply any and all information necessary to provide for automatic electronic funds transfer and payment of such amounts due to the COMPANY and to comply with procedures specified by the COMPANY in the Operating Manual and in writing from time to time, and/or perform such acts and deliver and execute such documents, agreements and authorizations as may be necessary to assist in or accomplish payment by such method.

7. FRANCHISE IMAGE AND OPERATING PROCEDURES.

A. EQUIPMENT.

STRATEGIC-PARTNER agrees to use the Sparkle Squad Job Pod and all other required equipment meeting the COMPANY's specifications and standards as may be approved by the COMPANY from time to time. The COMPANY may modify and/or substitute any of the equipment STRATEGIC-PARTNER is required to use in his SPARKLE SQUAD Business. STRATEGIC-PARTNER may purchase or lease his original and replacement equipment from any source approved by the COMPANY (which may be limited to the COMPANY and its affiliates). If STRATEGIC-PARTNER proposes to purchase or lease any equipment (other than computer hardware and software which is subject to the terms of Section 7.I. below) which is not then approved by the COMPANY, STRATEGIC-PARTNER shall first notify the COMPANY and, upon request, furnish to the COMPANY specifications, photographs, drawings and/or other information sufficient to afford the COMPANY a reasonable opportunity to determine whether such equipment complies with its specifications and standards.

B. CONDITION AND APPEARANCE OF SERVICE VEHICLES AND EQUIPMENT.

STRATEGIC-PARTNER agrees to purchase or lease one or more Service Vehicles suitable for containing the Sparkle Squad Job Pod and for transporting various supplies and materials needed to operate a SPARKLE SQUAD Business and which otherwise meet the COMPANY's specifications. STRATEGIC-PARTNER agrees: (1) to take delivery of the Service Vehicle immediately following the completion of training school; (2) to maintain the condition and appearance of his Service Vehicles and equipment consistent with the image of the SPARKLE SQUAD Business as a professionally operated services business; (3) to place or display on the Service Vehicles and equipment only such signs, emblems, lettering and logos as are approved by the COMPANY, and no others; and (4) not to sell or otherwise transfer any of the Service Vehicles (other than to the COMPANY) without the prior written approval of the COMPANY and without first removing all of the Marks from the Service Vehicles.

C. AUTHORIZED PRODUCTS AND SERVICES.

The reputation and goodwill of the COMPANY is based upon, and can be maintained and enhanced only by, the furnishing of high quality window cleaning, gutter cleaning, screen cleaning, house washing, pressure washing, soft washing, and holiday lighting services and other related products and services. STRATEGIC-PARTNER agrees, therefore, that he will only offer such window cleaning, gutter cleaning, screen cleaning, house washing, pressure washing, and wash washing services, and other products and services, that the COMPANY shall authorize for the SPARKLE SQUAD Business, and that he will offer all of the products and services that the COMPANY authorizes for the Territory. STRATEGIC-PARTNER further agrees that he will not sell his SPARKLE SQUAD customer list(s) or customer contracts, or otherwise use his SPARKLE SQUAD customer list(s) for any purpose other than in connection with the operation of his SPARKLE SQUAD Business. STRATEGIC-PARTNER agrees that he will not, without the prior written approval by the COMPANY, offer or sell any type of service or offer, sell or use any product that is not authorized by the COMPANY for the SPARKLE SQUAD Business.

STRATEGIC-PARTNER further agrees that any equipment used in SPARKLE SQUAD Businesses shall not be used for any purpose other than the operation of his SPARKLE SQUAD Business in compliance with this Agreement.

D. **APPROVED PRODUCTS AND SUPPLIES.**

STRATEGIC-PARTNER agrees that all products and supplies used in his SPARKLE SQUAD Business shall comply with the COMPANY's specifications and quality standards. The COMPANY shall provide STRATEGIC-PARTNER with a list of approved products and supplies and shall from time to time issue revisions thereto. If STRATEGIC-PARTNER wishes to use any type or brand of product or supply item or wishes to purchase products or supplies from a supplier that is not currently approved by the COMPANY, STRATEGIC-PARTNER shall notify the COMPANY of his desire to do so and submit to the COMPANY specifications, photographs, samples and/or other information requested by the COMPANY. The COMPANY shall, within a reasonable time, determine whether such products, supplies or such supplier meets its specifications and standards and notify STRATEGIC-PARTNER whether he is authorized to use such product or supply item or purchase from such supplier. Notwithstanding the foregoing, the COMPANY may limit the number of approved suppliers with whom STRATEGIC-PARTNER may deal, designate sources that STRATEGIC-PARTNER must use, and/or refuse any of STRATEGIC-PARTNER's requests for any reason, including that the COMPANY has already designated an exclusive source (which might be the COMPANY or its affiliate) for a particular item or service.

The COMPANY and its affiliates have the right to derive revenue—in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments—from suppliers that it designates, approves, or recommends for some or all SPARKLE SQUAD Businesses on account of those suppliers' prospective or actual dealings with STRATEGIC-PARTNER and other SPARKLE SQUAD Businesses. That revenue may or may not be related to services the COMPANY and its affiliates perform. All amounts received from suppliers, whether or not based on STRATEGIC-PARTNER's or other franchisees' purchases from those suppliers, will be the COMPANY's and its affiliates' exclusive property, which the COMPANY and its affiliates have the right to retain and use without restriction for any purposes they deem appropriate. Any products or services that the COMPANY or its affiliates sell STRATEGIC-PARTNER directly may be sold to STRATEGIC-PARTNER at prices exceeding their costs.

E. **SPECIFICATIONS, STANDARDS AND PROCEDURES.**

STRATEGIC-PARTNER agrees to cooperate with the COMPANY by maintaining high standards in the operation of his SPARKLE SQUAD Business. STRATEGIC-PARTNER also agrees to comply with all mandatory specifications, standards and operating procedures relating to the operation of a SPARKLE SQUAD Business. STRATEGIC-PARTNER acknowledges and agrees that these mandatory specifications, standards and operating procedures are integral to maintaining the quality of the COMPANY's brand, products, and services. Mandatory specifications, standards and operating procedures prescribed from time to time by the COMPANY in the Operating Manual for the SPARKLE SQUAD Business, or otherwise

communicated to STRATEGIC-PARTNER in writing, shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include all such mandatory specifications, standards and operating procedures.

F. **COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.**

STRATEGIC-PARTNER shall secure and maintain in force in its name all required licenses, permits and certificates relating to the operation of his SPARKLE SQUAD Business. STRATEGIC-PARTNER shall operate his Franchise in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to environmental protection, labor, employment, occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales taxes. STRATEGIC-PARTNER shall, in all dealings with his customers, suppliers, the COMPANY and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. STRATEGIC-PARTNER agrees to refrain from any business or advertising practice which may be injurious to the business of the COMPANY and the goodwill associated with the Marks and other SPARKLE SQUAD Businesses. STRATEGIC-PARTNER agrees to comply with the COMPANY's standards, procedures, and requirements for responding to customer complaints, including reimbursing the COMPANY promptly if it resolves a customer complaint because STRATEGIC-PARTNER fails to do so as or when required.

G. **INSURANCE.**

STRATEGIC-PARTNER shall at all times during the term of the Franchise maintain in force at his sole expense (1) comprehensive general liability insurance (including products, completed operations and motor vehicle liability) on an occurrence basis against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of STRATEGIC-PARTNER's SPARKLE SQUAD Business and (2) the worker's compensation insurance prescribed by the COMPANY or state law, whichever is greater. All insurance coverage shall be maintained under one or more policies of insurance containing minimum liability protection in such amounts as are specified by the COMPANY from time to time and issued by insurance carriers acceptable to the COMPANY. All liability insurance policies required hereunder shall name the COMPANY (its officers, directors, employees and designated affiliates) as additional insured grantor and shall provide that the COMPANY receives thirty (30) days' prior written notice of termination, expiration or cancellation of any such policy. Upon sixty (60) days' prior written notice to STRATEGIC-PARTNER, the COMPANY may increase the minimum liability protection requirements as of the renewal date of any policy, and require different or additional kinds of insurance at any time, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, product or motor vehicle liability litigation or other relevant changes in circumstances. STRATEGIC-PARTNER shall furnish annually to the COMPANY a copy of the certificate and other evidence the COMPANY may require of each such insurance policy in the form the COMPANY requires.

H. FULL TIME EFFORTS.

STRATEGIC-PARTNER agrees to use his best efforts to promote his SPARKLE SQUAD Business and to devote his full time, energies and attention to the operation of his SPARKLE SQUAD Business. STRATEGIC-PARTNER further agrees that he will not engage in any Competitive Business; provided, however, the COMPANY may permit STRATEGIC-PARTNER to engage in other non-competitive business activities provided STRATEGIC-PARTNER obtains the prior written consent of the COMPANY.

I. COMPUTER AND PHONE SYSTEMS.

STRATEGIC-PARTNER acknowledges that STRATEGIC-PARTNER must purchase a customized computer software program and related technology (the "Software Program") from the supplier the COMPANY designates at the then current price and/or fees being charged by the designated supplier. STRATEGIC-PARTNER also must acquire computer hardware and certain additional software in accordance with the COMPANY's standards and specifications, including a computer, monitor, printer, and all consumables. Such computer software and hardware are an integral part of the SPARKLE SQUAD Business and necessary to protect the quality of the COMPANY's brand, products, and services. The COMPANY reserves the right to modify the specifications and components of such computer software and hardware from time to time. Some or all software may be website based. STRATEGIC-PARTNER grants the COMPANY (and the COMPANY's designees) unlimited, independent access to, and the right to download, all information and data in STRATEGIC-PARTNER's computer software and hardware (including all data derived from the Software Program but excluding employee or employment-related information and data) at any time. STRATEGIC-PARTNER shall not take any action or enter into any agreement that prohibits, prevents or restricts the COMPANY's ability to access and download all such information and data. STRATEGIC-PARTNER also must, at STRATEGIC-PARTNER's expense, maintain the designated computer software and hardware so that the COMPANY (and each of the COMPANY's designees) has the ability to access and download all information and data (excluding employee or employment-related information and data) in STRATEGIC-PARTNER's computer software and hardware at any time in accordance with this Section. STRATEGIC-PARTNER further acknowledges and agrees that the COMPANY has the right to require STRATEGIC-PARTNER to incur reasonable costs to purchase or lease new or modified computer hardware and software for use with the Software Program. References to reasonable costs and fees in this Section shall refer to the COMPANY's reasonable costs for the selection of appropriate hardware and software.

J. ELECTRONIC COMMUNICATION AND USE OF INTERNET.

At the COMPANY's option, the COMPANY may post the Operating Manual and other communications on a restricted intranet or other website to which STRATEGIC-PARTNER will have access. If the COMPANY does so, STRATEGIC-PARTNER must periodically monitor the site for any updates to the Operating Manual or other standards, specifications and procedures. Any passwords or other digital identifications necessary to access the Operating Manual on such a site will be deemed to be part of the Confidential Information (defined in Section 4.A.). Further, STRATEGIC-PARTNER agrees that he will establish the channels of communication with the COMPANY and his customers as required by the COMPANY from time to time,

including e-mail, internet and other electronic forms of communication, and that he will acquire and maintain any computer or other components necessary for the transmission of such communications.

STRATEGIC-PARTNER agrees to comply with the COMPANY's requirements, standards and specifications concerning STRATEGIC-PARTNER's use of a website to promote his SPARKLE SQUAD Business, including, but not limited to, the COMPANY's requirement that STRATEGIC-PARTNER receive the COMPANY's approval of STRATEGIC-PARTNER's proposed website information prior to implementation of the website and prior to changing an approved website. STRATEGIC-PARTNER further agrees to comply with the COMPANY's requirements, standards and specifications concerning STRATEGIC-PARTNER's use of social media in connection with its operation of the SPARKLE SQUAD Business, including prohibitions on STRATEGIC-PARTNER's posting or blogging comments about the SPARKLE SQUAD Business or the franchise system other than on an authorized COMPANY website ("social media" includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools).

At the COMPANY's option, the COMPANY may establish one or more websites to advertise, market and promote SPARKLE SQUAD Businesses, the services they offer and sell, and/or the SPARKLE SQUAD Business franchise opportunity. If the COMPANY establishes such a website, the COMPANY may designate a web page within the website for each SPARKLE SQUAD Business. The COMPANY may implement and periodically modify standards for any such website and individual web pages. STRATEGIC-PARTNER will not establish a website for his SPARKLE SQUAD Business, other than the web page(s) designated to describe STRATEGIC-PARTNER's SPARKLE SQUAD Business which are located within the COMPANY's website.

K. **REPRESENTATIONS AND COVENANT CONCERNING TERRORISM.**

STRATEGIC-PARTNER agrees to comply and/or assist the COMPANY in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, STRATEGIC-PARTNER agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to his SPARKLE SQUAD Business as may be required by the COMPANY or by law. STRATEGIC-PARTNER confirms that he is not listed in the Annex to Executive Order 13224 (the Annex is available at http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). STRATEGIC-PARTNER is solely responsible for ascertaining what actions must be taken by STRATEGIC-PARTNER to comply with all such laws, orders and/or regulations, and specifically acknowledges and agrees that his indemnification responsibilities as provided in Section 5 pertain to his obligations hereunder.

8. MARKETING AND PROMOTION.

A. LOCAL ADVERTISING.

(1) On or before the Agreement Date, STRATEGIC-PARTNER must pay the COMPANY the Initial Marketing Fee referenced in Section 6.A.(3) above. The COMPANY will control, manage, and use the Initial Marketing Fee during the first year of operation of STRATEGIC-PARTNER's SPARKLE SQUAD Business to market, promote, and advertise the SPARKLE SQUAD Business in the Territory. The COMPANY shall identify, in its sole discretion, the items and tactics on which to spend the Initial Marketing Fee.

(2) Beginning in the second Spring sales season after STRATEGIC-PARTNER signs this Agreement, STRATEGIC-PARTNER agrees to spend each calendar year during this Agreement's term the greater of Five Thousand Dollars ($5,000) or three percent (3%) of the Net Revenues of STRATEGIC-PARTNER's SPARKLE SQUAD Business on marketing and promotion of such SPARKLE SQUAD Business within the Territory (the "Local Advertising Obligation"). This Local Advertising Obligation is in addition to the Centrally Managed Media Fund contributions and the NMF Fee described in Sections 8.B. and 8.C. below. STRATEGIC-PARTNER shall ensure that all advertising, marketing, and promotional programs and materials that STRATEGIC-PARTNER develops or implements relating to its SPARKLE SQUAD Business are completely clear, factual, and not misleading, comply with all applicable laws and regulations, and conform to the highest ethical standards and the advertising and marketing policies that the COMPANY periodically specifies.

(3) Samples of all promotional materials not prepared or previously approved by the COMPANY shall be submitted to the COMPANY for approval prior to usage, which approval shall not be unreasonably withheld. If written disapproval is not received by STRATEGIC-PARTNER within thirty (30) days of the date such materials are delivered to the COMPANY, such materials shall be deemed approved. If STRATEGIC-PARTNER uses any unapproved promotional materials, the COMPANY reserves the right to assess a fine in the amount of Two Hundred Fifty Dollars ($250) per item per occurrence.

(4) Within sixty (60) days after each year end (beginning with the end of the second full calendar year after STRATEGIC-PARTNER signs this Agreement), STRATEGIC-PARTNER shall submit to the COMPANY a report detailing STRATEGIC-PARTNER's Local Advertising Obligation expenditures in the Territory during that year. If STRATEGIC-PARTNER fails to spend the required amount during any calendar year, STRATEGIC-PARTNER must pay the unspent amount to the COMPANY within the same sixty (60) days after the year end. The COMPANY then may use such monies for any marketing or promotional expense (whether national, regional, local or otherwise) at any time.

(5) STRATEGIC-PARTNER agrees to participate in any toll-free telephone number program the COMPANY specifies, including by signing any agreements and

paying any associated charges, whether to the COMPANY or a third party. STRATEGIC-PARTNER agrees to display the toll-free telephone number as the primary and dominant business phone number. STRATEGIC-PARTNER agrees that the toll-free telephone number will be displayed on all marketing materials and all of STRATEGIC-PARTNER's Service Vehicles.

B. **CENTRALLY MANAGED MEDIA FUND.**

(1) Recognizing the value of marketing and promotion to the goodwill and public image of SPARKLE SQUAD Businesses, the COMPANY shall maintain and administer a centrally managed media fund, which shall be managed by the COMPANY's marketing team and used specifically to drive leads within the Territory (the "Centrally Managed Media Fund").

(2) Beginning in the second Spring sales season after STRATEGIC-PARTNER signs this Agreement, STRATEGIC-PARTNER shall contribute to the Centrally Managed Media Fund—in eight (8) equal monthly installments over an eight (8) month period beginning each March and ending each October during each calendar year—the greater of Thirty Thousand Dollars ($30,000) or five percent (5%) of the Net Revenue of STRATEGIC-PARTNER's SPARKLE SQUAD Business (the "Centrally Managed Media Fund Contribution"). At the end of the second full calendar year and at the end of each subsequent calendar year throughout the term of this Agreement, the Centrally Managed Media Fund Contribution for the next calendar year will be established based on the Net Revenues as of the end of the prior calendar year.

(3) The COMPANY shall direct all marketing programs financed by the Centrally Managed Media Fund, with sole discretion over the creative concepts, materials and endorsements used therein and their geographic, market and media placement and allocation. STRATEGIC-PARTNER agrees that the Centrally Managed Media Fund may be used to pay for preparing and producing advertising, marketing, and promotional content and related materials; administering, directing, and preparing regional and multi-regional advertising and marketing programs; and supporting public relations, market research, and other advertising, marketing, and promotional activities. The COMPANY may also use the Centrally Managed Media Fund to pay for on-line internet advertising and marketing, including Facebook, Twitter, and other social media, and to pay for click-through charges to search engines, banner advertising sources, and advertising host sites. The Centrally Managed Media Fund shall be accounted for separately from the other funds of the COMPANY, and shall not be used to defray any of the COMPANY's general operating expenses, except for such reasonable salaries, administrative costs and overhead as the COMPANY may incur in activities reasonably related to the administration or direction of the Centrally Managed Media Fund and its marketing and promotional programs. The Centrally Managed Media Fund is not the COMPANY's asset. The Centrally Managed Media Fund is not a trust, and the COMPANY does not owe STRATEGIC-PARTNER fiduciary obligations because of the COMPANY's maintaining, directing or administering the Centrally Managed Media Fund or for any other reason. The COMPANY may spend in any fiscal year an amount greater or less than the aggregate contribution of SPARKLE SQUAD Businesses to the Centrally

Managed Media Fund in that year and the COMPANY may make loans to the Centrally Managed Media Fund (and the Centrally Managed Media Fund may borrow from the COMPANY or other lenders) bearing reasonable interest to cover any deficits of the Centrally Managed Media Fund or cause the Centrally Managed Media Fund to invest any surplus for future use by the Centrally Managed Media Fund. A report of monies collected and costs incurred by the Centrally Managed Media Fund shall be prepared annually by the COMPANY and made available for inspection by STRATEGIC-PARTNER upon request. The COMPANY may incorporate the Centrally Managed Media Fund or operate it through a separate entity (or entities) whenever the COMPANY deems appropriate. The successor entity will have all of the rights and duties specified in this Subsection.

(4) STRATEGIC-PARTNER understands and acknowledges that the Centrally Managed Media Fund is intended to maximize general public recognition and patronage of the SPARKLE SQUAD Businesses and the Marks for the benefit of all SPARKLE SQUAD Businesses. The COMPANY undertakes no obligation to ensure that expenditures by the Centrally Managed Media Fund are proportionate or equivalent to contributions to it by SPARKLE SQUAD Businesses or that any SPARKLE SQUAD Business will benefit directly or in proportion to its contribution to the Centrally Managed Media Fund from the conduct of marketing programs or the placement of advertising. While the COMPANY shall have no obligation to spend any amount of the Centrally Managed Media Fund on advertising in STRATEGIC-PARTNER's market area, it must spend the Centrally Managed Media Fund Contribution specifically to drive leads within the Territory.

(5) The COMPANY has the right, but no obligation, to use collection agents and institute legal proceedings to collect Centrally Managed Media Fund contributions at the Centrally Managed Media Fund's expense. The COMPANY also may forgive, waive, settle and compromise all claims by or against the Centrally Managed Media Fund. Except as expressly provided in this Subsection, the COMPANY assumes no direct or indirect liability or obligation to STRATEGIC-PARTNER for collecting amounts due to, maintaining, directing or administering the Centrally Managed Media Fund.

(6) The COMPANY may at any time defer or reduce the Centrally Managed Media Fund Contribution of a SPARKLE SQUAD Business and, upon thirty (30) days' prior written notice to STRATEGIC-PARTNER, reduce or suspend Centrally Managed Media Fund Contributions, as well as operations of the Centrally Managed Media Fund, for one or more periods of any length and terminate (and, if terminated, reinstate) the Centrally Managed Media Fund. If the COMPANY terminates the Centrally Managed Media Fund, the COMPANY will distribute all unspent monies to all SPARKLE SQUAD Businesses (whether franchised or operated by the COMPANY or its affiliates) in proportion to their respective Centrally Managed Media Fund Contributions during the preceding twelve (12)-month period.

C. NATIONAL MARKETING FUND.

(1) The COMPANY shall maintain and administer a National Marketing Fund (the "NMF") for regional and national marketing, advertising and promotions programs (one or both) as the COMPANY in its sole discretion deems appropriate. The COMPANY shall direct all such programs, materials, endorsements and media used therein, and the placement and allocation thereof.

(2) Beginning the first day of STRATEGIC-PARTNER's third calendar year in operation, STRATEGIC-PARTNER shall start to pay to the COMPANY for deposit into the NMF the weekly sum of Ninety-Six Dollars ($96) (the "NMF Fee"). The NMF Fee shall be paid to the COMPANY along with the Royalty.

(3) The NMF shall be used and expended for media costs (including print, digital, search engine management and optimization, social media, television and radio, and other communications channels without restriction), commissions, market research costs, creative and production costs, including without limitation, the costs of creating promotions and artwork, printing costs, and other costs relating to advertising and promotional programs undertaken by the COMPANY. The COMPANY reserves the right to place and develop such advertisements and promotions and to market same as agent for and on behalf of STRATEGIC-PARTNER, either directly or through an advertising or public relations agency retained or formed for such purpose.

(4) The NMF shall be accounted for separately from the other funds of the COMPANY and shall not be used to defray any of the COMPANY's general operating expenses, except for salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as the COMPANY may incur in activities reasonably related to the administration or direction of the NMF and advertising programs (including, without limitation, conducting market research). An in-house statement of the operations of the NMF shall be prepared annually and shall be made available to STRATEGIC-PARTNER upon request, the cost of such statement to be paid by the NMF.

(5) STRATEGIC-PARTNER acknowledges and agrees that the NMF is intended to maximize general public recognition and patronage of the System for the benefit of all franchisees and that the COMPANY undertakes no obligation to ensure that any particular franchisee (including STRATEGIC-PARTNER) benefits directly or pro-rata from the placement or conduct of such advertising and promotion. The COMPANY will use its reasonable efforts to place or conduct advertising and promotion in the general geographic area of STRATEGIC-PARTNER, in the manner and to the extent deemed reasonable by the COMPANY.

(6) Except as expressly provided for herein, the COMPANY assumes no direct or indirect liability or obligation to STRATEGIC-PARTNER with respect to the maintenance, direction or administration of the NMF. STRATEGIC-PARTNER is not a third party beneficiary and shall have no right to enforce any contributions from other franchisees or the administration of the NMF. Any obligation of the COMPANY with

respect to the NMF shall be contractual in nature, and STRATEGIC-PARTNER shall have no proprietary right in the NMF, and it shall not constitute a trust fund.

(7) STRATEGIC-PARTNER shall fully participate in all sales and promotional activities (including the introduction of new services, grand opening or other marketing programs directed and approved by the COMPANY) as the COMPANY may require.

(8) The NMF is not intended to be a source of profit for the COMPANY. In the event of surplus funds at the end of any year, such funds will be applied to one or more of the following, in any combination as may be determined in the COMPANY's absolute discretion: (i) carried forward and applied to the next year's operating costs, or (ii) distributed pro rata to SPARKLE SQUAD Businesses that contributed to the NMF for that year.

9. **RECORDS AND REPORTING.**

A. **ACCOUNTING AND RECORDS.**

STRATEGIC-PARTNER agrees, at his expense, to maintain and preserve for three (3) years from the date of their preparation, or such greater period as may be required by the Operating Manual or applicable law, full, complete and accurate books, records and accounts, including, without limitation, copies of all customer contracts and lists, sales, invoices, cash receipts, service records, purchase records, accounts payable, cash disbursement records, inventory records, general ledgers, itemized bank deposit slips and bank statements, copies of sales tax returns, and copies of STRATEGIC-PARTNER's state and federal income tax returns. These records will not include any records or information relating to STRATEGIC-PARTNER's SPARKLE SQUAD Business employees as STRATEGIC PARTNER controls exclusively its labor relations and employment practices. STRATEGIC-PARTNER further agrees that such records shall be prepared and maintained on forms, and by the accounting professionals, prescribed from time to time by the COMPANY.

B. **REPORTING REQUIREMENTS.**

STRATEGIC-PARTNER shall furnish the COMPANY on or before Thursday of each week, in the form from time to time prescribed by the COMPANY, a control report signed and verified by STRATEGIC-PARTNER accurately reflecting the gross and Net Revenues of STRATEGIC-PARTNER's SPARKLE SQUAD Business for the preceding week (Monday through Sunday). STRATEGIC-PARTNER, at his expense, shall furnish to the COMPANY (and its agents), such forms, reports, records, financial statements and other information as the COMPANY may, from time to time, require, including the financial reports and statements as provided in this Subsection and other reports the COMPANY may request in the future. This information will not include any information relating to STRATEGIC-PARTNER's SPARKLE SQUAD Business employees as STRATEGIC PARTNER controls exclusively its labor relations and employment practices. STRATEGIC-PARTNER shall prepare and furnish to the COMPANY on such forms as are prescribed by the COMPANY from time to time: (1) by the tenth (10th) day of each month, a report of Net Revenues of the Franchise for the preceding calendar month and such other data, information and supporting records as the COMPANY from

time to time requires; and (2) within one hundred five (105) days after the end of each fiscal year of STRATEGIC-PARTNER's SPARKLE SQUAD Business, an annual statement of profit and loss for STRATEGIC-PARTNER's SPARKLE SQUAD Business for the fiscal year, a balance sheet as of the end of the fiscal year and a cash flow projection for the following year. Each such report shall be signed and verified by STRATEGIC-PARTNER in the manner prescribed by the COMPANY. The COMPANY may, from time to time, revise the timing and content of required reports. At the COMPANY's request, STRATEGIC-PARTNER shall provide some or all of its records and reports via electronic transmission or other means as specified by the COMPANY.

10. **INSPECTIONS AND AUDITS.**

To determine whether STRATEGIC-PARTNER is complying with this Agreement and/or all applicable specifications and quality standards, the COMPANY shall have the right at any reasonable time and without prior notice to STRATEGIC-PARTNER to: (1) inspect STRATEGIC-PARTNER's equipment and the Service Vehicles; (2) inspect STRATEGIC-PARTNER's office and garage or warehouse; (3) observe STRATEGIC-PARTNER and all employees in the performance of services; (4) inspect any job performed by STRATEGIC-PARTNER; and (5) contact and interview customers of STRATEGIC-PARTNER. The COMPANY shall have the further right at any time during business hours, and with at least three (3) days' prior notice to STRATEGIC-PARTNER, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of STRATEGIC-PARTNER's SPARKLE SQUAD Business, and the books and records of any corporation or partnership which holds the Franchise (other than those records over which the COMPANY has no authority to control and/or remedy, such as STRATEGIC-PARTNER's SPARKLE SQUAD Business employee records as STRATEGIC-PARTNER controls exclusively its labor relations and employment practices). STRATEGIC-PARTNER further acknowledges and agrees that the COMPANY shall have the right to make photocopies of all such books and records. STRATEGIC-PARTNER shall fully cooperate with representatives of the COMPANY and independent accountants hired by the COMPANY to conduct any such inspection or audit. If STRATEGIC-PARTNER fails to provide any such books, records and other materials requested at such inspection/audit in the format prescribed by the COMPANY in the Operating Manual or in writing, then STRATEGIC-PARTNER shall pay the COMPANY Five Hundred Dollars ($500) for each day any such requested books, records and other materials are not available to the COMPANY plus the COMPANY's reasonable expenses incurred in connection with such delay. In the event any such inspection or audit shall disclose an understatement of the Net Revenues of STRATEGIC-PARTNER's SPARKLE SQUAD Business, STRATEGIC-PARTNER shall pay to the COMPANY, within fifteen (15) days after receipt of the inspection or audit report, the royalty and service fee, advertising contributions, and Back Office Support System Fees due on the amount of such understatement, plus interest (at the rate and on the terms provided in Section 6.E. hereof) from the date originally due until the date of payment. Further, in the event such inspection or audit is made necessary by the failure of STRATEGIC-PARTNER to furnish reports, supporting records or other information, as herein required, or to furnish such reports and information on a timely basis, or if an understatement of Net Revenues for the period of any inspection or audit (which shall not be for less than two (2) months) is determined by any such inspection or audit to be greater than three percent (3%), STRATEGIC-PARTNER shall

reimburse the COMPANY for the cost of such inspection or audit, including, without limitation, the charges of any independent accountants and the travel expenses, room and board and compensation of employees of the COMPANY. The foregoing remedies shall be in addition to all other remedies and rights of the COMPANY hereunder or under applicable law.

11. **TRANSFER.**

A. **BY THE COMPANY.**

This Agreement and the Franchise are fully transferable by the COMPANY and shall inure to the benefit of any transferee or other legal successor to the COMPANY's interest herein.

B. **STRATEGIC-PARTNER MAY NOT TRANSFER WITHOUT COMPANY APPROVAL.**

STRATEGIC-PARTNER understands and acknowledges that the rights and duties created by this Agreement are personal to STRATEGIC-PARTNER (or, if STRATEGIC-PARTNER is an entity, its owner(s)) and that the COMPANY has granted the Franchise in reliance upon the COMPANY's perceptions of the individual or collective character, business skill, aptitude and financial capacity of STRATEGIC-PARTNER (or, if STRATEGIC-PARTNER is an entity, its owner(s)). Therefore, neither this Agreement, the Business Assets (or any interest therein), the Franchise (or any interest therein), nor any part or all of the ownership of STRATEGIC-PARTNER may be transferred without the COMPANY's prior written approval, and any such transfer shall constitute a breach of this Agreement and convey no rights to or interests in this Agreement, STRATEGIC-PARTNER's SPARKLE SQUAD Business, the Business Assets or STRATEGIC-PARTNER. If STRATEGIC-PARTNER desires to engage a consultant or broker to identify a potential transferee, then STRATEGIC PARTNER must provide the COMPANY with no less than ninety (90) days' prior notice of such engagement.

C. **CONDITIONS FOR APPROVAL OF TRANSFER.**

If STRATEGIC-PARTNER and its owner(s) are in full compliance with this Agreement, the COMPANY shall not unreasonably withhold its approval of a transfer that meets all of the applicable requirements of this Section 11.C. The proposed transferee(s) or its owner(s) must be an individual of good moral character, have sufficient business experience, aptitude and financial resources to operate a SPARKLE SQUAD Business, be able to personally devote full time and best efforts to a SPARKLE SQUAD Business and to otherwise meet the COMPANY's then applicable standards for strategic-partners. If the transfer is of the Franchise, or of a controlling interest in STRATEGIC-PARTNER, or if it is one of a series of transfers which in the aggregate constitutes the transfer of a controlling interest in STRATEGIC-PARTNER, all of the following conditions must be met prior to, or concurrently with, the effective date of the transfer:

(1) all obligations of STRATEGIC-PARTNER incurred in connection with this Agreement and the conduct of his SPARKLE SQUAD Business, including, but not limited to, obligations to customers of STRATEGIC-PARTNER, must be assumed by the transferee(s);

(2) STRATEGIC-PARTNER must pay all amounts owed to the COMPANY which are then due, and shall have submitted to the COMPANY all required reports and statements;

(3) the transferee(s) and, if applicable, its general manager must satisfactorily complete the training program required of new strategic-partners;

(4) the transferee(s) must execute and agree to be bound by the COMPANY's then current form of standard franchise agreement and such ancillary agreements as are then customarily used by the COMPANY in the transfer of SPARKLE SQUAD Businesses, which may provide for different rights and obligations than are provided by this Agreement, but which franchise agreement does not provide for payment of an Initial Franchise Fee;

(5) the transferee(s) must assume all obligations of STRATEGIC-PARTNER under STRATEGIC-PARTNER's agreement with the designated supplier for the Software Program, unless otherwise provided for under a separate agreement with the designated supplier;

(6) STRATEGIC-PARTNER must pay the COMPANY, upon STRATEGIC-PARTNER's declaration of an intent to sell its SPARKLE SQUAD Business, a non-refundable fee equal to Two Thousand Dollars ($2,000), which amount will be applied toward the transfer fee due under clause (7) below;

(7) STRATEGIC-PARTNER must pay a transfer fee to the COMPANY in an amount equal to fifty percent (50%) of the then current initial license fee payable by a strategic-partner who is new to the SPARKLE SQUAD system;

(8) if the COMPANY engages a third-party broker or consultant on STRATEGIC-PARTNER's behalf to assist STRATEGIC-PARTNER with the sale of the SPARKLE SQUAD Business, then STRATEGIC-PARTNER must pay the COMPANY its then-current non-refundable broker fee, and the broker fee is payable even if the transferee is not a potential transferee identified by the consultant or broker (the broker fee is in addition to the transfer fee due under clause (7) above);

(9) STRATEGIC-PARTNER and its owner(s) must execute a general release, in form satisfactory to the COMPANY, of any and all claims against the COMPANY, its affiliates, officers, directors, employees and agents;

(10) the COMPANY must approve the material terms and conditions of such transfer, including, without limitation, that the price and terms of payment are not so burdensome as to adversely affect the future operations of the Franchise by such transferee(s) in compliance with the COMPANY's then standard franchise agreement and ancillary agreements;

(11) the COMPANY has the right to inspect the equipment and the Service Vehicles to be transferred to transferee(s) and to require cleaning, repair or reconditioning thereof by STRATEGIC-PARTNER prior to transfer;

(12) STRATEGIC-PARTNER and its owner(s) must execute a noncompetition covenant in favor of the COMPANY and the transferee(s), agreeing that for a period of not less

than eighteen (18) months, commencing on the effective date of the transfer, he, they and the members of his and their immediate families will not have any direct or indirect interest as a disclosed or beneficial owner, investor, lender, partner, director, officer, manager, consultant, employee, representative or agent, or in any other capacity, in any Competitive Business located within (i) STRATEGIC-PARTNER's Territory, (ii) fifty (50) miles of the boundary of STRATEGIC-PARTNER's Territory, (iii) the territory of any other SPARKLE SQUAD Business, or (iv) fifty (50) miles of the boundary of the territory of any other SPARKLE SQUAD Business;

(13) STRATEGIC-PARTNER and its owners must provide transition services to the transferee for at least sixty (60) days after the transfer is complete; and

(14) STRATEGIC-PARTNER and its owners shall have entered into an agreement with the COMPANY agreeing to subordinate to the transferee's obligations to the COMPANY (including royalty and service fees, technology fees, advertising contributions, and Back Office Support System Fees) any obligations of such transferee to make installment payments of the purchase price to STRATEGIC-PARTNER.

Subsection (7) shall not apply to transfers by gift, bequest or inheritance.

D. **DEATH OR INCAPACITY OF STRATEGIC-PARTNER.**

Upon the death or permanent incapacity of STRATEGIC-PARTNER, the executor, administrator, conservator or other personal representative of such person must transfer his interest to a third party approved by the COMPANY within six (6) months from the date of death or permanent disability. Such transfer shall be subject to all of the terms and conditions for transfers contained in this Section 11. Failure to transfer in accordance with this Section upon such death or disability shall constitute a breach of this Agreement.

E. **THE COMPANY'S RIGHT OF FIRST REFUSAL.**

If STRATEGIC-PARTNER or its owner(s) shall at any time determine to sell an interest in STRATEGIC-PARTNER's SPARKLE SQUAD Business, an ownership interest in STRATEGIC-PARTNER, or the Business Assets, STRATEGIC-PARTNER or its owner(s) shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to the COMPANY. The COMPANY or its designee shall have the right, exercisable by written notice delivered to STRATEGIC-PARTNER or its owner(s) within thirty (30) days after the COMPANY receives an exact copy of such offer and all other information the COMPANY requests, to purchase such interest in STRATEGIC-PARTNER's SPARKLE SQUAD Business, such ownership interest in STRATEGIC-PARTNER or the Business Assets, for the price and on the terms and conditions contained in such offer, provided that: (1) the COMPANY may substitute cash for any form of payment proposed in such offer; (2) the COMPANY's credit will be deemed equal to the credit of any proposed buyer; (3) the COMPANY shall have not less than thirty (30) days to prepare for closing after notifying STRATEGIC-PARTNER of the COMPANY's election to purchase; and (4) the COMPANY must receive, and STRATEGIC-PARTNER agrees to make, all customary representations and warranties given by the seller of the assets of a business, including, without

limitation, representations and warranties regarding ownership and condition of, and title to, assets and validity of contracts and the liabilities, contingent or otherwise, relating to the assets being purchased. The COMPANY may assign or delegate its rights under this Section 11.E. If the COMPANY exercises its right of first refusal, STRATEGIC-PARTNER agrees that, for eighteen (18) months beginning on the closing date, STRATEGIC-PARTNER, STRATEGIC-PARTNER's transferring owner(s), and members of his or their immediate families will be bound by the non-competition covenant contained in Section 14.D. below. If the COMPANY does not exercise its right of first refusal, STRATEGIC-PARTNER or its owner(s) may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to the COMPANY's approval of the purchaser as provided in Section 11.C., provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to the COMPANY, or there is a material change in the terms of the sale, the COMPANY shall again have the right of first refusal herein provided.

F. **OWNERSHIP STRUCTURE.**

If STRATEGIC-PARTNER is an entity, STRATEGIC-PARTNER represents and warrants that its ownership structure is as set forth on **Exhibit A** hereto and covenants that it will not vary from that ownership structure without the prior written approval of the COMPANY.

12. **EXPIRATION OF THIS AGREEMENT.**

A. **STRATEGIC-PARTNER'S RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.**

Subject to the provision of this Section 12, upon expiration of the initial term of this Agreement, if: (1) STRATEGIC-PARTNER has substantially complied with all of the provisions of this Agreement; and (2) STRATEGIC-PARTNER, if necessary, refurbishes and re-equips each of his Service Vehicles and commissions the COMPANY (or another party approved by the COMPANY), at his expense and on his behalf, to repair or replace the equipment utilized in the operation of the Franchise and is in compliance with specifications and standards then applicable for new SPARKLE SQUAD Business franchises; then STRATEGIC-PARTNER shall have the right to acquire a successor franchise for the SPARKLE SQUAD Business for an additional term of ten (10) years.

B. **GRANT OF A SUCCESSOR FRANCHISE.**

STRATEGIC-PARTNER must give the COMPANY written notice of his election to acquire a successor franchise at least six (6) months, but not more than twelve (12) months, before the end of the initial term of this Agreement. Within thirty (30) days after delivery of STRATEGIC-PARTNER'S notice, the COMPANY shall notify STRATEGIC-PARTNER in writing whether or not the COMPANY shall grant a successor franchise to STRATEGIC-PARTNER. If, at any time during the term of this Agreement, STRATEGIC-PARTNER fails to fully comply with this Agreement or any other agreement between STRATEGIC-PARTNER and the COMPANY, the COMPANY may refuse to grant a successor franchise by delivering a notice of the COMPANY's refusal to grant a successor franchise, stating the reasons for such refusal. If the COMPANY's notice indicates that the COMPANY will permit STRATEGIC-

PARTNER to obtain a successor franchise, such right will be contingent upon STRATEGIC-PARTNER's continued full compliance with this Agreement and any other agreement between the COMPANY and STRATEGIC-PARTNER.

C. **AGREEMENTS/RELEASES.**

If the COMPANY grants a successor franchise, the COMPANY and STRATEGIC-PARTNER and the owner(s) of STRATEGIC-PARTNER shall execute the COMPANY's then current form of franchise agreement and such ancillary agreements as are used in offering franchises to operate SPARKLE SQUAD Businesses (with appropriate modifications to reflect the fact that the agreements relate to the grant of a successor franchise), and the COMPANY, STRATEGIC-PARTNER and its owner(s) shall execute general releases, in form satisfactory to the COMPANY, of any and all claims against each other and their respective affiliates, officers, directors, employees and agents. Failure by STRATEGIC-PARTNER and its owner(s) to sign such agreement(s) and releases within ninety (90) days after delivery thereof to STRATEGIC-PARTNER shall be deemed an election by STRATEGIC-PARTNER not to acquire a successor franchise.

13. TERMINATION OF FRANCHISE BY THE COMPANY.

This Agreement shall terminate:

(1) effective upon delivery of notice of termination to STRATEGIC-PARTNER if STRATEGIC-PARTNER or its owner(s):

(a) abandons or fails to actively operate the Franchise or fails to commence operation of his SPARKLE SQUAD Business as required in Section 1.C. of this Agreement;

(b) surrenders or transfers control of the SPARKLE SQUAD Business without the COMPANY's prior written consent;

(c) has made any material misrepresentation or omission in his franchise application or after being granted the Franchise;

(d) fails to satisfactorily complete the training requirements described in Section 2.A. of this Agreement;

(e) is convicted of or pleads no contest to a felony, or any other crime or offense that is likely to adversely affect the reputation of STRATEGIC-PARTNER, other SPARKLE SQUAD Businesses or the COMPANY;

(f) abandons, surrenders or makes an unauthorized transfer of the Franchise, the Business Assets or an ownership interest in STRATEGIC-PARTNER;

(g) makes any unauthorized use, duplication or disclosure of any Confidential Information or the Operating Manual;

(h) fails on three (3) or more separate occasions during any one (1)-year period to submit when due reports or other data, information or supporting records, to pay when due the royalty and service fees, technology fees, lease payments, advertising contributions, Back Office Support System Fees, amounts due for products and services purchased from the COMPANY or other suppliers, or other payments due to the COMPANY, or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is delivered to STRATEGIC-PARTNER;

(i) submits to the COMPANY on two (2) or more separate occasions at any time during the initial term of this Agreement information, reports or supporting records which understate by more than three percent (3%) the royalty and service fees due for any period of, or periods aggregating, two (2) or more months, and STRATEGIC-PARTNER is unable to demonstrate that such understatements resulted from inadvertent error;

(j) materially misuses or makes an unauthorized use of any Mark or commits any act which can reasonably be expected to materially impair the goodwill associated with any Mark, including, but not limited to, use of any Mark as part of a website domain name or electronic address in an unauthorized manner on STRATEGIC-PARTNER's website;

(k) violates any environmental, labor, employment, health, safety, sanitation or other regulatory law, ordinance or regulation or conducts his SPARKLE SQUAD Business in a manner that presents a health or safety hazard to his customers or the public;

(l) fails to maintain the insurance the COMPANY requires from time to time;

(m) interferes with the COMPANY's right to inspect the SPARKLE SQUAD Business or observe its operation, as provided in Section 10 of this Agreement;

(n) engages in any dishonest or unethical conduct which, in the COMPANY's opinion, adversely affects his SPARKLE SQUAD Business' reputation, the reputation of other SPARKLE SQUAD Businesses or the goodwill associated with the Marks;

(o) permits any material licenses or permits necessary for his SPARKLE SQUAD Business' proper operation to be suspended, revoked or not renewed;

(p) fails to pay when due any federal, state or local income, service, sales or other taxes due on his SPARKLE SQUAD Business' operation, unless STRATEGIC-PARTNER is in good faith contesting STRATEGIC-PARTNER's liability for these taxes;

(q) 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; consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of STRATEGIC-PARTNER's property; the STRATEGIC-PARTNER's SPARKLE SQUAD Business 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; or any order appointing a receiver, trustee or liquidator of STRATEGIC-PARTNER or his SPARKLE SQUAD Business is not vacated within thirty (30) days following the order's entry;

(r) violates the restrictions of Section 4.B. (Exclusive Relationship) or any other non-compete agreement; or

(s) at any time during the term of this Agreement defaults or fails to cure (if cure is permitted) any default under the agreement between STRATEGIC-PARTNER and the designated supplier for the Software Program, or the agreement between STRATEGIC-PARTNER and the designated supplier for the Software Program expires or is terminated.

(2) without further action by the COMPANY or notice to STRATEGIC-PARTNER if STRATEGIC-PARTNER or its owner(s):

(a) fails to accurately report the Net Revenues of his SPARKLE SQUAD Business or fails to make payments of any amounts due the COMPANY for royalty and service fees, technology fees, advertising contributions, Back Office Support System Fees, or any other amounts due to the COMPANY or its affiliates hereunder, and does not correct such failure within ten (10) days after written notice of such failure is delivered to STRATEGIC-PARTNER; or

(b) fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedures prescribed by the COMPANY and does not: (1) correct such failure within thirty (30) days after written notice of such failure to comply is delivered to STRATEGIC-PARTNER; or (2) provide proof acceptable to the COMPANY of efforts which are reasonably calculated to correct such failure if such failure cannot reasonably be corrected within thirty (30) days after written notice of such failure to comply is delivered to STRATEGIC-PARTNER.

14. RIGHTS AND OBLIGATIONS OF THE COMPANY AND STRATEGIC-PARTNER UPON TERMINATION OR EXPIRATION OF FRANCHISE.

A. PAYMENT OF AMOUNTS OWED TO THE COMPANY OR CUSTOMERS.

STRATEGIC-PARTNER agrees to pay to the COMPANY within fifteen (15) days after the effective date of termination or expiration of the Franchise, or such later date that the amounts due to the COMPANY are determined, such royalty and service fees, technology fees,

advertising contributions, Back Office Support System Fees, amounts owed to the COMPANY for purchases made by STRATEGIC-PARTNER, interest due on any of the foregoing, and all other amounts owed to the COMPANY which are then unpaid. STRATEGIC-PARTNER further agrees to return to his customers all amounts prepaid by such customers within fifteen (15) days after the effective date of termination or expiration of the Franchise.

B. **MARKS.**

STRATEGIC-PARTNER agrees that upon termination or expiration of the Franchise he will: (1) not directly or indirectly at any time or in any manner, including, but not limited to, on a website, identify himself or any business as a current or former SPARKLE SQUAD Business, or as a strategic-partner, franchisee, licensee, owner or dealer of or as otherwise associated with the COMPANY, or use any Mark, any colorable imitation thereof or other indicia of a SPARKLE SQUAD 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 the COMPANY; (2) return to the COMPANY or destroy all signs, brochures, advertising materials, forms, invoices and other materials containing any Marks or otherwise identifying or relating to the SPARKLE SQUAD Business; (3) take all such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to his use of any Mark; (4) remove all indicia of the Marks from all Service Vehicles not surrendered to or bought by the COMPANY; (5) notify the telephone company and all listing agencies of the termination or expiration of STRATEGIC-PARTNER's right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark, and to authorize transfer of same to or at the direction of the COMPANY (STRATEGIC-PARTNER acknowledges that as between the COMPANY and STRATEGIC-PARTNER, the COMPANY has the sole rights to and interest in all telephone numbers and directory listings associated with any Mark. STRATEGIC-PARTNER authorizes the COMPANY, and hereby appoints the COMPANY and any officer of the COMPANY as his attorney in fact, to direct the telephone company and all listing agencies to transfer same to the COMPANY or at its direction, should STRATEGIC-PARTNER fail or refuse to do so, and the telephone company and all listing agencies may accept such direction or this Agreement as conclusive of the exclusive rights of the COMPANY in such telephone numbers and directory listings and its authority to direct their transfer); (6) return all materials and supplies identified by the Marks within thirty (30) days after the effective date of termination or expiration of this Agreement; (7) return to the COMPANY all copies of his SPARKLE SQUAD Business customer lists, including past customers, present customers and customer prospects; (8) cancel any electronic address, domain name or website which displays any Mark or that identifies STRATEGIC-PARTNER as associated with the COMPANY or the SPARKLE SQUAD Business; and (9) furnish to the COMPANY, within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to the COMPANY of STRATEGIC-PARTNER's compliance with the foregoing obligations. STRATEGIC-PARTNER acknowledges that his SPARKLE SQUAD Business customer lists and contracts are derived from and a result of his operating a SPARKLE SQUAD franchise. Therefore, STRATEGIC-PARTNER agrees that such customer lists and contracts may not be used in connection with any business other than the SPARKLE SQUAD Business, and may not be used by, or sold or otherwise transferred to, a third party except as otherwise specifically provided in this Agreement.

C. **RETURN OF EQUIPMENT AND OPERATING MANUALS.**

STRATEGIC-PARTNER agrees that upon termination or expiration of the Franchise, he will immediately cease to use the Confidential Information of the COMPANY disclosed to STRATEGIC-PARTNER pursuant to this Agreement in any business or otherwise and return to the COMPANY all copies of the Operating Manual for the SPARKLE SQUAD Business that have been loaned to him by the COMPANY and any other equipment which the COMPANY has loaned to STRATEGIC-PARTNER.

D. **COVENANT NOT TO COMPETE.**

Upon termination of this Agreement by either the COMPANY or STRATEGIC PARTNER in accordance with the provisions of this Agreement, or upon expiration of this Agreement (if the COMPANY refuses to grant a successor franchise, as provided in Section 12, or STRATEGIC-PARTNER elects not to acquire a successor franchise), STRATEGIC-PARTNER and its owner(s) agree that for a period of eighteen (18) months, commencing on the effective date of termination or expiration, or the date on which STRATEGIC-PARTNER ceases to conduct the business conducted pursuant to this Agreement, whichever is later, neither STRATEGIC-PARTNER, its owner(s) nor the members of his and their immediate families will have any interest as a disclosed or beneficial owner, investor, lender, partner, director, officer, manager, consultant, employee, representative or agent, or in any other capacity, in any Competitive Business located within (i) STRATEGIC-PARTNER's Territory, (ii) fifty (50) miles of the boundary of STRATEGIC-PARTNER's Territory, (iii) the territory of any other SPARKLE SQUAD Business in operation or in the process of opening on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Subsection begin to comply with this Subsection, or (iv) fifty (50) miles of the boundary of the territory of any other SPARKLE SQUAD Business in operation or in the process of opening on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Subsection begin to comply with this Subsection.

E. **CONTINUING OBLIGATIONS.**

All obligations of the COMPANY and STRATEGIC-PARTNER which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

15. **ENFORCEMENT.**

A. **SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.**

Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which the

COMPANY is a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if STRATEGIC-PARTNER is a party thereto; otherwise upon STRATEGIC-PARTNER's receipt of written notice of non-enforcement thereof from the COMPANY. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, STRATEGIC-PARTNER and the COMPANY agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to enter into a successor franchise agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by the COMPANY is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and the COMPANY shall have the right, in its sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Such modification(s) to this Agreement shall be effective only in such jurisdiction, unless the COMPANY elects to give it greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions. STRATEGIC-PARTNER agrees to be bound by any such modification to this Agreement.

B. **WAIVER OF OBLIGATIONS.**

The COMPANY and STRATEGIC-PARTNER may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other. Any waiver granted by the COMPANY shall be without prejudice to any other rights the COMPANY may have, will be subject to continuing review by the COMPANY and may be revoked, in the COMPANY's sole discretion, at any time and for any reason, effective upon delivery to STRATEGIC-PARTNER of ten (10) days' prior written notice. The COMPANY and STRATEGIC-PARTNER shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of the COMPANY or STRATEGIC-PARTNER to exercise any rights under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by the COMPANY to exercise any right, power or option, whether of the same, similar or different nature, with respect to other SPARKLE SQUAD Businesses; or the acceptance by the COMPANY of any payments due from STRATEGIC-PARTNER after any breach of this Agreement.

Neither the COMPANY nor STRATEGIC-PARTNER shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal,

state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) fires, strikes, embargoes, war or riot; or (5) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of royalty and service fees, technology fees, advertising contributions, and Back Office Support System Fees.

C. **INJUNCTIVE RELIEF.**

Notwithstanding anything to the contrary contained in Subsection F of this Section, either party may institute in a court of competent jurisdiction an action or actions for temporary or preliminary injunctive relief; provided, however, that such party shall contemporaneously submit the dispute for arbitration on the merits in accordance with Subsection F of this Section. STRATEGIC-PARTNER agrees that the COMPANY may have such temporary or preliminary injunctive relief without bond, but upon due notice, and STRATEGIC-PARTNER's sole remedy in the event of the entry of such injunctive relief shall be the dissolution of such injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

D. **RIGHTS OF PARTIES ARE CUMULATIVE.**

The rights of the COMPANY and STRATEGIC-PARTNER hereunder are cumulative and no exercise or enforcement by the COMPANY or STRATEGIC-PARTNER of any right or remedy hereunder shall preclude the exercise or enforcement by the COMPANY or STRATEGIC-PARTNER of any other right or remedy hereunder or which the COMPANY or STRATEGIC-PARTNER is entitled by law to enforce.

E. **COSTS AND ATTORNEYS' FEES.**

If the COMPANY incurs expenses in connection with STRATEGIC-PARTNER's failure to pay when due amounts owing to the COMPANY, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, STRATEGIC-PARTNER shall reimburse the COMPANY for any such costs and expenses which it incurs, including, but not limited to, reasonable legal, arbitrators', accounting and related fees.

F. **ARBITRATION.**

Subject to Subsection C above (entitled "Injunctive Relief"), all controversies, disputes or claims between the COMPANY (its affiliates, and their respective shareholders, officers, directors, agents, employees, successors and assigns) and STRATEGIC-PARTNER (its owners, guarantors and their respective officers, directors, agents, employees, successors and assigns) arising out of or related to:

(1) STRATEGIC-PARTNER's operation of the SPARKLE SQUAD Business;

(2) this Agreement or any other agreement between the parties or any provision of such agreements;

(3) the relationship of the parties hereto;

(4) the validity of this Agreement or any other agreement between the parties or any provision of such agreements; or

(5) any specifications, standards or procedures relating to the establishment or operation of the SPARKLE SQUAD Business

shall be submitted for binding arbitration before one arbitrator, and except as this Subsection F otherwise provides, in accordance with the then current commercial arbitration rules of the American Arbitration Association. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) shall be governed by it.

Arbitration shall take place at a location specified by the arbitrator within ten (10) miles of the COMPANY's then-current principal place of business. The arbitrator shall have no authority to select a hearing locale other than as described in the prior sentence. The award of the arbitrator shall be final and judgment upon the award may be entered in any court of competent jurisdiction. The parties agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred.

The COMPANY and STRATEGIC-PARTNER agree that arbitration shall be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between the COMPANY and STRATEGIC-PARTNER shall not be consolidated with any other arbitration proceeding involving the COMPANY and any other natural person, association, corporation, partnership or other entity. Notwithstanding the foregoing or anything to the contrary in this Subsection F or Section 15.A., if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Subsection F, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with this Article 15 (excluding this Section 15.F.).

The COMPANY and STRATEGIC-PARTNER waive any right to or claim for punitive or exemplary damages, except punitive or exemplary damages allowed under federal statute.

The provisions of this Subsection F shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

G. **GOVERNING LAW.**

All matters relating to arbitration shall be governed by the Federal Arbitration Act. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act,

15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise and the relationship of the parties shall be governed by the laws of the State of New Jersey, without regard for its conflicts of laws principles, except that any New Jersey law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Subsection G.

H. **JURISDICTION.**

With respect to actions described in Subsection C above and any other actions not subject to arbitration under Subsection F above, STRATEGIC-PARTNER and the COMPANY agree that any action arising under this Agreement or otherwise as a result of the relationship between STRATEGIC-PARTNER and the COMPANY must be commenced in a state or federal court of competent jurisdiction in the State of New Jersey. STRATEGIC-PARTNER irrevocably submits to the jurisdiction of such courts and waives any objection he may have to either the jurisdiction or venue of such court.

I. **WAIVER OF PUNITIVE DAMAGES.**

The parties waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages, except punitive or exemplary damages allowed under federal statute. The parties agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains.

J. **WAIVER OF JURY TRIAL.**

Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

K. **STRATEGIC-PARTNER MAY NOT WITHHOLD PAYMENTS.**

STRATEGIC-PARTNER agrees that he will not, on grounds of the alleged nonperformance by the COMPANY of any of its obligations hereunder, withhold payment of any royalty and service fees, technology fees, advertising contributions, Back Office Support System Fees, amounts due to the COMPANY for purchases by STRATEGIC-PARTNER or any other amounts due to the COMPANY.

L. **BINDING EFFECT.**

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Subject to the COMPANY's right to modify the Operating Manual, this Agreement shall not be modified except by written agreement signed by STRATEGIC-PARTNER and the COMPANY.

M. **LIMITATIONS OF CLAIMS.**

Any and all claims, except claims for monies due the COMPANY, arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced within one (1) year from the date

STRATEGIC-PARTNER or the COMPANY knew or should have known of the facts giving rise to such claims.

N. **CONSTRUCTION.**

The preambles and exhibits are a part of this Agreement, which together with the Operating Manual, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the COMPANY and STRATEGIC-PARTNER relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement or any related agreement shall disclaim or require STRATEGIC-PARTNER to waive reliance on any representation that the COMPANY made in the most recent disclosure document (including its exhibits and amendments) that the COMPANY delivered to STRATEGIC-PARTNER or its representative. The term "STRATEGIC-PARTNER" as used herein is applicable to one (1) or more persons, a corporation or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time STRATEGIC-PARTNER hereunder, their obligations and liabilities to the COMPANY shall be joint and several. References to "STRATEGIC-PARTNER" and "transferee" which are applicable to an individual or individuals shall mean the principal owner(s) of the equity or operating control of STRATEGIC-PARTNER or the transferee, if STRATEGIC-PARTNER or the transferee is a corporation or partnership. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs. The words "include" and "including" are meant to be illustrative and not exhaustive and are deemed to be read in all cases as "including, without limitation" and/or "including, but not limited to."

Except where this Agreement expressly obligates the COMPANY reasonably to approve or not unreasonably to withhold its approval of any action or request by STRATEGIC-PARTNER, the COMPANY has the absolute right to refuse any request by STRATEGIC-PARTNER or to withhold its approval of any action by STRATEGIC-PARTNER that requires the COMPANY's approval. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

16. **NOTICE AND PAYMENTS.**

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operating Manual shall be deemed so delivered at the time delivered by hand; one (1) business day after transmission by facsimile, telecopy, telegraph or comparable electronic system; one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or three (3) business days after placement in the mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid, to the address set forth herein, or to such other address as designated in writing by the COMPANY or STRATEGIC-PARTNER. Any required payment or report which the COMPANY does not actually receive at the correct address during regular or business hours on the date due (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent.

17. **NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES.**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have executed, sealed and delivered this Agreement in multiple counterparts on the day and year first above written.

SPARKLE SQUAD, LLC, a Delaware limited liability company

By:_________________________________
Scott D. Frith, Chairman
Date*:_______________________________
(*Effective date of this Agreement)

___________________________ Individually
STRATEGIC-PARTNER

Date:________________________________

___________________________, Individually
STRATEGIC-PARTNER

Date:________________________________

EXHIBIT A

TO THE SPARKLE SQUAD FRANCHISE AGREEMENT

OWNERS OF STRATEGIC-PARTNER

1. **Owners**: STRATEGIC-PARTNER and its owners represent and warrant the following list includes the full name and mailing address of each person who is one of STRATEGIC-PARTNER's owners, or an owner of one of STRATEGIC-PARTNER's owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name and Address	**Percentage/Description of Interest**
(a)	______________________________ ______________________________	____________________________________
(b)	______________________________ ______________________________	____________________________________
(c)	______________________________ ______________________________	____________________________________
(d)	______________________________ ______________________________	____________________________________

As of the date hereof there are ________________ (__________) ownership interests authorized and there are ______________ (__________) ownership interests which are issued and outstanding. There are no other authorized classes of shares.

___________________________ Individually
STRATEGIC-PARTNER

Date:_________________________________

___________________________ Individually
STRATEGIC-PARTNER

Date:_________________________________

___________________________ Individually
STRATEGIC-PARTNER

Date:_________________________________

___________________________, Individually
STRATEGIC-PARTNER

Date:

EXHIBIT B

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FOR PREAUTHORIZED PAYMENTS

The undersigned Franchisee authorizes Sparkle Squad, LLC ("Franchisor") to debit fees due and payable under the Franchise Agreement(s), including, but not limited to, Royalty and Service Fees, Marketing Fund Contributions, equipment rental payments, parts purchases, technology fees, conference registration fees, material purchases, interest, late fees and/or payment rejection fees from the bank account listed below.

BANK ACCOUNT INFORMATION

Bank Name: ____ Account Type: ☐ Business ☐ Personal

Branch Address: ____________________________________ Account Type: ☐ Checking ☐ Savings

Bank City: ______________________________ Bank State or Province: __________________________

FEIN #: __________________________________

Account Number: __________________________ Bank Routing #: ________________________________

Please include a void check from this account when submitting this form.

In the event Franchisee fails to submit a Service Fee Report in a timely fashion, Franchisee authorizes Franchisor to debit estimated Royalty and Service Fees and Marketing Fund Contributions in the amount of the last submitted Service Fee Report. Upon receipt of the delinquent Service Fee Report, Franchisor will credit or debit Franchisee's account the difference between the estimated and actual fees, and will also charge a fee of one percent (1.0%) of the total due for each month that the Service Fee Report was late.

Franchisee will incur a per occurrence fee of Twenty Dollars ($20.00) if any EFT payment is rejected by the above referenced bank account.

This Authorization is irrevocable and shall remain in effect for so long as the Franchise Agreement(s) remains in effect. Franchisee shall notify Franchisor in writing of any changes to bank account information at least thirty (30) days in advance of the date the first debit is scheduled to be initiated from the new bank. The new bank account will be subject to this Authorization as if it had been in effect at the time this Agreement was signed.

Name of Franchise: ____

Franchisee's Name: ____

Signature: ____

Date: ______________________________________

EFT Form 2023

EXHIBIT C

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is made this _______ day of ______________________, 20____ **BETWEEN:**

SPARKLE SQUAD, LLC, a Delaware limited liability company
(hereafter called "Company")

\- and -

_______________________ , an individual

(hereafter called "Strategic-Partner")

\- and -

____
(hereafter called "Assignee")

R E C I T A L S:

WHEREAS, Strategic-Partner and Company entered into that certain Sparkle Squad Franchise Agreement dated ________________________ (the "Franchise Agreement"), which Franchise Agreement is incorporated herein by this reference, for the operation of a Sparkle Squad business (the "Business");

WHEREAS, concurrently with the Franchise Agreement, Company and Strategic-Partner entered into an Extranet Agreement and a Promissory Note. **[DELETE ANY THAT DO NOT APPLY.]** These agreements, together with the Franchise Agreement, are hereinafter referred to as the "Agreements.";

WHEREAS, Strategic-Partner wishes to assign his interest in the Agreements to Assignee, effective on the _____ day of ______________, 20___ (hereafter called the "Effective Date"); and

WHEREAS, the Agreements prohibit Strategic-Partner from assigning them without the consent of Company and without first complying with certain requirements.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

1. **Assignment.** Strategic-Partner hereby transfers, sets over and assigns to Assignee, as of the Effective Date, all of Strategic-Partner's right, title and interest in and to the Agreements, subject to Assignee's timely observance and performance of Strategic-Partner's covenants

contained in the Agreements and all agreements relating thereto, including, without limitation, the punctual payment of all sums payable thereunder from time to time.

2. **Assumption.** Assignee hereby assumes all of Strategic-Partner's obligations, agreements, commitments, duties and liabilities under the Agreements and all agreements relating thereto and agrees to be bound by and faithfully to perform and observe at all times during the initial or any renewal terms of the Agreements all of Strategic-Partner's obligations, agreements, commitments and duties with the same force and effect as if the Agreements were originally written with Assignee as the Strategic-Partner, including, without limitation, the payment of all sums reserved thereby.

3. **Company Consent.** Company hereby consents to the assignment subject to Strategic-Partner's and Assignee's jointly and severally agreeing to pay to Company immediately upon demand any and all monies owed by Strategic-Partner to Company or any subsidiary or affiliate of Company as of the Effective Date.

4. **Strategic-Partner's Obligations.** Strategic-Partner covenants and agrees that he shall be jointly and severally liable for Assignee's performance of its obligations under the Agreements and bound by all of the provisions of the Agreements, and nothing contained herein shall be deemed to relieve Strategic-Partner of his obligations under the Agreements.

5. **Future Assignments.** Company's consent herein shall not be construed as a waiver by Company of its required consent to any further assignment of any of the Agreements, which assignment shall be effected only in accordance with the terms of such Agreements.

6. **Interests in Assignee.** Assignee and Strategic-Partner jointly and severally covenant and agree that, as long as the Franchise Agreement remains in full force and effect:

(a) Strategic-Partner shall not directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any shares or other ownership interests of Assignee now or hereafter owned or controlled by Strategic-Partner without obtaining Company's prior written consent in accordance with the Franchise Agreement. Assignee shall be a newly organized entity and its articles of incorporation, membership agreement, or other governance document shall at all times provide that its activities are confined exclusively to operating the Business.

(b) Strategic-Partner shall own not less than fifty-one percent (51%) of the equity and voting power of all issued and outstanding capital stock, membership interest, or other ownership interest of Assignee. For the purposes hereof, voting shares include shares of any class or classes (however designated) having ordinary voting power under all circumstances, the exercise of which is not restrained by the existence of any agreement, whether written or oral. Assignee shall maintain stop-transfer instructions on its records of any ownership interests, and each stock certificate or other documentation thereof shall have conspicuously endorsed on its face a statement in a form satisfactory to Company that it is held subject to, and that further assignment or transfer thereof is limited by, all restrictions imposed upon assignments by the Franchise Agreement.

(c) In the event Strategic-Partner or Assignee shall transfer or issue any shares or other ownership interests of Assignee, any new owners shall be obligated to execute a written agreement with Company undertaking to be bound by the provisions of the Agreements, including the restrictions on any change in control of Assignee and the non-compete and nondisclosure covenants, and agreeing to be jointly and severally liable for Assignee's performance of the Agreements. Contemporaneously with the appointment or election of any person as a director or officer of Assignee, Strategic-Partner and Assignee shall cause such person to execute a written agreement with Company undertaking to be bound by the non-compete and nondisclosure covenants contained in the Franchise Agreement.

(d) Attached as Exhibit A is a list of all of the owners of Assignee as of the Effective Date. Assignee shall furnish to Company, immediately upon all transfers or issuances of ownership interests of Assignee, a revised version of Exhibit A.

(e) Assignee agrees that it will not use the Marks (as that term is defined in the Franchise Agreement) or any name deceptively similar thereto as part of its corporate or trade name.

(f) Assignee shall not engage in any business or activity that competes with Company, the Business or the Sparkle Squad system; provided, however, Company may permit Assignee to engage in other non-competitive business activities provided Assignee obtains the prior written consent of Company, which may be withheld by Company in its sole discretion.

[FOR USE IN ALL STATES EXCEPT WHERE STRATEGIC-PARTNER OR ANY OF ITS OWNERS ARE LOCATED IN CALIFORNIA:

7. **Release.** In further consideration of Company's granting its approval of the assignment under this Agreement, Strategic-Partner, on behalf of itself and its current and former affiliates, agents, principals, officers, directors, shareholders, employees, representatives, attorneys, parents, subsidiaries, divisions and successors and assigns (the "Strategic-Partner Group") hereby releases Company, its affiliates and its current and former agents, principals, officers, directors, shareholders, employees, representatives, attorneys, parents, subsidiaries, divisions, and successors and assigns (the "Company Group"), of and from any and all manner of obligation, debt, liability, tort, covenant, contract, agreement, undertaking, and account, and any and all claims or causes of action, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims") which any of the Strategic-Partner Group now has, ever had, or may have, against any of the Company Group, from the beginning of time through the date of this Agreement. With respect to the Claims released under this Section 7, Strategic-Partner, on behalf of itself and the other members of the Strategic-Partner Group, acknowledges that they may hereafter discover facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of this release, but that it is their intention, subject to the terms and conditions of this Section 7, fully, finally and forever to settle and release all such Claims against any of the Company Group, known or unknown, suspected or

unsuspected, which now exist, may exist or did exist, and, in furtherance of such intention, the release given under this Section 7 shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts.

Strategic-Partner warrants and represents, and also on behalf of the other members of the Strategic-Partner Group, that they have not assigned or otherwise transferred any Claim or cause of action released by this Section 7.

Strategic-Partner, on behalf of itself and the other members of the Strategic-Partner Group, further covenants not to sue any of the Company Group on any of the Claims released by this Section 7 or to act as a consultant, advisor, or expert witness for any other party that sues any of the Company Group.**]**

[FOR USE WHERE STRATEGIC-PARTNER OR ANY OF ITS OWNERS ARE LOCATED IN CALIFORNIA:

7. **Release of Company Group by Strategic-Partner Group.**

(a) **Release.** In further consideration of Company's granting its approval of the assignment under this Agreement, Strategic-Partner, on behalf of itself and its current and former affiliates, agents, principals, officers, directors, shareholders, employees, representatives, attorneys, parents, subsidiaries, divisions and successors and assigns (the "Strategic-Partner Group") hereby releases Company, its affiliates and its current and former agents, principals, officers, directors, shareholders, employees, representatives, attorneys, parents, subsidiaries, divisions, and successors and assigns (the "Company Group"), of and from any and all manner of obligation, debt, liability, tort, covenant, contract, agreement, undertaking, and account, and any and all claims or causes of action, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims") which any of the Strategic-Partner Group now has, ever had, or may have, against any of the Company Group, from the beginning of time through the date of this Agreement. Strategic-Partner warrants and represents, and also on behalf of the other members of the Strategic-Partner Group, that they have not assigned or otherwise transferred any Claim or cause of action released by this Section 7(a).

Strategic-Partner, on behalf of itself and the other members of the Strategic-Partner Group, further covenants not to sue any of the Company Group on any of the Claims released by this Section 7(a) or to act as a consultant, advisor, or expert witness for any other party that sues any of the Company Group.

(b) **Waiver of Section 1542 Rights.** In granting the release under Section 7(a), Strategic-Partner, on behalf of itself and the other members of the Strategic-Partner Group, waives all rights and benefits which any of them now has or in the future may have under and by virtue of the terms of Section 1542 of the Civil Code of the State of California, which provides as follows:

> A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of

executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Strategic-Partner, on behalf of itself and the other members of the Strategic-Partner Group, waives and relinquishes every right or benefit which any of them has under Section 1542 of the Civil Code of the State of California, and any similar statute or right under any other law, to the fullest extent that the right or benefit may lawfully be waived. In connection with this waiver and relinquishment, with respect to the Claims released under Section 7(a), Strategic-Partner, on behalf of itself and the other members of the Strategic-Partner Group, acknowledges that they may hereafter discover facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of this Agreement, but that it is their intention, subject to this Agreement's terms and conditions, fully, finally, and forever to settle and release all such Claims which now exist, may exist, or did exist, and, in furtherance of such intention, the release given under Section 7(a) shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.**]**

8. **Nonwaiver.** Company's consent to the assignment shall not constitute a waiver of any claims it may have against Strategic-Partner nor shall it be deemed a waiver of Company's right to demand Assignee's exact compliance with the terms of the Agreements.

9. **Notices.** All notices, requests, demands or other communications to be delivered to the parties hereto may be delivered in the same manner as described in the Franchise Agreement.

10. **Acknowledgment.** Assignee acknowledges that it has received a copy of the Agreements and is familiar with, and agrees to abide by, the terms, covenants and conditions contained therein on the part of Strategic-Partner.

11. **Conflicting Provisions.** If there is any conflict between the provisions of this Agreement and the provisions of the Agreements, the provisions of this Agreement shall prevail.

12. **Time of the Essence.** Time shall be of the essence in this Agreement.

13. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without regard for its conflicts of laws principles.

14. **Binding Effect.** This Agreement shall inure to the benefit of Company and its successors and assigns and shall be binding upon Strategic-Partner and Assignee and their respective successors, assigns and legal representatives.

15. **Joint and Several Liability.** In the event there is more than one Strategic-Partner or if Strategic-Partner is comprised of more than one entity, their liability hereunder shall be joint and several.

IN WITNESS WHEREOF the parties have duly executed this Agreement on the day stated on page one hereof.

COMPANY: SPARKLE SQUAD, LLC, a Delaware limited liability company

By:___________________________________
Its: Chairman, Scott D. Frith

STRATEGIC-PARTNER: _______________________________

By:_____________________, Individually

ASSIGNEE: _________________________, a ____________________________
corporation/limited liability company/other _______________________ (please specify)

By:__________________________________
Print Name:__________________________
Title_________________________________

EXHIBIT A

OWNERS OF ASSIGNEE

1. **Owners**: Assignee and its owners represent and warrant the following list includes the full name and mailing address of each person who is one of Assignee's owners, or an owner of one of Assignee's owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name and Address	**Percentage/Description of Interest**
(a)	______________________________	______________________________
	______________________________	
(b)	______________________________	______________________________
	______________________________	
(c)	______________________________	______________________________
	______________________________	
(d)	______________________________	______________________________
	______________________________	

As of the date hereof there are ________________ (__________) ownership interests authorized and there are ______________ (__________) ownership interests which are issued and outstanding. There are no other authorized classes of shares.

____________________________ Individually
ASSIGNEE

Date:__________________________________

____________________________ Individually
ASSIGNEE

Date:__________________________________

____________________________ Individually
ASSIGNEE

Date:__________________________________

____________________________, Individually
ASSIGNEE

Date:__________________________________

EXHIBIT D

EXTRANET AGREEMENT

EXTRANET AGREEMENT

This Extranet Agreement (the *"**Agreement**"*) is made as of ____________________, 20___ by and between Sparkle Squad, LLC (*"**Sparkle Squad**"*) and ____________________ (*"**Sparkle Squad Strategic-Partner**"*).

Introduction

*Sparkle Squad is offering its strategic-partners an opportunity to access Sparkle Squad's official web site (the "**Web site**"). Sparkle Squad has also developed a communication network that utilizes a password protected Internet web site (the "**Extranet**") for the benefit of the Sparkle Squad system and its strategic-partners. To have access privileges to use the Extranet, you must agree to the terms and conditions set forth herein and to the Terms of Use ("**TOU**") attached as Exhibit A. This Agreement and the TOU establish the terms and conditions of the access privileges granted to you and anyone you so designate to use the Extranet.*

The parties to this Agreement – Sparkle Squad and Sparkle Squad Strategic-Partner – are also parties to a Franchise Agreement relating to the establishment and operation of a Sparkle Squad business at the address noted in the signature block of this Agreement.

*In this Agreement, the words "**you**" and "**your**" mean Sparkle Squad Strategic-Partner, any other person or agent logging onto the Extranet on your behalf, any other person or agent otherwise using your account password and/or any sub-account that has been created. The words "**we,**" "**us**" and "**our**" mean Sparkle Squad.*

System Requirements

In order to use the Extranet, you will need a computer with an internet connection, current internet browser software, and other compatible software (collectively, your "***computer system***"). You are solely and completely responsible for the installation, maintenance and operation of your computer system, and for all costs and expenses that you will incur in connection therewith, as well as telephone and/or cable charges incurred while connecting to the Web site, the Extranet, and for any charges by any internet provider you choose to use to gain access to the Internet and, ultimately, the Web site or the Extranet.

We are not responsible for any errors or failures caused by any malfunction of your computer, and we are not responsible for any computer virus or related problems that may be associated with your use of the Extranet, the Web site or of your computer.

Security

Sparkle Squad is committed to helping to keep your information private and secure. However, we cannot guarantee that this will be the case. You play a critical role in maintaining the security of your system. By using this system, you agree to the following:

- To keep your password and user ID confidential, and not to post them on or in the proximity of your computer, nor to store your password or other sensitive data on

your computer. You further agree not to disclose your password and/or user ID to anyone.

- That your password and user ID are your authorization for using the Extranet.
- To log out of the Extranet when you are finished using the service.

The Extranet permits you to create sub-accounts for franchise partners and/or employees. You alone are responsible for the access granted to these sub-accounts as well as for ensuring these sub-accounts do not post derogatory or defamatory statements or comments. Sparkle Squad reserves the right to immediately disconnect any sub-accounts so created.

The Extranet permits you to electronically communicate with us, but at present, it does not permit you to transfer money, give notices or otherwise communicate with us so as to satisfy the obligations under your Franchise Agreement or any other agreements with Sparkle Squad.

Limits On Our Responsibility

We agree to make reasonable efforts to ensure the performance of the Extranet and the Web site, but we are not responsible for any losses or delays in transmission arising out of the use of any Internet service provider providing connection to the Internet or caused by any browser software. We are not responsible for any direct, indirect, special, incidental or consequential damages arising in any way out of your use of the Extranet or the Web site. Because some states do not allow the exclusion or limitation of liability for incidental or consequential damages, in such states our liability is limited to the extent permitted by law.

Sparkle Squad makes no express or implied warranties concerning the Extranet service or the Web site, including, but not limited to, any warranties of merchantability, fitness for a particular purpose or non-infringement of third-party proprietary rights.

Franchise Agreement

This Agreement is part of your Franchise Agreement with Sparkle Squad. If you are in default under this Agreement, that will also constitute a default under your Franchise Agreement. The provisions of the Franchise Agreement relating to matters such as confidential information, use of the system, use of the trademarks, and indemnity also apply to your use of the Extranet and the Web site.

Changes to the Extranet and Web site

We reserve the right to change, modify or discontinue the Web site, the Extranet and/or any of its components or features from time to time.

Property Rights

The Extranet, the Web site, and all rights in and to any information or data relating to the Extranet and the Web site, including the logs of "hits" by visitors, the Web pages they visited, and any personal or business data they voluntarily supply, will be owned solely by Sparkle Squad.

Governing Law

This Agreement shall be governed by, and construed, exclusively in accordance with the laws of the State of New Jersey (without regard to its conflicts of laws rules). If any provision of this Agreement shall be unlawful, void or for any reason unenforceable, then that provision shall be deemed severable from this Agreement and shall not affect the validity and enforceability of any remaining provisions.

No Other Agreements

This Agreement and the exhibits hereto are the only agreements between us and you concerning the Extranet and the Web site, and supersede any and all prior communication on the subject matter hereof. Neither party is relying on anything other than the words of this Agreement and the exhibits hereto in deciding whether to enter into this Agreement.

Amendments

This Agreement may be amended but only with both parties' written consent; however, revisions to the TOU shall be deemed to have been consented to, in writing, if you receive notice of any such changes online, and then continue to use the Extranet and/or the Web site.

IN WITNESS WHEREOF, and intending to be legally bound, the parties have entered into this Agreement as of the date first written above.

SPARKLE SQUAD, LLC

By:______________________________

Title: SCOTT D. FRITH, Chairman

STRATEGIC-PARTNER:

____

STRATEGIC-PARTNER:

____

STRATEGIC-PARTNER:

TERMS OF USE
FOR SPARKLE SQUAD'S
EXTRANET FOR STRATEGIC-PARTNERS

Sparkle Squad, LLC ("***Sparkle Squad***" or "***we***" or "***us***") welcomes you to Sparkle Squad's Extranet ("***Extranet***") for its strategic-partners. Please read these Terms of Use (the "***TOU***") carefully before using the Web site (the "***Site***").

By making any use of this Site (such as reading or perusing the Site's content, or downloading material from it), you will indicate your agreement to abide by these TOU. If you do not agree with any of these terms, please do not use this Site or download any materials from it.

We reserve the right to modify, alter or otherwise update these TOU at any time, and you agree to be bound by such modifications, alterations or updates. You should review the then-current terms because they will be binding on you if you continue to use this Site after receiving notice of any such changes.

Objectives

The Extranet is intended solely for the business use of Sparkle Squad, its strategic-partners and any so designated sub-accounts. Any other use of the Extranet is not permitted.

The TOU are designed to assist in protecting the Extranet, Sparkle Squad's strategic-partners, and other users of the Extranet from improper and/or illegal activity over the Internet. You are expected to use the Extranet in a reasonable fashion and to adhere to commonly accepted practices of the Internet community.

The categories listed below are intended merely to serve as guidelines regarding appropriate and inappropriate conduct. This list is by no means exhaustive and should not be interpreted as such. We reserve the right to take action and stop any activity that we deem to be inappropriate, derogatory or defamatory that takes place on the Extranet.

While we do not intend to control or monitor your use of the Extranet or the content of your online communications, and we are not obligated to do so, we reserve the right to edit or remove content or accounts that we deem to be in violation of the TOU or that we otherwise deem harmful or offensive. The TOU apply to all aspects of the Extranet, including (without limitation) e-mail, message posting, chatting and browsing.

Access Rights

We are granting you the right to access the Extranet using the appropriate user ID and password. You agree to accept the affirmative duty to keep your user ID and password secure, and further agree that you will not post that information anywhere in, on, or near your computer or otherwise where it can be easily found by someone else. If your password is lost, stolen or otherwise compromised, you must immediately take reasonable steps to deactivate the compromised password. Sparkle Squad is not responsible for any data that is lost, altered or that becomes public through your failure to protect your password.

We will allow you (and any sub-accounts you create) access to the Extranet so long as you comply with these TOU and for so long as you remain a Sparkle Squad strategic-partner in good standing. You may not transfer your user account to anyone without our prior written consent. We reserve the right to terminate access to the Extranet by you or any sub-accounts, in our sole judgment, to discontinue the Extranet itself. We will have no liability to you if we terminate access to the Extranet.

Rights of Sparkle Squad

If you engage in conduct while using the Extranet that is in violation of the TOU or is otherwise illegal or improper, we reserve the right to suspend or terminate your access to the Extranet without prior notice to you. In most cases, we may

attempt to notify you of any activity in violation of the TOU and request that you cease such activity; however, we are not required to do so. In addition, we may take any other appropriate action against you for violations of the TOU. We do not make any promise, nor do we have any obligation, to monitor or police activity occurring via the Extranet and will have no liability to any party, including you, for any violation of the TOU.

Linked Sites

We may provide links from our Site to other Web sites. Linked sites are not under the control of Sparkle Squad, and Sparkle Squad is not responsible for the content of any linked site or any link contained in a linked site. Sparkle Squad reserves the right to terminate any link or linking program at any time. Sparkle Squad does not endorse companies or products to which it links and reserves the right to note as such on its Web pages. If you decide to access any of the third-party sites that may be linked to this Site, you do so entirely at your own risk.

Unauthorized Access/Interference

You may not attempt to gain unauthorized access to, or attempt to interfere with or compromise the normal functioning, operation or security of the Extranet. You may not use the Extranet to engage in any activities that may interfere with the ability of others to access or use the Extranet. You may not attempt to gain unauthorized access to the user accounts or passwords of other users.

Trademarks and Copyright

The materials on this Site are copyrighted and are protected by U.S. and international copyright laws and treaty provisions. All content included on this Site, such as text, graphics, logos, button icons, images, audio clips and software, is the property of Sparkle Squad. The compilation (meaning the collection, arrangement and assembly) of all content on this site is the exclusive property of Sparkle Squad. No material from this Extranet or any Web site owned, operated, licensed or controlled by Sparkle Squad may be copied, reproduced, republished, uploaded, posted, transmitted or distributed in any way, except that you may view the materials online, download the materials and retain one electronic copy on any single computer and one print copy of any individual file solely for your use in connection with the business of operating your Sparkle Squad Franchise under the terms of the relevant franchise agreement, provided that you keep intact all copyright and other proprietary notices. Modification, decompiling, reverse engineering or any use of the materials for any other purpose is a violation of Sparkle Squad’s copyrights. Sparkle Squad’s trademarks may only be used with express written consent from Sparkle Squad. Except as expressly provided in these TOU, Sparkle Squad does not grant any express or implied right to you under any copyrights, trademarks or other proprietary rights. All other brands and names are property of their respective owners.

You agree that you will not upload, post, or otherwise distribute or facilitate distribution of any content, including text, communications, software, images, sounds, data or other information that:

a. is unlawful, threatening, abusive, harassing, defamatory, libelous, deceptive, fraudulent, invasive of another’s privacy, tortious, contains explicit or graphic descriptions or accounts of sexual acts (including, without limitation, sexual language of a violent or threatening nature directed at another individual or group of individuals), or otherwise violates Sparkle Squad’s rules or policies;

b. victimizes, harasses, degrades, or intimidates an individual or group of individuals on the basis of religion, gender, sexual orientation, race, ethnicity, age or disability;

c. infringes on any patent, trademark, trade secret, copyright, right of publicity or any other proprietary right of any party; or

d. contains software viruses or any other computer code, files, or programs that are designed or intended to disrupt, damage or limit the functioning of any software, hardware, or telecommunications

equipment or to damage or obtain unauthorized access to any data or other information of any third party.

We have no obligation to monitor, do not control, and are not responsible for the content of postings made by Sparkle Squad strategic-partners, their guests and others. If we become aware of posted information that is illegal, infringing upon any intellectual property rights, otherwise improper or that violates the TOU, we reserve the rights at all times to disclose any information as necessary to satisfy any law, regulation or governmental request, or to edit, refuse to post or to remove any information or materials, in whole or in part, that, in Sparkle Squad's sole discretion, are objectionable or in violation of the TOU.

You also agree not to harvest or collect information about the users or members of this Extranet or use such information for any purpose.

The Extranet contains materials published by Sparkle Squad (the "*Materials*"). We authorize you to copy the Materials only for the internal use of your employees in conducting your franchised Sparkle Squad business. No other use of the Materials is permitted. In consideration of this authorization, you agree that any copy of the Materials (or any portion of the Materials) that you make will retain all copyright and other proprietary notices contained thereon.

Spamming/Mailbombing

You may not use the Extranet to transmit unsolicited e-mail messages (whether commercial or otherwise) or deliberately send very large attachments to one recipient. Any unsolicited e-mail messages sent to 10 or more recipients, or a series of unsolicited e-mail messages or large attachments sent to one recipient, constitutes "spamming" or "mailbombing" and is prohibited. Likewise, you may not use the Extranet to collect responses from mass unsolicited e-mail messages.

Spoofing/Fraud

You may not attempt to send e-mail messages or transmit any electronic communications using a name or address of someone other than yourself for purposes of deception. Any attempt to impersonate someone else using forged headers or other identifying information is prohibited. Any attempt to fraudulently conceal, forge or otherwise falsify your identity in connection with your use of the Extranet is prohibited.

E-Mail Relay

Any use of another party's electronic mail server to relay e-mail without express permission from such other party is prohibited.

Illegal Activity

You agree to use the Extranet only for lawful purposes. Use of the Extranet for transmission, distribution, retrieval or storage of any information, data or other material in violation of any applicable law, regulation, tariff or treaty is prohibited. This includes, without limitation, the use or transmission of any data or material protected by copyright, trademark, trade secret, patent or other intellectual property right without proper authorization and the transmission of any material that constitutes an illegal threat, violates export control laws or is obscene, defamatory or otherwise unlawful.

Privacy

Any data or information submitted to or provided by us through the Extranet will be subject to any Privacy Statement that Sparkle Squad has or may develop in the future. Any data or information submitted through the Extranet to any party or person will be transmitted at your own risk. We make no guarantee regarding, and assume no liability for, the security and privacy of any data or information you transmit via the Extranet or over the Internet (including, without limitation, data or information transmitted via any server designated as "secure").

Excessive Usage and Inactivity Disconnects

If we have specified bandwidth limitations for your user account, we will inform you and you will not use the Extranet in excess of those limitations. Also, if you are accessing the Extranet via a dial-up connection, we may terminate your user session if you are connected for an excessive amount of time in order to protect our network resources and maintain Extranet availability for others.

You may keep your user session connected only when you are actively using the Extranet. We may disconnect your user session if there appears to be no interactive activity within a prescribed amount of time. Activity that is automatically generated by your computer system through automated programs, scripts, re-dialers, or any other software or hardware device will not be considered "interactive." The use of any automated method to avoid inactivity disconnects or to automatically reinstate an inactive connection is prohibited.

Other Prohibited Activities

The following activities are also prohibited:

- Attempting to intercept, redirect or otherwise interfere with communications intended for others;
- Transmitting files, data or other materials containing a computer virus, corrupted data, worms, Trojan horses or other limiting routine, instruction or design that would erase data or programming or cause the Extranet or any other equipment or system to become inoperable or incapable of being used in the full manner for which it was designed;
- Using the Extranet to threaten, harass, stalk, abuse or otherwise violate the legal rights of others; and
- Any other inappropriate activity or abuse of the Extranet (as we determine in our sole discretion), whether or not specifically listed in these TOU, may result in suspension or termination of your access to and use of the Extranet.

Disclaimer

Sparkle Squad does not promise that any software or other material will work on your computer and is not responsible if they do not. Sparkle Squad makes no representation or warranty as to the timeliness or availability of the Extranet or the information contained therein or that the Extranet will be error-free. Sparkle Squad has no obligation to maintain or support the Extranet and may, at its option, discontinue the Extranet at any time.

THE MATERIALS ON THIS SITE ARE PROVIDED "AS IS" AND WITHOUT EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING WARRANTIES OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF NON-INFRINGEMENT AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. SPARKLE SQUAD DOES NOT WARRANT THAT THE INFORMATION ON OUR SITE WILL BE ACCURATE, COMPLETE, UNINTERRUPTED OR ERROR-FREE, THAT DEFECTS WILL BE CORRECTED, OR THAT THIS SITE OR THE SERVERS THAT MAKE IT AVAILABLE ARE FREE OF VIRUSES, WORMS, TROJAN HORSES OR OTHER HARMFUL COMPONENTS. SPARKLE SQUAD DOES NOT MAKE ANY REPRESENTATIONS REGARDING THE USE OF THE MATERIALS ON THIS SITE IN TERMS OF THEIR CORRECTNESS, ACCURACY, RELIABILITY OR OTHERWISE.

SPARKLE SQUAD WILL NOT BE LIABLE FOR ANY DAMAGES SUFFERED BY OR INJURY CAUSED TO ANY PARTY (INCLUDING, WITHOUT LIMITATION, YOU AND/OR YOUR EMPLOYEES), INCLUDING WITHOUT LIMITATION, ANY DIRECT, INDIRECT, SPECIAL, CONSEQUENTIAL AND/OR INCIDENTAL DAMAGES, RESULTING FROM YOUR ACCESS TO, OR INABILITY TO ACCESS, THE EXTRANET, OR FROM YOUR RELIANCE ON ANY INFORMATION PROVIDED ON THE EXTRANET, EVEN IF SPARKLE SQUAD AND ITS AFFILIATES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Indemnification

You agree to indemnify and hold harmless Sparkle Squad and Sparkle Squad's corporate affiliates, as well as their respective direct and indirect owners, officers, directors, agents and employees from and against any and all claims brought by any other party relating to your use of the Extranet (as well as the associated costs of defense, including, without limitation, legal fees).

Submissions

Notes, messages, ideas, suggestions, concepts or other material submitted to Sparkle Squad ("***Submissions***") will be considered non-confidential and non-proprietary. Sparkle Squad will have no obligation regarding Submissions. Sparkle Squad and its designees will be entitled to copy, distribute, incorporate, modify and otherwise use the Submissions for any type of commercial or non-commercial use, including in any media, whether now known or not yet conceived. You agree that Sparkle Squad has the right to publish Submissions for any type of use as outlined above, including promotional and advertising purposes.

Sparkle Squad is not responsible for any Submissions posted on our forums. You will not submit or otherwise publish through these forums any content that:

- Defames, libels, or invades the privacy of other persons, is obscene, pornographic, abusive or threatening;
- Infringes on any intellectual property or other right of any person or entity, including, but not limited to, copyrights and trademarks;
- Violates any law;
- Advocates any illegal activity; or
- Advertises or solicits funds for goods or services.

Governing Law

This agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without regard to its conflicts of laws rules. If any provision of these TOU is unlawful, void or for any reason unenforceable, then that provision shall be deemed severable from the TOU, and shall not affect the validity and enforceability of any remaining provisions.

Your Assent to These Terms

Your use of the Extranet is subject to the conditions of this TOU and the Extranet Agreement, and is also subject to the terms and conditions in your Franchise Agreement.

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EXHIBIT E

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Website: www.dfpi.ca.gov
Email: ask.DFPI@dfpi.ca.gov

Commissioner of Department of Financial Protection & Innovation
Department of Financial Protection & Innovation
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

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

(state agency)

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

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

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

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

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

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

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

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 41200
Olympia, Washington 98504-1200
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EXHIBIT G

LIST OF CURRENT STRATEGIC-PARTNERS

NONE

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LIST OF FORMER STRATEGIC-PARTNERS

NONE

EXHIBIT I

FINANCIAL STATEMENTS

Consolidated Financial Statements
As of and for the Years Ended December 31, 2022 and 2021

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

LD Parent, Inc.

Consolidated Financial Statements

As of and for the Years Ended December 31, 2022 and 2021

LD Parent, Inc.

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Independent Auditor's Report

Board of Directors
LD Parent, Inc.
Holmdel, NJ

Opinion

We have audited the consolidated financial statements of LD Parent, Inc. and its Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated financial statements.

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BDO is the brand name for the BDO network and for each of the BDO Member Firms.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

Woodbridge, NJ
March 24, 2023

Consolidated Financial Statements

LD Parent, Inc.

Consolidated Balance Sheets

December 31,	2022	2021
Assets		
Current assets:		
Cash and equivalents	**$ 6,581,308**	$ 8,732,708
Receivables from franchisees, net	**2,727,345**	2,372,353
Inventories, net	**2,432,233**	2,089,690
Income tax receivable	**61,847**	82,526
Prepaid expenses and other current assets	**609,004**	648,577
Total current assets	**12,411,737**	13,925,854
Non-current assets:		
Property, plant and equipment, net	**2,294,726**	2,203,168
Right-of-use assets, net	**232,373**	—
Intangible assets, net	**42,948,463**	44,179,821
Goodwill	**38,871,101**	37,507,174
Receivables from franchisees, net of current portion	**2,805,779**	3,501,057
Prepaid commissions	**4,721,566**	4,903,326
Other assets	**25,714**	14,422
Total non-current assets	**91,899,722**	92,308,968
Total assets	**$ 104,311,459**	$ 106,234,822
Liabilities and Stockholder's Equity		
Current liabilities:		
Current portion of long-term debt	**$ 307,000**	$ 307,000
Accounts payable and accrued expenses	**4,130,794**	3,449,294
Current portion of lease obligations	**187,747**	—
Deferred revenue	**1,124,701**	1,002,536
Advertising funds	**1,655,892**	1,194,151
Franchisee deposits	**862,040**	1,726,700
Other current liabilities	**207,567**	281,215
Total current liabilities	**8,475,741**	7,960,896
Non-current liabilities:		
Long-term debt, net of current portion	**29,060,326**	29,262,943
Related party notes	**18,000,000**	18,000,000
Deferred income taxes, net	**8,595,495**	9,424,034
Deferred revenue, net of current portion	**6,998,220**	6,612,161
Lease obligations, net of current portion	**44,626**	—
Other non-current liabilities	**313,958**	276,792
Total non-current liabilities	**63,012,625**	63,575,930
Total liabilities	**71,488,366**	71,536,826
Commitments and contingencies		
Stockholder's equity:		
Parent Capital	**$ 32,310,607**	$ 35,197,728
Total LD Parent, Inc. stockholder's equity	**32,310,607**	35,197,728
Non-controlling interest	**512,486**	(499,732)
Total stockholder's equity	**32,823,093**	34,697,996
Total liabilities and stockholder's equity	**$ 104,311,459**	$ 106,234,822

See accompanying notes to the consolidated financial statements.

LD Parent, Inc.

Consolidated Statements of Operations

Years Ended December 31,		2022		2021
Revenues:				
Operating revenues	**$**	**32,834,937**	$	29,472,426
Initial franchise fees		**4,713,057**		4,558,458
Interest, service charges and other income		**1,065,179**		987,206
Net revenues		**38,613,173**		35,018,090
Costs and expenses:				
Operating and training		**3,712,486**		2,542,400
Manufacturing		**3,766,369**		3,027,378
Selling, general and administrative		**22,333,261**		21,469,099
Total expenses		**29,812,116**		27,038,877
Income from operations		**8,801,057**		7,979,213
Other expense:				
Interest expense, net		**5,005,623**		4,710,194
Income before income taxes		**3,795,434**		3,269,019
Income taxes:				
Income tax expense		**(1,407,929)**		(831,897)
Consolidated net income		**2,387,505**		2,437,122
Less: Net loss attributable to the non-controlling interest		**(213,282)**		(106,941)
Net income attributable to LD Parent, Inc.	**$**	**2,600,787**	$	2,544,063

See accompanying notes to the consolidated financial statements.

LD Parent, Inc.

Consolidated Statements of Changes in Stockholder's Equity

	Parent Capital	Non-controlling interest	Total Stockholder's Equity
Balance, December 31, 2020	$ 42,323,979	$ (392,791)	$ 41,931,188
Parent contribution	750,823	—	750,823
Parent distributions	(10,770,250)	—	(10,770,250)
Stock-based compensation expense	349,113	—	349,113
Net income (loss)	2,544,063	(106,941)	2,437,122
Balance, December 31, 2021	$ 35,197,728	$ (499,732)	$ 34,697,996
Investment in non-controlling interest	—	1,225,500	1,225,500
Parent distributions	(5,656,000)	—	(5,656,000)
Stock-based compensation expense	168,092	—	168,092
Net income (loss)	2,600,787	(213,282)	2,387,505
Balance, December 31, 2022	**$ 32,310,607**	**$ 512,486**	**$ 32,823,093**

See accompanying notes to the consolidated financial statements.

Years Ended December 31,		2022		2021
Cash flows from operating activities:				
Consolidated net income	$	**2,387,505**	$	2,437,122
Adjustments to reconcile consolidated net income to net cash flows provided by operating activities:				
Bad debt expense		**265,857**		196,115
Depreciation		**182,520**		198,944
Amortization		**2,334,166**		2,308,416
Amortization of right-of-use asset		**269,733**		—
Deferred income taxes		**(1,007,679)**		(1,319,205)
Stock-based compensation expense		**168,092**		349,113
Amortization of debt issuance costs		**104,383**		75,568
Changes in operating assets and liabilities:				
Receivables from franchisees		**297,945**		896,397
Inventories		**(342,543)**		(709,375)
Income tax receivable		**20,679**		45,204
Prepaid commission		**60,499**		(154,823)
Prepaid expenses and other current assets		**181,758**		(1,196,098)
Other assets		**(11,292)**		—
Accounts payable and accrued expenses		**296,815**		(24,268)
Deferred revenue		**319,873**		1,627,526
Advertising funds		**461,741**		(176,450)
Franchisee deposits		**(864,660)**		167,381
Other current liabilities		**(73,648)**		(47,970)
Other liabilities		**37,170**		(27,614)
Lease obligations		**(269,733)**		—
Net cash flows provided by operating activities		4,819,181		4,645,983
Cash flows from investing activity:				
Acquisition of a subsidiary, net of cash acquired		**(731,693)**		—
Purchases of property, plant and equipment		**(193,080)**		(210,500)
Purchase of intangibles		**(82,808)**		—
Net cash flows used in investing activity		**(1,007,581)**		(210,500)
Cash flows from financing activities:				
Parent contribution		—		750,823
Proceeds from long-term debt		**—**		10,700,000
Repayment for long-term debt		**(307,000)**		(226,750)
Parent distributions		**(5,656,000)**		(10,770,250)
Payment of debt issuance costs		**—**		(267,000)
Net cash flows provided by (used in) financing activities		**(5,963,000)**		186,823
Net (decrease) increase in cash and equivalents		**(2,151,400)**		4,622,306
Cash and equivalents, beginning of period		**8,732,708**		4,110,042
Cash and equivalents, end of period	**$**	**6,581,308**	$	8,732,708
Supplemental cash flow information:				
Interest paid	**$**	**4,802,033**	$	4,493,143
Income taxes paid		**2,391,377**		2,105,858
Cash paid for amounts included in the measurement of operating lease obligations		**269,730**		—
Non-cash investing and financing activities:				
Rollover equity in connection with acquisition of a subsidiary	**$**	**672,000**		—
Contribution from non-controlling interest in connection with acquisition of a subsidiary		**553,500**		—
Initial recognition of right-of-use asset		**470,962**		—

See accompanying notes to the consolidated financial statements.

1. Nature of the Business

LD Parent, Inc. (the "Company" or "LD Parent") through its wholly-owned subsidiary Lawn Doctor, Inc., grants franchises to conduct lawn care/conditioning, tree/shrub care and pest control businesses throughout the United States, consisting of the sale of services and products authorized by the Company.

On April 20, 2018, the Company acquired a controlling interest in Mosquito Hunters, LLC ("Mosquito Hunters"). The Company has been able to expand their services in the pest industry as a result of this acquisition. As the Company has a controlling interest, the Company consolidates Mosquito Hunters in its consolidated financial statements.

On May 24, 2019, the Company acquired a controlling interest in Ecomaids LLC ("Ecomaids"), a franchisor of residential cleaning services. Ecomaids specializes as an innovator of environmentally responsible, non-toxic residential cleaning services for families throughout the United States. The Company believes this acquisition furthers its strategy of both growing organically and also through the acquisition of additional home service brands. The Company has been able to expand their services in the home cleaning as a result of this acquisition. As the Company has a controlling interest, the Company consolidates Ecomaids in its consolidated financial statements.

On October 7, 2022, the Company acquired a controlling interest in Elite Window Cleaning, Inc. ("Elite"), a Canadian based operator and franchisor offering window cleaning, gutter cleaning and power washing services to residential and commercial customers. Elite uses a unique approach, which virtually eliminates the need for ladders on residential and lo-rise commercial jobs. The acquisition of Elite was made through Elite Franchising Corp.; a wholly owned subsidiary of Sparkle Squad LLC ("Sparkle Squad"), both of which were formed by the Company to facilitate the Elite transaction and eventually launch a similar franchise system in the U.S. As the Company has a controlling interest, the Company consolidates Elite in its consolidated financial statements.

2. Acquisitions

2022 Acquisition of Elite Window Cleaning, Inc.

On October 7, 2022, Elite Franchising Corp., and certain members of Company's management , entered into an agreement with Elite and acquired substantially all of the assets of Elite. After the closing of the acquisition and the purchase of common equity in Elite by certain members of the Company's senior management team, LD Parent owns approximately 61.7% of the outstanding equity in Elite.

Total consideration was $2,368,483, which was comprised of $821,983 (gross of cash acquired) cash paid by the Company, $553,500 paid from non-controlling interest contributions, $672,000 Elite management rollover equity and $321,000 held in an escrow liability by the Company. The acquisition was accounted for as a business combination using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") 805, Business Combinations. In accordance with ASC 805 Business Combinations, acquisition related costs must be accounted for separately from the business combination and are not part of the consideration transferred. In connection with the Elite Acquisition, the Company incurred $326,690 in acquisition related costs which is included in the selling, general and administrative expenses in the Consolidated Statements of Operations.

The allocation of the total consideration paid of the Company's net tangible and identifiable intangible assets was based upon the estimated fair value, using available information at acquisition date, of those assets as of October 7, 2022. The Company allocated the excess of purchase price over the identifiable intangible and net tangible assets to goodwill and expected synergies with the Company's existing operations. To the extent the Company has a tax basis in goodwill and intangibles, it is deductible over 15 years.

The following table presents the breakdown between purchase consideration and the allocation of the total purchase price:

Acquired tangible assets and liabilities:	
Cash and cash equivalents	**$ 90,290**
Accounts receivable	**223,516**
Prepaid expenses	**20,925**
Property and equipment	**81,000**
Assumed liabilities	**(63,685)**
Deferred revenue	**(188,350)**
Deferred tax liability	**(179,140)**
Net tangible liabilities	**(15,444)**
Identifiable intangible assets:	
Trade name	**180,000**
Customer relationships	**650,000**
Franchisee relationship	**190,000**
Goodwill	**1,363,927**
Total purchase consideration	**$ 2,368,483**

The Company estimated the fair value of property and equipment and intangible assets using the income, cost and market approaches to value the related assets. Fair values were determined by management using assistance of third-party valuation specialists. The valuation methods used to determine the fair value of the intangible assets included the income approach – relief from royalty method for trade name, the income approach – excess earnings method for customer relationships and franchise relationships. Identifiable assets are amortized over their estimated useful life.

The fair value of the acquired accounts receivable and prepaid and other assets approximates the carrying value of accounts receivable, prepaid and other assets, due to the short-term nature of the expected timeframe to collect the amounts and economic benefits due to the Company and the contractual cash flows, which are expected to be collected related to these receivables.

The fair value of the assumed liabilities which include accounts payable and accrued expenses and other liabilities, and deferred revenue, approximate the carrying value of accounts payable and accrued expenses, other liabilities, and deferred revenue, due to the nature of the expected timeframe to disburse the amounts and incur economic impacts due to the Company and the contractual cash flows, which are expected to be disbursed related to these assumed liabilities.

The consolidated financial statements include results of operations following the Elite acquisition for the period from October 8, 2022 through December 31, 2022

Recently Issued Accounting Standards Updates

The Company has adopted the following accounting pronouncement for the year ended December 31, 2021:

In October 2021, the FASB issued Account Standards Update (ASU) 2021-08, Business Combinations (Topic 805) – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. ASU 2021-08 requires that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, as if it had originated the contracts. The Company elected to early adopt ASU 2021-08.

3. Basis of Presentation and Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of LD Parent, Inc. include the accounts of Lawn Doctor, Inc. and its wholly-owned subsidiaries, Mosquito Hunters, LLC, Ecomaids, LLC, Sparkle Squad and Elite (collectively the "Company"). The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany transactions and accounts have been eliminated in consolidation.

Non-controlling Interests

Non-controlling interests in consolidated subsidiaries are required to be classified as a separate component of equity in the Consolidated Balance Sheets and the amounts of net income and comprehensive income attributable to the non-controlling interests are included in consolidated net income on the face of the Consolidated Statements of Operations.

The accounts of Mosquito Hunters, LLC have been included in the Company's consolidated financial statements and the affiliates' proportionate share of the net assets have been reflected in the accompanying Consolidated Balance Sheets as non-controlling interest in the amount of $(258,663) and $(298,563) at December 31, 2022 and 2021, respectively. Included in the years ended December 31, 2022 and 2021 Consolidated Statements of Operations is $39,900 and $(15,557), of the non-controlling interest income/(loss) allocation due to the related partial ownership of Mosquito Hunters.

The accounts of Ecomaids, LLC have been included in the Company's consolidated financial statements and the affiliates' proportionate share of the net assets have been reflected in the accompanying consolidated financial statements as non-controlling interest in the amount of $(297,585) and $(201,169) at December 31, 2022 and 2021, respectively. Included in the years ended December 31, 2022 and 2021 Consolidated Statements of Operations is $(96,416) and $(91,384), of the non-controlling interest loss allocation due to the related partial ownership of Ecomaids.

The accounts of Elite have been included in the Company's consolidated financial statements and the affiliates' proportionate share of the net assets have been reflected in the accompanying consolidated financial statements as non-controlling interest in the amount of $1,068,734 at December 31, 2022. Included in the year ended December 31,2022 Consolidated Statement of Operations is $(156,766) of the non-controlling interest loss allocation due to the related partial ownership of Elite.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Accounting Standards Codification (ASC) 606)*. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new guidance requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted ASC 606 at inception. The Company also adopted the related guidance in ASC 340-40, *Contracts with Customers* (ASC 340-40) on January 1, 2019 with respect to costs to obtain and costs to fulfill a contract.

Revenue recognition policy

The Company recognizes revenue in accordance with ASC 606, 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
- Recognize revenue when or as performance obligations are satisfied

On January 1, 2019, the Company adopted the new accounting standard for all contracts not completed as of the adoption date using the modified retrospective method. The Company identified and implemented appropriate changes to the business policies, processes, and controls to support the adoption, recognition and disclosures under the new standard. The Company has identified the following revenue streams; initial franchise fees, operating revenues which consist of: service/royalty fees from franchises, sales of parts and equipment, revenues from sales type leases, advertising revenue, and interest income related to notes receivable and loans receivables. The Company's initial franchise fees are recognized over the life of the contract. Commissions relating to such contracts are recorded as a prepaid asset and amortized over the life of the contract.

In accordance with ASC 606, the Company disaggregates its revenue from customers with contracts by revenue streams. The Company's revenue streams are presented in the following table:

Years Ended December 31,	2022	2021
Operating Revenues:		
Service/royalty fees	**$ 22,296,751**	$ 19,789,537
Part and equipment sales	**3,385,013**	2,788,043
Advertising revenue	**7,153,173**	6,894,846
Initial franchise fees	**4,713,057**	4,558,458
Interest, service charges, and other	**1,065,179**	987,206
Net Revenues	**$ 38,613,173**	$ 35,018,090

Service/royalty fees derived from franchises ("Service Fees") are recognized as revenue when revenues are earned by the franchisees. The franchisees agree to pay to the Company a weekly royalty and service fee based on a percentage of the net revenues derived by the respective franchisees from the Company's business. Revenue from sales of parts and equipment are recognized, at the point in time which control is transferred, upon shipment. Interest income related to notes receivable and loans receivable is recorded as revenue when earned (and collection is reasonably assured) in accordance with the interest method.

Initial franchise fees are deferred and recognized over the life of the contract. Commissions paid on initial franchise fees are deferred and charged to expense upon recognition of the initial fee.

Advertising funds are presented as a gross up of revenue and related cost. Advertising funds, such as the Company's National Marketing Fund and Regional Marketing fund, promote the Company's brand nationally and in the local markets. In accordance with ASC 606, the Company records gross revenue related to Advertising funds. Which includes amounts charged by the Company to franchisees based on established contracts. Revenue related to these amounts is based on a percentage of sales of the franchisee and is recognized as earned. The sales-based royalty exception applies, and amounts are recognized as the underlying sales are done by the respective franchisees. Advertising fund revenue is deferred and is recognized as advertising expense is incurred by the Company.

Interest income mainly represents interest on notes receivable from franchisees and is recognized using the effective interest method. Service charges represent call center income, which is recognized at a point in time which the control is transferred, upon completion of calls.

Contract balances

The timing of revenue recognition may not align with the right to invoice the customer under franchisee agreements. 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 revenue) is recorded. Deferred revenue represents franchisee fees received that have not been earned yet. Included within the Consolidated Balance Sheets is an amount of $8,122,921 and $7,614,697 which represent deferred revenues as of the year ended December 31, 2022 and 2021, respectively.

Costs to obtain a contract

Broker commissions paid to brokers, as well as commissions paid to internal sales personnel, that are incremental to the acquisition of franchisee contracts are capitalized as prepaid commissions on the Consolidated Balance Sheet when the period of benefit is determined to be greater than one year. The Company elected to apply the practical expedient to expense broker and sales commissions and associated costs as incurred when the expected amortization period is one year or less. The Company determines the period of benefit for broker and sales commissions paid for the acquisition of the franchisee contract by taking into consideration the term of the franchisee agreement. Amortization is recognized on a straight-line basis over a period of approximately ten years, which commensurate with the pattern of revenue recognition. Included within the Consolidated Balance Sheets is an amount of $4,721,566 and $4,903,326 which represent prepaid commissions as of the year ended December 31, 2022 and 2021, respectively.

Receivables from Franchisees, net

Receivables from franchises are recorded at net realizable value. The Company provides an allowance for doubtful accounts for franchisees based on the aging of each franchisee's total receivables, unless, in the opinion of management, estimated net realizable value requires a further allowance. The Company monitors the business operations of new and existing franchises to ascertain that its policies continue to provide an appropriate allowance for receivables and financed franchise fees.

The Company provides franchisees with an option to finance initial franchise fees over a period of up to 96 months with interest at 12% per annum. Additionally, the Company has converted accounts receivable from certain franchisees to notes receivable. These financing arrangements entered into during the years ended December 31, 2022 and 2021 were $809,198 and $1,347,400, respectively. These financing arrangements are recorded as notes receivable in receivables from franchisees in the accompanying Consolidated Balance Sheets. As of December 31, 2022 and 2021, $2,605,437 and $3,159,942 was outstanding of which $1,206,828 and $906,133 was classified as a current asset, which represents the principal amounts due on the aggregate notes receivable, respectively.

The Company provides an estimated allowance for doubtful receivables on any notes and related interest with delinquent installments of more than six months. The Company ceases accrual of interest when the Company can no longer assert that the likelihood of collection is probable.

The Company leases equipment to its franchisees with an option to pay in full upon execution of the lease or finance over 60, 72 or 84 months depending on the type of equipment. Interest is not to exceed 1.5% per month and the Company recognizes the imputed interest over the term of the lease. The Company records these leases as a sales-type lease in accordance with ASC 842 Leases (Note 8). Leased equipment is recorded in receivables from franchisees in the accompanying Consolidated Balance Sheets.

As of December 31, 2022, $1,801,804 was outstanding of which $394,634 was classified as a current asset. As of December 31, 2022, the Company recorded $458,813 as unearned interest of which $144,852 was classified within other current liabilities.

As of December 31, 2021, $1,605,023 was outstanding of which $357,777 was classified as a current asset. As of December 31, 2021, the Company recorded $406,475 as unearned interest of which $129,680 was classified within other current liabilities.

Unearned interest beyond one year is recorded in long-term other liabilities.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results, as determined at a later date, could differ from those estimates.

Shipping Costs

Costs to ship products to franchisees are expensed to manufacturing expenses as incurred. The Company recorded shipping costs of $168,209 and $211,803 for the years ended December 31, 2022 and 2021, respectively.

Cash

The Company maintains cash balances in various financial institutions located in the United States of America which, at times, may exceed federally insured limits.

Concentration of Credit Risk

The Company maintains its cash balances in a financial institution that is insured by the Federal Deposit Insurance Corporation up to $250,000 each. At times, such balances may be in excess of the FDIC insurance limit.

No one franchise or vendor exceeded 10% of the Company's sales or purchases for the years ended December 31, 2022 and 2021.

No one franchise or vendor exceeded 10% of the Company's accounts receivable or payables at December 31, 2022 and 2021.

Inventories, net

Inventories are stated at the lower of cost and net realizable value. Parts and materials, included as inventory, are evaluated annually by management for net realizable value and obsolescence. At December 31, 2022 and 2021, the reserve for inventory was $73,824 and $64,970, respectively.

Property, Plant and Equipment, net

Property and equipment acquired in connection with the acquisition are stated at fair value. The previous carrying value approximates to the fair value. Other property, plant and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed by the straight-line method over the estimated useful lives, which approximate 39 years for building, 5 to 7 years for furniture, fixtures and other equipment and 3 to 5 years for software and transportation equipment. Improvements to leasehold property are amortized on the straight-line method over the shorter of the asset life and remaining lease term.

Goodwill and Intangible Assets

As required by ASC 350, Goodwill and Other Intangible Assets, the Company tests goodwill for impairment. Goodwill is not amortized, but instead tested for impairment at the reporting unit level at least annually and more frequently upon the occurrence of certain events. The Company has one reporting unit. The annual goodwill impairment test is a two-step process. First, the Company determines if the carrying value of its related reporting unit exceeds fair value, which would indicate that goodwill may be impaired. If the Company then determines that goodwill may be impaired, it compares the implied fair value of the goodwill to its carrying amount to determine if there is an impairment loss. In September 2011, the FASB issued ASU 2011-08 which amends ASC 350 for testing goodwill for impairment. The guidance provides an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (more than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform the existing two-step quantitative impairment test, otherwise no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the two-step quantitative impairment test. The ultimate outcome of the goodwill impairment review for a reporting unit should be the same whether an entity chooses to perform the qualitative assessment or proceeds directly to the two-step quantitative impairment test. In conjunction with management's annual review of goodwill, the Company adopted the new guidance and concluded it is more likely than not that the fair value of the reporting unit exceeds its carrying amount. There were no impairment indicators for the years ended December 31, 2022 and 2021.

Indefinite and Finite Lived Intangibles
In accordance with ASC 350, Intangibles – Goodwill and Other (“ASC 350”), indefinite lived intangible assets are recorded at cost and are reviewed for impairment on an annual basis and whenever events or circumstances indicate that their carrying values may not be recoverable. Impairment is recorded if the carrying amount exceeds fair value. Intangible assets which have finite useful lives are amortized using the straight-line method over their useful lives and consist of franchisee and customer relationships, and a leasehold interest. Finite lived intangible asset amortization expense was $2,334,166 and $2,308,416 for the years ended December 31, 2022 and 2021, respectively.

Future adverse changes in market conditions or poor operating results could result in losses or an inability to recover the carrying value of the goodwill and other intangible assets thereby possibly requiring an impairment charge in the future.

Long-lived Assets
The Company accounts for the impairment of long-lived assets in accordance with ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*. In accordance with ASC 360, the Company evaluates long-lived assets, including intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset or group of assets. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. The Company did not have any long-lived assets impairment indicators during the years ended December 31, 2022 and 2021.

Debt Issuance Costs

Costs related to financing are being capitalized and amortized straight line, which approximates the effective interest method, over the term of the related debt facilities. Debt issuance costs were $198,924 and $303,307 as of December 31, 2022 and 2021, respectively, and are presented as a reduction to long-term debt in the Consolidated Balance Sheets. Amortization of deferred financing costs for the years ended December 31, 2022 and 2021 was $104,343 and $75,568, respectively, and is recorded in interest expense in the Consolidated Statements of Operations.

Income Taxes
The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

The Company recognizes a tax benefit from an uncertain position only if it is more likely than not the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority’s widely understood administrative practices and precedents. If this threshold is met, the Company measures the tax benefit as the largest amount of benefit that is greater than fifty percent likely being realized upon ultimate settlement. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. As of December 31, 2022 and 2021, there was no impact to the consolidated financial statements relating to accounting for uncertainty in income taxes.

On March 27, 2020, the CARES Act was enacted into law. Included in the CARES Act (the “Act”) were changes in the tax law with respect to net operating loss carrybacks, bonus depreciation applicability to qualified investment property, changes to IRC Section 163j interest expense limits, AMT credit carryforward refundability, impairment of assets due to COVID-19, and other non-income tax considerations. As a result of the Act, the Company was able to defer certain payroll taxes. However, the Act had no material impact to the consolidated financial statements.

Fair Value Measurements
Fair value is a market-based measurement, which is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques for fair value measurements include the market approach (comparable market prices), the income approach (present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost), which are each based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The Company utilizes a fair value hierarchy that prioritizes inputs to fair value measurement techniques into three broad levels:

- Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets.

- Level 2: Observable inputs other than quoted prices that are directly or indirectly observable for the asset or liability, including quoted prices for similar asset or liabilities in active markets; quoted prices for similar or identical assets or liabilities in markets that are not active; and mode-derived valuations whose inputs are observable or whose significant value drivers are observable.

- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

The Company's material financial instruments at December 31, 2022 and 2021, for which disclosure of estimated value is required by certain accounting standards, consisted primarily of receivables from franchisees, accounts payable, accrued expenses, and debt. The carrying value of the term loan approximates fair value due to the variable interest rate associated with this financial instrument.

Business Acquisitions
The Company accounts for business combinations in accordance with ASC 805 Business Combinations. ASC 805 requires business combinations to be accounted for using the purchase method of accounting and includes specific criteria for recording intangible assets separate from goodwill. Results of operations of acquired businesses are included in the financial statements of the acquiring company from the date of acquisition. Assets acquired and liabilities assumed of the acquired company are recorded at their fair value at the date of acquisitions.

Leases

The company engages in leasing activity as both a lessee and a lessor.

The Company adopted ASC 842, effective January 1, 2022, using the modified retrospective method of adoption. The Company elected the package of practical expedients, which, among other items, permits the Company not to reassess under the new standard its prior conclusions about lease identification and initial direct costs. The Company also elected the short-term lease recognition exemption for all leases that quality. Under this election, the Company does not recognize right-of-use assets or lease liabilities for leases with a term of 12 months or less. The Company also elected to not separate lease and non-lease components for all leases. The Company did not elect the use-of hindsight practical expedient. As a result of the Company adopting ASC 842, the Company recognized right-of-use assets (ROUs) of $470,960 and lease obligations of $264,684 and $206,276, classified into current and non-current portion of liabilities, respectively.

See Note 10 – Leases for additional information.

Lessee

The company enters into operating leases and determines whether an arrangement is a lease at inception of the arrangement. The company accounts for a lease when it has the right to control the leased asset for a period of time while obtaining substantially all of the assets' economic benefits. Leases are classified as operating or finance leases at the lease commencement date. A lease is classified as a finance lease if any one of the following criteria are met:

1. The leases transfers ownership of the asset at the end of the lease term.
2. The lease contains an option to purchase the asset that is reasonably certain to be exercised.
3. The lease term is for a major part of the remaining useful life of the asset, or
4. The present value of the lease payments equals or exceeds substantially all of the fair value of the asset.

A lease is classified as an operating lease if it does not meet any one of these criteria. The company currently only has operating leases as a lessee. The operating leases consist primarily of facility space, vehicles, and office equipment.

Lease liabilities are recognized at the lease commencement date based on the estimated present value of future minimum lease payments over the lease term, excluding lease incentives and initial direct costs incurred, if any. Lease liabilities represent the company's obligation to make lease payments arising from the lease and ROU assets represent the Company's right to use an underlying asset for the lease term. The discount rate used to determine the present value of the lease payments is the Company's incremental borrowing rate based on the information available at lease inception, as generally an implicit rate in the lease is not readily determinable. The company's leases do not include residual value guarantees or covenants.

Lease expense for operating leases with original terms of less than 12 months is recognized on a straight-line basis over the lease term.

When determining the lease term at inception, options to extend or renew leases are included in the measurement and recognition of ROU asset and liability when it is reasonably certain that the Company will exercise the option. The Company considers various economic factors when making the determination, including, but not limited to, the significance of leasehold improvements incurred in the facility space, the difficulty in replacing the lease, underlying contractual obligations, or specific characteristics unique to a particular lease. Subsequent to entering a lease, if it becomes reasonably certain that the company will exercise an option that was not included in the lease term, the Company accounts for the change in circumstances as a lease modification , which results in the remeasurement of the ROU asset and liability as of the modification date. The Company continually evaluates whether facts or circumstances indicate it is reasonably certain that it will exercise an option.

Lessor

The Company classifies leases as sales-type based on the results of the classification tests in accordance with ASC 842 and has elected, as an accounting policy, to present all funds collected from lessees for sales and other similar taxes net of the related sales tax expense for all lessor leases. The Company also excludes executory costs from lease accounting if the lessee's payments of those costs are made to a third party (e.g. taxing authority or insurer).

Advertising Expenses

The Company expenses its advertising costs the first time the advertising takes place. All advertising costs are expensed as incurred. Total advertising expense recorded in selling, general, and administrative expense within the Consolidated Statements of Operations was $754,707 and $826,125 for the years ended December 31, 2022 and 2021, respectively.

The Company incurs regional advertising costs, which are repaid weekly by franchisees based upon their cash receipts. The balances are reported as prepaid or accrued expenses at year-end.

4. Receivables from Franchisees, net

December 31,		2022		2021
Amounts billed and currently receivable from franchisees	$	**1,949,114**	$	1,752,855
Notes receivable from franchisees		**1,206,828**		906,133
Net investment in sales type leases		**394,634**		357,777
Less: Allowance for doubtful accounts		**(823,231)**		(644,412)
Current portion		**2,727,345**		2,372,353
Notes receivable from franchisees		**1,398,609**		2,253,811
Net investment in sales type leases		**1,407,170**		1,247,246
Noncurrent portion		**2,805,779**		3,501,057
Receivables from Franchisees, net	$	**5,533,124**	$	5,873,410

The Company wrote off uncollectible accounts totaling $265,857 and $196,115 for the years ended December 31, 2022 and 2021, respectively.

5. Inventories

December 31,		2022		2021
Raw materials	$	**182,188**	$	157,373
Work-in-progress		**436,024**		296,429
Finished goods		**1,814,021**		1,635,888
Inventories	$	**2,432,233**	$	**2,089,690**

6. Property, Plant and Equipment, net

Property, plant and equipment consist of the following:

December 31,		2022		2021
Land	$	**440,304**	$	440,304
Building		**1,126,624**		1,126,624
Furniture, fixtures and other equipment		**1,098,518**		873,850
Leasehold improvements		**533,430**		484,020
		3,198,876		2,924,798
Less: accumulated depreciation		**(904,150)**		(721,630)
Property, plant and equipment, net	$	**2,294,726**	$	2,203,168

Depreciation expense totaled $182,520 and $198,444 for the years ended December 31, 2022 and 2021, respectively.

7. Other Assets

Other assets are summarized as follows:

December 31,		2022		2021
Security Deposits	$	**25,714**	$	14,422

8. Goodwill

The following is a summary of goodwill as of December 31, 2022 and 2021:

Balance as of January 1, 2021	$	**37,507,174**
Additions		—
Balance as of December 31, 2021		**37,507,174**
Addition due to Elite acquisition (Note 2)		**1,363,927**
Balance as of December 31, 2022	$	**38,871,101**

9. Intangibles, net

Intangibles are summarized as follows:

December 31,		2022		2021	Useful Life
Franchisee and customer relationships	$	**34,940,000**	$	34,100,000	10-15 years
Trade name		**12,357,388**		12,094,580	Indefinite
Systems-in-place		**6,800,000**		6,800,000	Indefinite
Leasehold interest		**193,000**		193,000	5.5 years
		54,290,388		53,187,580	
Less: accumulated amortization		**(11,341,925)**		(9,007,759)	
Intangibles, net	$	**42,948,463**	$	44,179,821	

Amortization expense totaled $2,334,166 and $2,308,146 for the years ended December 31, 2022 and 2021, respectively, and is included within selling, general and administrative expenses in the Consolidated Statements of Operations.

The weighted average useful life of the Company's finite-lived intangible assets acquired during the year 2022 was 8.9 years as of December 31, 2022.

Estimated future amortization expense of franchise and customer relationships and leasehold interest at December 31, 2022 is as follows:

Years ending December 31,		
2023	$	**2,397,532**
2024		**2,376,333**
2025		**2,376,333**
2026		**2,376,333**
2027		**2,366,833**
2028 and thereafter		**11,897,711**
	$	**23,791,075**

10. Leases

The Company currently has operating leases for its facility space, vehicles, and postage equipment. These leases are used for the operations of the business and are mostly located in the state of New Jersey. The initial lease term and whether the Company has the option to renew are outlined below:

- Facility space – 10 years with the option to renew
- Vehicles – 2 to 10 years with no option to renew
- Postage equipment – 5 years with no option to renew

The option to renew was not included in the calculation of the liability and ROU asset for the facility space since it was not reasonably certain the Company would exercise this option at the effective date of ASC 842.

The components of lease expense were as follows:

		Year ending December 31, 2022
Operating lease cost	$	**269,733**
Short-term lease cost		**—**
Total lease cost	$	**269,733**

The weighted-average remaining lease term and discount rate for operating leases, for the year ended December 31, 2022, are as follows:

Operating leases	
Weighted-average remaining lease term	1.22 years
Weighted-average discount rate	5.46 %

The following table indicates the financial statement lines where the Company's operating lease liabilities and ROU assets are included in the Consolidated Balance Sheets:

		Amount	Balance sheet classifications
Assets:			
Operating lease ROU assets	$	**232,373**	Right-of-use asset
Total lease assets	$	**232,373**	
Liabilities:			
Current operating lease liabilities		**187,746**	Current portion of lease obligations
Non-current operating lease liabilities		**44,627**	Lease obligations, net of current portion
Total lease liabilities	$	**232,373**	

Future minimum lease payments under non-cancelable operating leases as of December 31, 2022, are as follows:

	Operating leases
2023	$ 193,544
2024	31,680
2025	12,270
2026	2,853
2027	—
2028 and thereafter	—
Total minimum lease payments	240,347
Less: Amounts representing interest	7,974
Present value of lease payments	$ 232,373

Prior to the Company's adoption of ASC 842, lease expense was $244,996, for the year ended December 31, 2021. Lease expense is recorded in general and administrative expenses in the Consolidated Statements of Operations.

The Company's lessor portfolio consists of sales-type leases. The Company's has over 100 leases consisting of three types of lawn care equipment. Leases to the franchisees have an initial term of five to seven years with the option to renewal. Option periods were not included. The Company leases three types of lawn care equipment to its franchisees, including (i.) Turf Tamer Walk Behind, (ii.) Turf Tamer Stand-on Applicator, and (iii.) Turf Tamer Power Seeder.

For the year ended December 31, 2022, the Company did not record material gain or loss at the commencement date for any sales-type leases with its franchisees.

Income from sales-type leases is recorded within the equipment revenue line item in the Income Statement. The Company's income from sales-type leases at December 31, 2022 were as follows:

	December 31, 2022
Interest income	$ 129,909
Variable lease income	—
Total sales-type income	129,909

The net investment in sales-type leases as of December 31, 2022 were as follows:

	December 31, 2022
Lease receivables	$ 1,801,804
Unguaranteed residual assets	—
Net investment in sales-type leases	1,801,804

Future minimum payments to be received as lessor under non-cancelable sales-type leases as of December 31, 2022, were as follows:

	Sales-type leases
2023	$ 368,193
2024	372,945
2025	345,366
2026	279,016
2027	204,404
2028 and thereafter	231,880
Total minimum lease payments	1,801,804
Less: Amounts representing interest	357,040
Present value of lease payments	$ 1,444,764

11. Borrowing Arrangements

Credit Agreements

On February 7, 2018, in conjunction with the acquisition by CNL Strategic Capital, LLC (“CNLSC”), the Company entered into an amendment to their Credit Agreement dated December 12, 2014. The amendment permitted the repayment of all of the outstanding principal amount of Subordinated Debt as of the date of the agreement, issuances up to $18,000,000 of subordinated second lien indebtedness, increase in the Term Loan by $6,000,000 and extended the maturity date to February 7, 2023. The amendment also contains revisions to the restrictive covenants inclusive of senior debt to adjusted EBITDA ratio, total debt to adjusted EBITDA ratio, fixed charge ratio, and excess cash flow. The Revolving Loan Commitment remained unchanged. The Revolving Loan Commitment was payable upon maturity on December 11, 2019. This was later amended in March 2019 to extend the maturity date to February 7, 2023 and clarify certain definitions in the prior amendment.

On August 11, 2021, the Company entered into a new amendment to their Credit Agreement dated December 12, 2014. The amendment increased the Term Loan by $10,700,000 and extended the maturity date for the Term Loan as well as the Revolving Loan Commitment to February 7, 2025. The amendment was treated as a debt modification. The amendment also contained revisions to the restrictive covenants inclusive of senior debt to adjusted EBITDA ratio, total debt to adjusted EBITDA ratio, fixed charge coverage ratio and excess cash flow. The Revolving Loan Commitment remained unchanged. There were no outstanding borrowings under the revolving loan commitment at December 31, 2022 or 2021. The Revolving Loan Commitment bears interest of 0.50% of the unfunded portion.

As a result of the amendment to the Credit Agreement in 2021, the quarterly principal installment increased to $76,750 from $50,000, commencing on December 31, 2021 until the maturity date on February 7, 2025, at which time the outstanding is to be due and payable. The Credit Agreement also provides for an annual mandatory prepayment of principal based on excess cash flow (as defined in the Credit Agreement). During the year ended December 31, 2022 and 2021, the Company did not make a prepayment based on excess cash flow. The Credit Agreement also provides for the maintenance of certain financial ratios, including leverage and fixed charge ratios. At December 31, 2022 and 2021, the Company was in compliance with all of its covenant requirements. At December 31, 2022 and 2021, $29,566,250 and $29,873,250 was outstanding on the Term Loan.

The interest rate on the Credit Agreement varies depending if the Term Loan is a Base Rate Loan or a LIBOR Loan. At December 31, 2022, the Company elected to treat the Credit Agreement as a LIBOR Loan, which carried an effective interest rate of 9.23%.

Repayment of the Credit Agreement is as follows:

Years ending December 31,		
2023	$	307,000
2024		307,000
2025		28,952,250
2026		18,000,000
	$	47,566,250

		2022		2021
Long-term debt	$	29,566,250	$	29,873,250
Less: Current portion		(307,000)		(307,000)
Less: Deferred financing costs		(198,924)		(303,307)
Long-term debt, net	$	29,060,326	$	29,262,943

Note Purchase Agreement

On February 7, 2018, in conjunction with the acquisition, the Company entered into a Note Purchase Agreement for an $18,000,000 aggregate principal amount of senior secured notes with related parties. The notes are subordinate to the Credit Agreement noted above. The notes contain an annual interest rate of 16% and were payable upon maturity on August 7, 2023, which was subsequently extended July 7, 2026, based on an third amendment to Note Purchase Agreement entered into in August 2021. Payment of the notes is due in full on the maturity date. The Company may prepay the notes at a premium based upon the schedule set forth in the note purchase agreement. The note purchase agreement is collateralized by substantially all assets of Lawn Doctor, Inc. and was guaranteed by the Company. The note purchase agreement contains certain restrictive covenants inclusive of senior debt to adjusted EBITDA ratio, total debt to adjusted EBITDA ratio, fixed charge ratio, and excess cash flow. At December 31, 2022 and 2021, the Company was in compliance with all of its covenant requirements. At December 31, 2022 and 2021, $18,000,000 was outstanding on the Note Purchase Agreement with related parties.

12. Accounts Payable and Accrued Expenses

		2022		2021
Accounts payable	$	458,920	$	226,942
Accrued expenses		2,131,855		1,487,606
Deferred franchise package costs		1,523,304		1,702,627
Other		16,715		22,119
Long-term debt, net	$	4,130,794	$	3,439,294

13. Commitments and Contingencies

Employment Agreement

The Company has an employment agreement with a key executive which provides for an annual base salary plus an incentive bonus which is payable upon the achievement of certain defined financial benchmarks. The agreement expired in December 2018 and was automatically renewed for an additional one-year term. The agreement will continue to renew automatically for an additional one-year term unless the agreement is earlier terminated by either party. The agreement also includes a non-compete clause should the employee be terminated under specific terms of the agreement.

Employee Benefit Plan

The Company has a 401(k) savings retirement plan for all eligible employees. The plan allows for employee contributions to be matched by the Company on a pro rata basis. Contributions made to the plan by the Company, including fees, were $161,822 and $148,094 for the years ended December 31, 2022 and 2021, respectively.

Litigation

The Company is party to various legal proceedings that arise in the normal course of business. In the present opinion of management, none of these proceedings, individually or in the aggregate, are likely to have a material adverse effect on the consolidated financial position or consolidated results of operations or cash flows of the Company. However, management cannot provide assurance that any adverse outcome would not be material to the Company's consolidated financial position or consolidated results of operations or cash flows.

14. Related Party Balances and Transactions

See Note 11 for note purchase agreement with the stockholders of LD Parent. The Company made parent distributions of $5,656,000 and $10,770,250 during the year ended December 31, 2022 and 2021, respectively.

15. Income Taxes

Deferred income taxes result from timing differences in the recognition of income and expenses for income tax and financial reporting purposes.

Net deferred tax assets and liabilities are summarized as follows:

December 31,		2022		2021
Employee compensation	**$**	**427,654**	$	348,096
Accounts receivable		**136,772**		126,675
Inventory		**18,857**		16,158
Partnership interest		**944,834**		666,907
Deferred revenue		**767,732**		682,942
Interest Limitation		**233,624**		—
Foreign net operating loss		**27,336**		—
Valuation allowance		**(108,928)**		—
Deferred tax assets		**2,447,881**		1,840,778
Property and equipment		**(345,473)**		(327,611)
Intangible assets		**(10,689,426)**		(10,910,230)
Other		**(8,477)**		(26,971)
Deferred tax liabilities		**(11,043,376)**		(11,264,812)
Net deferred income tax liabilities	**$**	**(8,595,495)**	$	(9,424,034)

In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. Based on this analysis, the Company has determined that a valuation allowance on certain deferred tax assets related to Sparkle Squad, LLC were appropriate due to lack of predictable income. As of December 31, 2022 and December 31, 2021, the Company maintained a valuation allowance in the amount of $108,928 and $0 respectively.

A summary of current and deferred income taxes included in the Consolidated Statements of Operations is as follows:

Year Ended December 31,		**2022**		**2021**
Current:				
Federal	**$**	**1,779,447**	$	1,640,600
State		**636,161**		510,502
Current tax expense		**2,415,608**		2,151,102
Deferred:				
Federal		**(1,015,512)**		(1,113,880)
State		**35,169**		(205,325)
Foreign		**(27,336)**		—
Deferred benefit		**(1,007,679)**		(1,319,205)
Total tax expense (benefit)	**$**	**1,407,929**	$	831,897

The Company's effective income tax rate reconciles with the federal statutory rate as follows:

Years Ended December 31,	**2022**	**2021**
Federal statutory rate	**21.0 %**	21.0 %
State income taxes, net of federal tax benefit	**5.1**	3.3
Foreign taxes	**(0.7)**	
Non-deductible expenses	**—**	0.1
Non-controlling interest	**0.3**	0.7
Return to provision adjustment	**2.1**	2.9
State Rate Changes	**6.7**	—
Change in valuation allowance	**2.9**	—
Other	**(0.5)**	(2.4)
Effective income tax rate on income before taxes	**36.9 %**	25.6 %

As of December 31, 2022, The Company has not identified any uncertain tax positions. The Company does not anticipate that the total amount of the unrecognized tax benefits will change significantly within the next twelve months. The Company has analyzed its filing positions in all of the jurisdictions where it is required to file income tax returns, as well as all open years in these jurisdictions. Generally, tax years open for examination include the year 2019 and forward.

16. Stock-Based Compensation

Share Options

Stock Options are issued by LD Parent pursuant to its 2018 Stock Incentive Plan ("the Plan"). The related stock-based compensation is pushed down to its subsidiary and recorded by the Company. The Company follows ASC 718, *Share-Based Payment*, for recording stock-based compensation. The fair value of each time-based and performance-based option award is estimated on the date of grant using a Black-Scholes option pricing model. These options, along with performance-based options, will be expensed when such events are deemed probable. Expected volatility is based on historical volatility of an appropriate industry sector index and other factors. The expected term of options with fixed exercise prices is derived by using the midpoint between vesting and expiration as the expected term of the option grant which is permitted under the guidance. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. No stock options were granted during the years ended December 31, 2022 and 2021.

A summary of assumptions is presented below in connection with 2018 grants:

Expected volatility	23 %
Expected term (years)	5
Expected dividend yield	—
Risk-free interest rate	1.81 %

	Stock Options					
	Number of stock option		Weighted Average Exercise Price	Weighted Average Remaining Contractual	Non-Exercisable	Exercisable
Outstanding at December 31, 2020	1,082	$	3,931	7.30	547	535
Granted	—		—	—	—	—
Exercised	(191)		—	—	—	—
Forfeited or expired	—		—	—	—	—
Outstanding at December 31, 2021	891	$	3,931	6.30	177	714
Granted	—		—	—	—	—
Exercised	—		—	—	—	—
Forfeited or expired	—		—	—	—	—
Outstanding at December 31, 2022	**891**	**$**	**3,931**	**5.30**	**—**	**891**

The Company has time-based share-based compensation arrangements under the Plan, which vest over 5 years. In addition to time-based awards, the Company has performance-based awards which vest upon meeting certain financial metrics.

For the years ended December 31, 2022 and 2021, the Company recorded expense of $168,092 and $349,113, respectively, in selling, general, and administrative expenses for stock-based compensation. Unamortized stock-based compensation at December 31, 2022 and 2021 was $0 and $168,092, respectively.

17. Subsequent Events

Management has reviewed and evaluated all events and transactions as of March 24, 2023, the date that the consolidated financial statements were available for issuance.

During the first quarter of 2023, the Company made an additional equity investment in Elite in an amount equal to $450,000 that will be used by Elite to fund future growth initiatives.

LD Parent, Inc.

Consolidated Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

LD Parent, Inc.

Consolidated Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

LD Parent, Inc.

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Independent Auditor's Report

Board of Directors
LD Parent, Inc.
Holmdel, NJ

Opinion

We have audited the consolidated financial statements of LD Parent, Inc. and its Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

Woodbridge, NJ

March 15, 2022

Consolidated Financial Statements

LD Parent, Inc.

Consolidated Balance Sheets

December 31,	**2021**	2020
Assets		
Current assets:		
Cash and equivalents	**$ 8,732,708**	$ 4,110,402
Receivables from franchisees, net	**2,372,353**	2,274,041
Inventories, net	**2,089,690**	1,380,315
Income tax receivable	**82,526**	127,731
Prepaid expenses and other current assets	**648,577**	493,754
Total current assets	**13,925,854**	8,386,243
Non-current assets:		
Property, plant and equipment, net	**2,203,168**	2,191,612
Intangible assets, net	**44,179,821**	46,488,237
Goodwill	**37,507,174**	37,507,174
Receivables from franchisees, net of current portion	**3,501,057**	4,691,881
Prepaid commissions	**4,903,326**	3,707,228
Other assets	**14,422**	14,422
Total non-current assets	**92,308,968**	94,600,554
Total assets	**$ 106,234,822**	$ 102,986,797
Liabilities and Stockholder's Equity		
Current liabilities:		
Current portion of long-term debt	**$ 307,000**	$ 200,000
Accounts payable and accrued expenses	**3,449,294**	3,473,562
Deferred revenue	**1,002,536**	737,227
Advertising funds	**1,194,151**	1,370,601
Franchisee deposits	**1,726,700**	1,559,319
Other current liabilities	**281,215**	329,185
Total current liabilities	**7,960,896**	7,669,894
Non-current liabilities:		
Long-term debt, net of current portion	**29,262,943**	19,088,125
Related party notes	**18,000,000**	18,000,000
Deferred income taxes	**9,424,034**	10,743,239
Deferred revenue, net of current portion	**6,612,161**	5,249,943
Other non-current liabilities	**276,792**	304,408
Total non-current liabilities	**63,575,930**	53,385,715
Total liabilities	**71,536,826**	61,055,609
Commitments and contingencies		
Stockholder's equity:		
Parent Contribution	**$ 35,197,728**	$ 42,323,979
Total LD Parent, Inc. stockholder's equity	**35,197,728**	42,323,979
Non-controlling interest	**(499,732)**	(392,791)
Total stockholder's equity	**34,697,996**	41,931,188
Total liabilities and stockholder's equity	**$ 106,234,822**	$ 102,986,797

See accompanying notes to the consolidated financial statements.

LD Parent, Inc.

Consolidated Statements of Operations

Years Ended December 31,	**2021**	2020
Revenues:		
Operating revenues	**$ 29,472,426**	$ 24,873,100
Initial franchise fees	**4,558,458**	2,961,274
Interest, service charges and other income	**987,206**	842,416
Net revenues	**35,018,090**	28,676,790
Costs and expenses:		
Operating and training	**2,542,400**	2,226,186
Manufacturing	**3,027,378**	2,758,728
Selling, general and administrative	**21,469,099**	18,077,653
Total expenses	**27,038,877**	23,062,567
Income from operations	**7,979,213**	5,614,223
Other expense:		
Interest expense, net	**4,710,194**	4,169,309
Income before income taxes	**3,269,019**	1,444,914
Income taxes:		
Income tax expense	**(831,897)**	(371,274)
Consolidated net income	**2,437,122**	$ 1,073,640
Less: Net loss attributable to the non-controlling interest	**(106,941)**	(213,666)
Net income attributable to LD Parent, Inc.	**$ 2,544,063**	$ 1,287,306

See accompanying notes to the consolidated financial statements.

LD Parent, Inc.

Consolidated Statements of Changes in Stockholder's Equity

	LD Parent, Inc.	Non-controlling interest	Total Stockholder's Equity
Balance, December 31, 2019	$ 44,123,317	$ (179,125)	$ 43,944,192
Parent contribution	754,754	-	754,754
Parent distributions	(4,100,000)	-	(4,100,000)
Stock-based compensation expense	258,602	-	258,602
Net income (loss)	1,287,306	(213,666)	1,073,640
Balance, December 31, 2020	$ 42,323,979	$ (392,791)	$ 41,931,188
Parent contribution	750,823	-	750,823
Parent distributions	(10,770,250)	-	(10,770,250)
Stock-based compensation expense	349,113	-	349,113
Net income (loss)	2,544,063	(106,941)	2,437,122
Balance, December 31, 2021	**$ 35,197,728**	**$ (499,732)**	**$ 34,697,996**

See accompanying notes to the consolidated financial statements.

LD Parent, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31,	**2021**	2020
Cash flows from operating activities:		
Consolidated net income	**$ 2,437,122**	$ 1,073,640
Adjustments to reconcile consolidated net income to net cash flows provided by operating activities:		
Bad debt expense	**196,115**	401,392
Depreciation	**198,944**	192,192
Amortization	**2,308,416**	2,308,416
Deferred income taxes	**(1,319,205)**	(1,031,067)
Stock-based compensation expense	**349,113**	258,602
Amortization of debt issuance costs	**75,568**	53,700
Changes in operating assets and liabilities:		
Receivables from franchisees	**896,397**	957,103
Inventories	**(709,375)**	258,062
Income tax receivable	**45,204**	51,311
Prepaid commission	**(154,823)**	(1,709,436)
Prepaid expenses and other current assets	**(1,196,098)**	(58,979)
Accounts payable and accrued expenses	**(24,268)**	850,962
Deferred revenue	**1,627,526**	1,998,112
Advertising funds	**(176,450)**	280,928
Franchisee deposits	**167,381**	894,144
Other current liabilities	**(47,970)**	167,940
Other liabilities	**(27,614)**	(22,059)
Net cash flows provided by operating activities	**4,645,983**	6,924,963
Cash flows from investing activity:		
Purchases of property, plant and equipment	**(210,500)**	(41,153)
Net cash flows used in investing activity	**(210,500)**	(41,153)
Cash flows from financing activities:		
Parent contribution	**750,823**	754,754
Proceeds from long-term debt	**10,700,000**	-
Repayment for long-term debt	**(226,750)**	(200,000)
Parent distributions	**(10,770,250)**	(4,100,000)
Payment of debt issuance costs	**(267,000)**	-
Net cash flows provided by (used in) financing activities	**186,823**	(3,545,246)
Net increase in cash and equivalents	**4,622,306**	3,338,564
Cash and equivalents, beginning of period	**4,110,402**	771,838
Cash and equivalents, end of period	**$ 8,732,708**	$ 4,110,402
Supplemental cash flow information:		
Interest paid	**$ 4,493,143**	$ 4,023,729
Income taxes paid	**2,105,858**	1,346,628

See accompanying notes to the consolidated financial statements.

1. Nature of the Business

LD Parent, Inc. (the “Company” or “LD Parent”) through its wholly-owned subsidiary Lawn Doctor, Inc., grants franchises to conduct lawn care/conditioning, tree/shrub care and pest control businesses throughout the United States, consisting of the sale of services and products authorized by the Company.

On April 20, 2018, the Company acquired a controlling interest in Mosquito Hunters, LLC ("Mosquito Hunters"). The Company has been able to expand their services in the pest industry as a result of this acquisition. As the Company has effective control in significant decision-making areas, the Company includes Mosquito Hunters in its consolidated financial statements.

On May 24, 2019, the Company acquired a controlling interest in Ecomaids LLC ("Ecomaids"), a franchisor of residential cleaning services. Ecomaids specializes as an innovator of environmentally responsible, non-toxic residential cleaning services for families throughout the United States. The Company believes this acquisition furthers its strategy of both growing organically and also through the acquisition of additional home service brands. The Company has been able to expand their services in the home cleaning as a result of this acquisition. As the Company has effective control in significant decision-making areas, the Company includes Ecomaids in its consolidated financial statements.

2. COVID-19 Pandemic

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The Company is continuously monitoring the impact the pandemic has on nearly all aspects of the Company’s business and markets, including the workforce and the operations of customers, suppliers, and business partners. To date, there has been limited business interruption or financial impact.

On March 27, 2020, the “Coronavirus Aid, Relief and Economic Security (CARES) Act” was signed into law. The CARES Act, among other things, is a support package that includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

The full extent to which the pandemic will directly or indirectly impact the Company's business, results of operations and financial condition, including sales, expenses, manufacturing, operating and training, and selling, general and administrative costs, reserves and allowances, fair value measurements, asset impairment charges, will depend on future developments that are highly uncertain and difficult to predict. These developments include, but are not limited to, the duration and spread of the outbreak (including new variants of COVID-19), its severity, the actions to contain the virus or address its impact, the timing, distribution, and efficacy of vaccines and other treatments, U.S. and foreign government actions to respond to the reduction in global economic activity, and how quickly and to what extent normal economic and operating conditions can resume.

Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, material sourcing, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

3. Basis of Presentation and Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of LD Parent, Inc. & Subsidiaries include the accounts of Lawn Doctor, Inc. and its wholly-owned subsidiaries, Mosquito Hunters, LLC & Ecomaids, LLC (collectively the "Company"). The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany transactions and accounts have been eliminated in consolidation.

Non-controlling Interests

Non-controlling interests in consolidated subsidiaries are required to be classified as a separate component of equity in the Consolidated Balance Sheets and the amounts of net income and comprehensive income attributable to the non-controlling interests are included in consolidated net income on the face of the Consolidated Statements of Operations.

The accounts of Mosquito Hunters, LLC have been included in the Company's consolidated financial statements and the affiliates' proportionate share of the net assets have been reflected in the accompanying Consolidated Balance Sheets as non-controlling interest in the amount of $(298,563) and $(283,006) at December 31, 2021 and 2020, respectively. Included in the years ended December 31, 2021 and 2020 Consolidated Statements of Operations is $(15,557) and $(61,557), of the non-controlling interest loss allocation due to the related partial ownership of Mosquito Hunters.

The accounts of Ecomaids, LLC have been included in the Company's consolidated financial statements and the affiliates' proportionate share of the net assets have been reflected in the accompanying consolidated financial statements as non-controlling interest in the amount of $(201,169) and $(109,785) at December 31, 2021 and 2020, respectively. Included in the years ended December 31, 2021 and 2020 Consolidated Statements of Operations is $(91,384) and $(152,109), of the non-controlling interest loss allocation due to the related partial ownership of Ecomaids.

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09 that introduced a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. Numerous updates were issued in 2016 that provide clarification on a number of specific issues as well as requiring additional disclosures. The new standard was effective for the Company on January 1, 2019.

On January 1, 2019, the Company adopted the new accounting standard for all contracts not completed as of the adoption date using the modified retrospective method. The Company has identified and implemented appropriate changes to the business policies, processes, and controls to support the adoption, recognition and disclosures under the new standard. As part of this evaluation, the Company has identified the following revenue streams; initial franchise fees, operating revenues which consist of: service/royalty fees from franchises, sales of parts and equipment, revenues from sales type leases, advertising revenue, and interest income related to notes receivable and loans receivables. Additionally, the Company reviewed the related critical customer contract terms and provisions. The Company has concluded that the most significant impact of the standard relates to the timing of the recognition of revenue for initial franchise fees, that were previously recognized at the point in time which the Company had performed all significant services and satisfied all conditions of sale, will be recognized over the life of the contract. Commissions relating to such contracts that were previously charged to expense upon recognition of the initial fee will now be recorded as a prepaid asset and amortized over the life of the contract. Advertising funds will now be presented as a gross up of revenue and related cost.

In accordance with ASC 606, the Company disaggregates its revenue from customers with contracts by revenue streams. The Company's revenue streams are presented in the following table:

Years Ended December 31,	**2021**	**2020**
Operating Revenues:		
Service/royalty fees	**$ 19,789,537**	$ 16,596,110
Part and equipment sales	**2,788,043**	2,478,087
Advertising revenue	**6,894,846**	5,798,903
Initial franchise fees	**4,558,458**	2,961,274
Interest, service charges, and other	**987,206**	842,416
Net Revenues	**$ 35,018,090**	$ 28,676,790

Service/royalty fees derived from franchises ("Service Fees") are recognized as revenue when earned. Revenue from sales of parts and equipment are recognized, at the point in time which control is transferred, upon shipment. Interest income related to notes receivable and loans receivable is recorded as revenue when earned (and collection is reasonably assured) in accordance with the interest method.

Initial franchise fees are deferred and recognized over the life of the contract. Commissions paid on initial franchise fees are deferred and charged to expense upon recognition of the initial fee.

Advertising fund revenue is deferred upon sale of the initial franchise. Revenue and the related advertising expense is recognized as incurred by the Company.

Receivables from Franchisees, net

Receivables from franchises are recorded at net realizable value. The Company provides an allowance for doubtful accounts for franchisees based on the aging of each franchisee's total receivables, unless, in the opinion of management, estimated net realizable value requires a further allowance. The Company monitors the business operations of new and existing franchises to ascertain that its policies continue to provide an appropriate allowance for receivables and financed franchise fees.

The Company provides franchisees with an option to finance initial franchise fees over a period of up to 96 months with interest at 12% per annum. Additionally, the Company has converted accounts receivable from certain franchisees to notes receivable. These financing arrangements entered into during the years ended December 31, 2021 and 2020 were $1,347,400 and $2,433,339, respectively. These financing arrangements are recorded as notes receivable in receivables from franchisees in the accompanying Consolidated Balance Sheets. As of December 31, 2021 and 2020, $3,159,942 and $4,364,798 was outstanding of which $906,133 and $981,171 was classified as a current asset, which represents the principal amounts due on the aggregate notes receivable, respectively. These financing arrangements are recorded as notes receivable in receivables from franchisees in the accompanying Consolidated Balance Sheets.

The Company provides an estimated allowance for doubtful receivables on any notes and related interest with delinquent installments of more than six months. The Company ceases accrual of interest when the Company can no longer assert that the likelihood of collection is probable.

The Company leases equipment to its franchisees with an option to pay in full upon execution of the lease or finance over 60, 72 or 84 months depending on the type of equipment. Interest is not to exceed 1.5% per month and the Company recognizes the imputed interest over the term of the lease. The Company records these leases as a sales-type lease in accordance with ASC 840. Leased equipment is recorded in receivables from franchisees in the accompanying Consolidated Balance Sheets.

As of December 31, 2021, $1,605,023 was outstanding of which $357,777 was classified as a current asset. As of December 31, 2021, the Company recorded $406,475 as unearned interest of which $129,680 was classified within other current liabilities.

As of December 31, 2020, $1,666,877 was outstanding of which $358,623 was classified as a current asset. As of December 31, 2020, the Company recorded $436,434 as unearned interest of which $132,026 was classified within other current liabilities.

Unearned interest beyond one year is recorded in long-term other liabilities.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results, as determined at a later date, could differ from those estimates.

Shipping Costs

Costs to ship products to franchisees are expensed to manufacturing expenses as incurred. The Company recorded shipping costs of $211,803 and $129,121 for the years ended December 31, 2021 and 2020, respectively.

Cash and Equivalents

The Company considers money market funds and all other highly liquid debt instruments purchased with original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Company maintains its cash balances in a financial institution that is insured by the Federal Deposit Insurance Corporation up to $250,000 each. At times, such balances may be in excess of the FDIC insurance limit.

No one franchise or vendor exceeded 10% of the Company's sales or purchases for the years ended December 31, 2021 and 2020.

No one franchise or vendor exceeded 10% of the Company's accounts receivable or payables at December 31, 2021 and 2020.

Inventories, net

Inventories are stated at the lower of cost and net realizable value. Parts and materials, included as inventory, are evaluated annually by management for net realizable value and obsolescence. At December 31, 2021 and 2020, the reserve for inventory was $64,970 and $65,858, respectively.

Property, Plant and Equipment, net

Property and equipment acquired in connection with the acquisition are stated at fair value, at the date of acquisition, less accumulated depreciation. Other property, plant and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed by the straight-line method over the estimated useful lives, which approximate 39 years for building, 5 to 7 years for furniture, fixtures and other equipment and 3 to 5 years for software and transportation equipment. Improvements to leasehold property are amortized on the straight-line method over the shorter of the asset life and remaining lease term.

Goodwill and Intangible Assets

As required by ASC 350, Goodwill and Other Intangible Assets, the Company tests goodwill for impairment. Goodwill is not amortized, but instead tested for impairment at the reporting unit level at least annually and more frequently upon the occurrence of certain events. The Company has one reporting unit. The annual goodwill impairment test is a two-step process. First, the Company determines if the carrying value of its related reporting unit exceeds fair value, which would indicate that goodwill may be impaired. If the Company then determines that goodwill may be impaired, it compares the implied fair value of the goodwill to its carrying amount to determine if there is an impairment loss. In September 2011, the FASB issued ASU 2011-08 which amends ASC 350 for testing goodwill for impairment. The guidance provides an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (more than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform the existing two-step quantitative impairment test, otherwise no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the two-step quantitative impairment test. The ultimate outcome of the goodwill impairment review for a reporting unit should be the same whether an entity chooses to perform the qualitative assessment or proceeds directly to the two-step quantitative impairment test. In conjunction with management's annual review of goodwill, the Company adopted the new guidance and concluded it is more likely than not that the fair value of the reporting unit exceeds its carrying amount. There were no impairment indicators for the years ended December 31, 2021 and 2020.

Indefinite and Finite Lived Intangibles

In accordance with ASC 350, Intangibles – Goodwill and Other ("ASC 350"), indefinite lived intangible assets are recorded at cost and are reviewed for impairment on an annual basis and whenever events or circumstances indicate that their carrying values may not be recoverable. Impairment is recorded if the carrying amount exceeds fair value. Intangible assets which have finite useful lives are amortized using the straight-line method over their useful lives and consist of customer relationships, developed technology, know-how, and a non-compete. Finite lived intangible asset amortization expense was $2,308,416 and $2,308,416 for the years ended December 31, 2021 and 2020, respectively.

Future adverse changes in market conditions or poor operating results could result in losses or an inability to recover the carrying value of the goodwill and other intangible assets thereby possibly requiring an impairment charge in the future.

Long-lived Assets

The Company accounts for the impairment of long-lived assets in accordance with ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*. In accordance with ASC 360, the Company evaluates long-lived assets, including intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset or group of assets. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. The Company did not have any long-lived assets impairment indicators during the years ended December 31, 2021 and 2020.

Debt Issuance Costs

Costs related to financing are being capitalized and amortized straight line, which approximates the effective interest method, over the term of the related debt facilities. Debt issuance costs were $303,307 and $111,875 as of December 31, 2021 and 2020, respectively, and are presented as a reduction to long-term debt in the Consolidated Balance Sheets. Amortization of deferred financing costs for the years ended December 31, 2021 and 2020 was $75,568 and $53,700, respectively, and is recorded in interest expense in the Consolidated Statements of Operations.

Income Taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

The Company recognizes a tax benefit from an uncertain position only if it is more likely than not the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If this threshold is met, the Company measures the tax benefit as the largest amount of benefit that is greater than fifty percent likely being realized upon ultimate settlement. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. As of December 31, 2021 and 2020, there was no impact to the consolidated financial statements relating to accounting for uncertainty in income taxes.

On March 27, 2020, the CARES Act was enacted into law. Included in the CARES Act (the "Act") were changes in the tax law with respect to net operating loss carrybacks, bonus depreciation applicability to qualified investment property, changes to IRC Section 163j interest expense limits, AMT credit carryforward refundability, impairment of assets due to COVID-19, and other non-income tax considerations. As a result of the Act, the Company was able to defer certain payroll taxes. However, the Act had no material impact to the consolidated financial statements.

Fair Value Measurements

Fair value is a market-based measurement, which is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques for fair value measurements include the market approach (comparable market prices), the income approach (present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost), which are each based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The Company utilizes a fair value hierarchy that prioritizes inputs to fair value measurement techniques into three broad levels:

- Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets.

- Level 2: Observable inputs other than quoted prices that are directly or indirectly observable for the asset or liability, including quoted prices for similar asset or liabilities in active markets; quoted prices for similar or identical assets or liabilities in markets that are not active; and mode-derived valuations whose inputs are observable or whose significant value drivers are observable.

- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

The Company's material financial instruments at December 31, 2021 and 2020, for which disclosure of estimated value is required by certain accounting standards, consisted primarily of receivables from franchisees, accounts payable, accrued expenses, and debt. The carrying value of the term loan approximates fair value due to the variable interest rate associated with this financial instrument.

Business Acquisitions

The Company accounts for business combinations in accordance with ASC 805 Business Combinations. ASC 805 requires business combinations to be accounted for using the purchase method of accounting and includes specific criteria for recording intangible assets separate from goodwill. Results of operations of acquired businesses are included in the financial statements of the acquiring company from the date of acquisition. Assets acquired and liabilities assumed of the acquired company are recorded at their fair value at the date of acquisitions.

Advertising Expenses

The Company expenses its advertising costs the first time the advertising takes place. All advertising costs are expensed as incurred. Total advertising expense recorded in selling, general, and administrative expense within the Consolidated Statements of Operations was $826,125 and $673,434 for the years ended December 31, 2021 and 2020, respectively.

The Company incurs regional advertising costs, which are repaid weekly by franchisees based upon their cash receipts. The balances are reported as prepaid or accrued expenses at year-end.

4. Receivables from Franchisees, net

December 31,	**2021**	2020
Amounts billed and currently receivable from franchisees	**$ 1,752,855**	$ 1,650,586
Notes receivable from franchisees	**906,133**	981,171
Net investment in sales type leases	**357,777**	358,623
Less: Allowance for doubtful accounts	**(644,412)**	(716,339)
Current portion	**2,372,353**	2,274,041
Notes receivable from franchisees	**2,253,811**	3,383,627
Net investment in sales type leases	**1,247,246**	1,308,254
Noncurrent portion	**3,501,057**	4,691,881
Receivables from Franchisees, net	**$ 5,873,410**	$ 6,965,922

The Company wrote off uncollectible accounts totaling $196,115 and $401,392 for the years ended December 31, 2021 and 2020, respectively.

5. Property, Plant and Equipment, net

Property, plant and equipment consist of the following:

December 31,	**2021**	2020
Land	**$ 440,304**	$ 440,304
Building	**1,126,624**	1,126,624
Furniture, fixtures and other equipment	**873,850**	695,982
Leasehold improvements	**484,020**	451,388
	2,924,798	2,714,298
Less: accumulated depreciation	**(721,630)**	(522,686)
Property, plant and equipment, net	**$ 2,203,168**	$ 2,191,612

Depreciation expense totaled $198,944 and $192,192 for the years ended December 31, 2021 and 2020, respectively.

6. Other Assets

Other assets are summarized as follows:

December 31,	**2021**	2020
Security Deposits	**$ 14,422**	$ 14,422

7. Intangibles, net

Intangibles are summarized as follows:

December 31,	**2021**	2020	Useful Life
Franchisee relationships	**$ 34,100,000**	$ 34,100,000	15 years
Trade name	**12,094,580**	12,094,580	Indefinite
Systems-in-place	**6,800,000**	6,800,000	Indefinite
Leasehold interest	**193,000**	193,000	5.5 years
	53,187,580	53,187,580	
Less: accumulated amortization	**(9,007,759)**	(6,699,343)	
Intangibles, net	**$ 44,179,821**	$ 46,488,237	

Estimated future amortization expense of franchise relationships and leasehold interest at December 31, 2021 is as follows:

Years ending December 31,	
2022	**$ 2,308,416**
2023	**2,294,532**
2024	**2,273,333**
2025	**2,273,333**
2026	**2,273,333**
2027 and thereafter	**13,862,294**
	$ 25,285,241

8. Borrowing Arrangements

Credit Agreements

On February 7, 2018, in conjunction with the acquisition by CNLSC, the Company entered into an amendment to their Credit Agreement dated December 12, 2014. The amendment permitted the repayment of all of the outstanding principal amount of Subordinated Debt as of the date of the agreement, issuances up to $18,000,000 of subordinated second lien indebtedness, increase in the Term Loan by $6,000,000 and extended the maturity date to February 7, 2023. The amendment also contains revisions to the restrictive covenants inclusive of senior debt to adjusted EBITDA ratio, total debt to adjusted EBITDA ratio, fixed charge ratio, and excess cash flow. The Revolving Loan Commitment remained unchanged. The Revolving Loan Commitment was payable upon maturity on December 11, 2019. This was later amended in March 2019 to extend the maturity date to February 7, 2023 and clarify certain definitions in the prior amendment. The Credit Agreement was payable in quarterly principal installments of $50,000, commencing on March 31, 2018 until the maturity date on February 7, 2023, at which time the outstanding balance was to be due and payable.

On August 11, 2021, the Company entered into a new amendment to their Credit Agreement dated December 12, 2014. The amendment increased the Term Loan by $10,700,000 and extended the maturity date for the Term Loan as well as the Revolving Loan Commitment to February 7, 2025. The amendment was treated as a debt modification. The amendment also contained revisions to the restrictive covenants inclusive of senior debt to adjusted EBITDA ratio, total debt to adjusted EBITDA ratio, fixed charge coverage ratio and excess cash flow. The Revolving Loan Commitment remained unchanged. There were no outstanding borrowings under the revolving loan commitment

at December 31, 2021 or 2020. The Revolving Loan Commitment bears interest of 0.50% of the unfunded portion.

As a result of the amendment to the Credit Agreement in 2021, the quarterly principal installment increased to $76,750 from $50,000, commencing on December 31, 2021 until the maturity date on February 7, 2025, at which time the outstanding is to be due and payable. The Credit Agreement also provides for an annual mandatory prepayment of principal based on excess cash flow (as defined in the Credit Agreement). During the year ended December 31, 2021 and 2020, the Company did not make a prepayment based on excess cash flow. The Credit Agreement also provides for the maintenance of certain financial ratios, including leverage and fixed charge ratios. At December 31, 2021 and 2020, the Company was in compliance with all of its covenant requirements. At December 31, 2021 and 2020, $29,873,250 and $19,400,000 was outstanding on the Credit Agreement.

The interest rate on the Credit Agreement varies depending if the Term Loan is a Base Rate Loan or a LIBOR Loan. At December 31, 2021, the Company elected to treat the Credit Agreement as a LIBOR Loan, which carried an effective interest rate of 5.50%.

Repayment of the Credit Agreement is as follows:

Years ending December 31,	
2022	$ 307,000
2023	18,307,000
2024	307,000
2025	28,952,250
	$ 47,873,250

	2021	2020
Long-term debt	**$ 29,873,250**	$ 19,400,000
Less: Current portion	**(307,000)**	(200,000)
Less: Deferred financing costs	**(303,307)**	(111,875)
Long-term debt, net	**$ 29,262,943**	$ 19,088,125

Note Purchase Agreement

On February 7, 2018, in conjunction with the acquisition, the Company entered into a Note Purchase Agreement for an $18,000,000 aggregate principal amount of senior secured notes with related parties. The notes are subordinate to the Credit Agreement noted above. The notes contain an annual interest rate of 16% and mature on August 7, 2023. Payment of the notes is due in full on the maturity date. The Company may prepay the notes at a premium based upon the schedule set forth in the note purchase agreement. The note purchase agreement is collateralized by substantially all assets of Lawn Doctor, Inc. and was guaranteed by the Company. The note purchase agreement contains certain restrictive covenants inclusive of senior debt to adjusted EBITDA ratio, total debt to adjusted EBITDA ratio, fixed charge ratio, and excess cash flow. At December 31, 2021 and 2020, the Company was in compliance with all of its covenant requirements. At December 31, 2021 and 2020, $18,000,000 was outstanding on the Note Purchase Agreement with related parties.

9. Commitments and Contingencies

Operating Leases

The Company leases its manufacturing facility and certain automobiles from unrelated parties under non-cancellable operating leases which expire on various dates through 2025. Future minimum rental payments under these leases are as follows:

Years ending December 31,		
2022	$	278,697
2023		169,576
2024		28,948
2025		12,655
	$	489,876

Total rent paid for facilities and equipment was $282,570 and $253,748 for the years ended December 31, 2021 and 2020, respectively.

Employment Agreement

The Company has an employment agreement with a key executive which provides for an annual base salary plus an incentive bonus which is payable upon the achievement of certain defined financial benchmarks. The agreement expired in December 2018 and was automatically renewed for an additional one-year term. The agreement will continue to renew automatically for an additional one-year term unless the agreement is earlier terminated by either party. The agreement also includes a non-compete clause should the employee be terminated under specific terms of the agreement.

Employee Benefit Plan

The Company has a 401(k) savings retirement plan for all eligible employees. The plan allows for employee contributions to be matched by the Company on a pro rata basis. Contributions made to the plan by the Company, including fees, were $148,094 and $132,192 for the years ended December 31, 2021 and 2020, respectively.

Litigation

The Company is party to various legal proceedings that arise in the normal course of business. In the present opinion of management, none of these proceedings, individually or in the aggregate, are likely to have a material adverse effect on the consolidated financial position or consolidated results of operations or cash flows of the Company. However, management cannot provide assurance that any adverse outcome would not be material to the Company’s consolidated financial position or consolidated results of operations or cash flows.

10. Related Party Transactions

See Note 8 for note purchase agreement with the stockholders of LD Parent.

11. Income Taxes

Deferred income taxes result from timing differences in the recognition of income and expenses for income tax and financial reporting purposes.

Net deferred tax assets and liabilities are summarized as follows:

December 31,	**2021**	2020
Employee compensation	**$ 348,096**	$ 273,215
Accounts receivable	**126,675**	155,182
Inventory	**16,158**	16,379
Partnership interest	**666,907**	365,529
Deferred revenue	**682,942**	280,546
Deferred tax assets	**1,840,778**	1,090,851
Property and equipment	**(327,611)**	(316,798)
Intangible assets	**(10,910,230)**	(11,480,837)
Other	**(26,971)**	(36,455)
Deferred tax liabilities	**(11,264,812)**	(11,834,090)
Net deferred income tax liabilities	**$ (9,424,034)**	$ (10,743,239)

A summary of current and deferred income taxes included in the Consolidated Statements of Operations is as follows:

Year Ended December 31,	**2021**	2020
Current:		
Federal	**$ 1,640,600**	$ 1,114,816
State	**510,502**	287,525
Current tax expense	**2,151,102**	1,402,341
Deferred:		
Federal	**(1,113,880)**	(870,588)
State	**(205,325)**	(160,479)
Deferred benefit	**(1,319,205)**	(1,031,067)
Total tax expense	**$ 831,897**	$ 371,274

The Company's effective income tax rate reconciles with the federal statutory rate as follows:

Years Ended December 31,	**2021**	2020
Federal statutory rate	**21.0%**	21.0%
State income taxes, net of federal tax benefit	**3.3**	4.4
Non-deductible expenses	**0.1**	0.1
Non-controlling interest	**0.7**	3.1
Return to provision adjustment	**2.9**	0.1
Stock-based compensation	**(2.4)**	(3.1)
Effective income tax rate on income before taxes	**25.6%**	25.6%

The Company may be subject to examination by the Internal Revenue Service (IRS) as well as states for calendar year 2018 through 2021. The Company has not been notified of any federal income tax examinations.

12. Stock-Based Compensation

Share Options

Stock Options are issued by LD Parent pursuant to its 2018 Stock Incentive Plan ("the Plan"). The related stock-based compensation is pushed down to its subsidiary and recorded by the Company. The Company follows ASC 718, *Share-Based Payment*, for recording stock-based compensation. The fair value of each time-based and performance-based option award is estimated on the date of grant using a Black-Scholes option pricing model. These options, along with performance-based options, will be expensed when such events are deemed probable. Expected volatilities are based on historical volatility of an appropriate industry sector index and other factors. The expected term of options with fixed exercise prices is derived by using the midpoint between vesting and expiration as the expected term of the option grant which is permitted under the guidance. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. No stock options were granted during the years ended December 31, 2021 and 2020.

A summary of assumptions is presented below in connection with 2018 grants:

Expected volatility	23%
Expected term (years)	5
Expected dividend yield	-
Risk-free interest rate	1.81%

	Stock Options				
	Number of stock option shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Non-Exercisable	Exercisable
Outstanding at December 31, 2019	1,274	$ 3,931	8.30	821	453
Granted	-	-	-	-	-
Exercised	(192)	-	-	-	-
Forfeited or expired	-	-	-	-	-
Outstanding at December 31, 2020	1,082	$ 3,931	7.30	547	535
Granted	-	-	-	-	-
Exercised	(191)	-	-	-	-
Forfeited or expired	-	-	-	-	-
Outstanding at December 31, 2021	**891**	**$ 3,931**	**6.30**	**177**	**714**

The Company has time-based share-based compensation arrangements under the Plan, which vest over 5 years. In addition to time-based awards, the Company has performance-based awards which vest upon meeting certain financial metrics.

For the years ended December 31, 2021 and 2020, the Company recorded expense of $349,113 and $258,602, respectively, in selling, general, and administrative expenses for stock-based compensation. Unamortized stock-based compensation at December 31, 2021 and 2020 was $167,391 and $516,504, respectively

13. Subsequent Events

Management has reviewed and evaluated all events and transactions as of March 15, 2022, the date that the consolidated financial statements were available for issuance.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT OR REVIEW. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED, REVIEWED, COMPILED OR PERFORMED ANY PROCEDURES WITH RESPECT TO THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

LD Parent, Inc.
COMPARATIVE BALANCE SHEET
June 30, 2023

ASSETS	June 30, 2023 Unaudited	June 30, 2022 Unaudited
CURRENT ASSETS:		
Cash	$ 2,789,608.96	$ 5,399,778.45
Receivables from franchisees, net	2,334,482.88	1,739,172.62
Inventories	2,638,036.23	2,053,019.53
Prepaid income taxes	-	74,317.69
Prepaid expenses and other current assets	1,308,546.96	1,469,763.25
Total Current Assets	9,070,675.03	10,736,051.54
PROPERTY, PLANT, AND EQUIPMENT	2,285,361.13	2,273,262.74
OTHER ASSETS:		
Intangible assets	41,753,587.84	43,025,612.67
Goodwill	38,871,101.11	37,507,174.00
Receivables from franchisees	2,781,454.55	3,476,769.96
Prepaid expenses, less current portion	3,787,982.07	4,018,357.91
Other Non-Current Assets	305,725.34	14,422.16
Total Other Assets	87,499,850.91	88,042,336.70
	$ 98,855,887.07	$ 101,051,650.98
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Term Loan, current portion	$ -	$ 307,000.00
Accounts payable and accrued expenses	4,023,831.82	4,092,530.86
Other Current Liabilities	2,292,179.83	2,330,421.57
Total Current Liabilities	6,316,011.65	6,729,952.43
OTHER LIABILITIES:		
Term Loan, less current portion	29,432,500.00	29,162,534.49
Subordinated senior debt	18,000,000.00	18,000,000.00
Deferred income taxes	7,979,685.80	8,928,825.80
Other Non-Current Current Liabilities	7,301,469.15	7,369,529.22
Total Other Liabilities	62,713,654.95	63,460,889.51
STOCKHOLDERS' EQUITY:		
Total Stockholders' Equity	29,826,220.47	30,860,809.04
	$ 98,855,887.07	$ 101,051,650.98

The interim unaudited financial information as of and for the six months ended June 30, 2023 and 2022, has been prepared by and is the responsibility of our management. BDO USA, P.C. has not audited, reviewed, compiled or performed any procedures with respect to this preliminary financial information. Accordingly, BDO USA, P.C. does not express an opinion or any other form of assurance with respect thereto.

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT OR REVIEW. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED, REVIEWED, COMPILED OR PERFORMED ANY PROCEDURES WITH RESPECT TO THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

LD Parent, Inc.
CONSOLIDATED STATEMENTS OF INCOME
June 30, 2023

	June 30,	
	Unaudited	**Unaudited**
REVENUES:	**2023**	**2022**
Operating Revenues	$20,009,214.92	$18,221,274.01
Initial franchise fees	1,753,732.00	2,842,472.79
Interest, service charges andother income	431,055.10	482,161.93
	22,194,002.02	21,545,908.73
COSTS AND EXPENSES:		
Operations and training	1,741,523.86	1,848,591.80
Manufacturing/Corporate location	2,154,033.63	1,948,739.02
General and administrative	13,785,573.95	13,090,638.78
	17,681,131.44	16,887,969.60
INCOME FROM OPERATIONS	4,512,870.58	4,657,939.13
OTHER INCOME AND (EXPENSES):		
Interest expense	(3,056,917.20)	(2,345,538.36)
Other Income (expense)	-	(38,567.91)
	(3,056,917.20)	(2,384,106.27)
INCOME BEFORE TAXES	1,455,953.38	2,273,832.86
Income Tax Expense	455,633.00	554,815.00
NET INCOME	1,000,320.38	1,719,017.86
Net loss attributable to Non-Controlling Interest	(101,332.61)	(33,195.46)
Net income attributable to LD Parent, Inc.	1,101,652.99	1,752,213.32

The interim unaudited financial information as of and for the six months ended June 30, 2023 and 2022, has been prepared by and is the responsibility of our management. BDO USA, P.C. has not audited, reviewed, compiled or performed any procedures with respect to this preliminary financial information. Accordingly, BDO USA, P.C. does not express an opinion or any other form of assurance with respect thereto.

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT OR REVIEW. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED, REVIEWED, COMPILED OR PERFORMED ANY PROCEDURES WITH RESPECT TO THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, **LD PARENT, INC.**, a Delaware corporation located at 142 State Route 34, Holmdel, New Jersey 07733 (the "Guarantor"), absolutely and unconditionally guarantees to assume the duties and obligations of **SPARKLE SQUAD, LLC**, a Delaware limited liability company located at 142 State Route 34, Holmdel, New Jersey 07733 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 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 Holmdel, New Jersey on the 15th day of September, 2023.

Guarantor:

LD PARENT, INC.

By: ______________________
Scott D. Frith

Title: President

ACTIVE\1602378431.1

EXHIBIT J

STATE ADDENDA AND AGREEMENT RIDERS

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ADDITIONAL DISCLOSURES FOR THE MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF SPARKLE SQUAD, LLC

The following are additional disclosures for the Franchise Disclosure Document of SPARKLE SQUAD, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

1. 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 14 DAYS PRIOR TO THE EXECUTION OF ANY AGREEMENT.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. OUR WEBSITE, www.sparklesquad.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

4. **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.**

5. The following risk factor is added to the Special Risks to Consider About *This* Franchise Page:

> The franchise agreement contains provisions requiring you to agree to shorten the statute of limitations to bring claims and waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

6. The following is added to the end of Item 3:

> Neither we, nor any person in Item 2 of the Disclosure Document, 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 person from membership in that association or exchange.

7. The following sentence is added to the "Remarks" column of the line-item titled "Interest" in Item 6:

The highest interest rate allowed under California law is 10% annually.

8. The following paragraphs are added to the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or non-renewal of a franchise. If the Agreement contains a provision that is inconsistent with the law, and the law applies, then the law will control.

The Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Agreement requires application of the laws of the State of New Jersey. This provision might not be enforceable under California law.

The Agreement requires binding arbitration at a location specified by the arbitrator within 10 miles of our principal place of business at the time the arbitration demand is filed. You will be required to travel to that location and pay the expenses you incur in any such arbitration proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

ILLINOIS

1. The following statements are added to the end of Item 17:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

MARYLAND

1. The following language 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), titled **Conditions for franchisor approval of transfer**:

Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. (The form of general release that we currently intend to use in connection with franchise transfers and renewals is included in the Assignment and Assumption Agreement appearing at Exhibit C of this Disclosure Document.)

2. The following language is added to the end of the "Summary" section of Item 17(h), titled **"Cause" defined – non-curable defaults**:

Termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

3. The "Summary" section of Item 17(v), titled **Choice of forum**, is amended to read as follows:

Arbitration of most disputes within 10 miles of our then-current principal office (currently in New Jersey), except that, subject to your arbitration obligation, and to the extent required by the Maryland Franchise Registration and Disclosure Law, you may bring an action in Maryland.

4. The "Summary" section of Item 17(w), titled **Choice of forum**, is amended to read as follows:

> New Jersey law generally applies, except for Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following language is added to the end of the chart in Item 17:

> You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.
>
> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

1. The following paragraph is added to the end of Item 13:

> We will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Mark pursuant to and in compliance with the Agreement, and for all costs you reasonably incur in defending any such claim brought against you or in any such proceeding in which you are named as a party, provided that you have timely notified us of such claim or proceeding and have otherwise complied with the Agreement.

2. The following language 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), titled **Conditions for franchisor approval of transfer by franchisee**:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. The following paragraphs are added to the end of Item 17:

> For franchises governed by the Minnesota Franchises Law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. However, we and you will enforce these provisions in the Agreement to the extent the law allows.

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 E OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. 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 to 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 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. 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.

5. 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), titled **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.

6. 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.

7. The following is added to the end of the "Summary" section of Item 17(j), titled **Assignment of contract by franchisor**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. 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

NORTH DAKOTA

1. The following language 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), titled **Conditions for franchisor approval of transfer by franchisee**:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of the "Summary" section of Item 17(r), titled **Non-competition covenants after the franchise is terminated or expires**:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, we will seek to enforce them to the extent enforceable.

3. The following is added to the end of the "Summary" section of Item 17(u), titled **Dispute resolution by arbitration or mediation**:

However, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The "Summary" section of Item 17(v), titled **Choice of forum**, is deleted and replaced with the following:

New Jersey, except that subject to your arbitration obligation, and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The "Summary" section of Item 17(w), titled **Choice of law**, is deleted and replaced with the following:

New Jersey, except to the extent otherwise required by the North Dakota Franchise Investment Law, North Dakota law applies.

RHODE ISLAND

1. The "Summary" section of Item 17(v), titled **Choice of forum**, is amended to read as follows:

Arbitration of most disputes within 10 miles of our then-current principal office (currently in New Jersey), except that, subject to your arbitration obligation, and to the extent required by the Rhode Island Franchise Investment Act, you may bring an action in Rhode Island.

2. The "Summary" section of Item 17(w), titled **Choice of law**, is amended to read as follows:

New Jersey law generally applies, except for Federal Arbitration Act, other federal law, and claims arising under the Rhode Island Franchise Investment Act.

VIRGINIA

1. The following is added to the end of the "Summary" section of Item 17(h), titled **"Cause" defined – non-curable defaults**:

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 grounds for default or termination stated in the Franchise Agreement do 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.

WASHINGTON

1. The following paragraph is added to the end of Item 5:

Franchisees who receive financial incentives to refer franchise prospects to us may be required to register as franchise brokers under the laws of the State of Washington.

2. The following paragraphs are added to the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede this Agreement in your relationship with us, including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede this Agreement in your relationship with us, including the areas of termination and renewal of your Franchise.

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 this Agreement, you 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.

A release or waiver of rights executed by you 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.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of yours, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed One Hundred Thousand Dollars ($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 yours under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed Two Hundred Fifty Thousand Dollars ($250,000) per year (an amount that will be adjusted annually for inflation). As a

result, any provisions contained in this Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits us from restricting, restraining, or prohibiting you from (i) soliciting or hiring any employee of a franchisee of ours or (ii) soliciting or hiring any employee of ours. As a result, any such provisions contained in this Agreement or elsewhere are void and unenforceable in Washington.

THE FOLLOWING PAGES ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO
SPARKLE SQUAD, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS
BETWEEN SPARKLE SQUAD, LLC
AND ____________________________
DATED _____________________

THIS RIDER is made and entered into by and between SPARKLE SQUAD, LLC, a Delaware limited liability company, with its principal office at 142 State Route 34, Holmdel, New Jersey 07733 (the "COMPANY"), and ____ d/b/a SPARKLE SQUAD of _________________________, whose principal address is ____ ("STRATEGIC-PARTNER"), as of the date signed by the COMPANY and set forth opposite the COMPANY's signature on this Rider (the "Rider Date").

1. **BACKGROUND**. The COMPANY and STRATEGIC-PARTNER are parties to that certain Franchise Agreement dated ___________________________, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the SPARKLE SQUAD business that STRATEGIC-PARTNER will operate under the Franchise Agreement will be located in Illinois, or (b) STRATEGIC-PARTNER is a resident of Illinois.

2. **GOVERNING LAW**. Section 15.G of the Franchise Agreement is deleted in its entirety and replaced with the following:

> Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

3. **JURISDICTION**. Section 15.H of the Franchise Agreement is deleted in its entirety and replaced with the following:

> In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

4. **WAIVER OF JURY TRIAL**. The following language is added to the end of Section 15.J of the Franchise Agreement:

> However, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

5. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as a new Section 15.O of the Franchise Agreement:

O. **ILLINOIS FRANCHISE DISCLOSURE ACT.**

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, the parties have executed this Rider on the Rider Date.

SPARKLE SQUAD, LLC

By:______________________________
Title:____________________________
Date:____________________________

____
STRATEGIC-PARTNER

Date:______________________________

____
STRATEGIC-PARTNER

Date:______________________________

RIDER TO
SPARKLE SQUAD, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND
BETWEEN SPARKLE SQUAD, LLC
AND ____________________________
DATED _____________________

THIS RIDER is made and entered into by and between SPARKLE SQUAD, LLC, a Delaware limited liability company, with its principal office at 142 State Route 34, Holmdel, New Jersey 07733 (the "COMPANY"), and ____ d/b/a SPARKLE SQUAD of ______________________________, whose principal address is ____ ("STRATEGIC-PARTNER"), as of the date signed by the COMPANY and set forth opposite the COMPANY's signature on this Rider (the "Rider Date").

1. **BACKGROUND**. The COMPANY and STRATEGIC-PARTNER are parties to that certain Franchise Agreement dated __________________________, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) STRATEGIC-PARTNER is a resident of Maryland, or (b) the SPARKLE SQUAD business that STRATEGIC-PARTNER will operate under the Franchise Agreement will be located in Maryland.

2. **ACKNOWLEDGMENTS**. (a) Sections 1.B(4) through (6) of the Franchise Agreement are hereby deleted.

(b) The following language is added to the end of Section 1.B and Section 15.C of the Franchise Agreement:

> Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. **RELEASES**. The following language is added to the end of Section 11.C.(7) and to the end of the first sentence of Section 12.C of the Franchise Agreement:

> ; provided, however, that such general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. **GOVERNING LAW**. The following language is added to the end of Section 15.G of the Franchise Agreement:

> However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **JURISDICTION**. The following language is added to the end of Section 15.H of the Franchise Agreement:

> Notwithstanding the foregoing, STRATEGIC-PARTNER may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **LIMITATIONS OF CLAIMS**. The following language is added to the end of Section 15.M of the Franchise Agreement:

> , except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

IN WITNESS WHEREOF, the parties have executed this Rider on the Rider Date.

SPARKLE SQUAD, LLC

By:______________________________

Title:____________________________

Date:____________________________

____

STRATEGIC-PARTNER

Date:_________________________________

____

STRATEGIC-PARTNER

Date:_________________________________

RIDER TO
SPARKLE SQUAD, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA
BETWEEN SPARKLE SQUAD, LLC
AND ____________________________
DATED _____________________

THIS RIDER is made and entered into by and between SPARKLE SQUAD, LLC, a Delaware limited liability company, with its principal office at 142 State Route 34, Holmdel, New Jersey 07733 (the "COMPANY"), and ____ d/b/a SPARKLE SQUAD of ______________________________, whose principal address is ____ ("STRATEGIC-PARTNER"), as of the date signed by the COMPANY and set forth opposite the COMPANY's signature on this Rider (the "Rider Date").

1. **BACKGROUND**. The COMPANY and STRATEGIC-PARTNER are parties to that certain Franchise Agreement dated __________________________, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the SPARKLE SQUAD business that STRATEGIC-PARTNER will operate under the Franchise Agreement will be located in Minnesota, or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **MARKS**. The following language is added as a new Section 3.C of the Franchise Agreement:

C. **INDEMNIFICATION OF STRATEGIC-PARTNER.**

> The COMPANY agrees to indemnify STRATEGIC-PARTNER against and to reimburse STRATEGIC-PARTNER for all damages for which it is held liable in any proceeding arising out of its authorized use of any Mark pursuant to and in compliance with this Agreement, and for all costs reasonably incurred by STRATEGIC-PARTNER in the defense of any such claim brought against him or in any such proceeding in which he is named as a party, provided that STRATEGIC-PARTNER has timely notified the COMPANY of such claim or proceeding and has otherwise complied with this Agreement.

3. **RELEASES**. The following language is added to the end of Section 11.C(7) and to the end of the first sentence of Section 12.C of the Franchise Agreement:

> ; provided, however, that such general release shall not apply to the extent prohibited by the Minnesota Franchises Law.

4. **<u>RENEWAL AND TERMINATION</u>**. The following language is added to the end of Section 12.B and to the end of Section 13 of the Franchise Agreement:

Minnesota law provides STRATEGIC-PARTNER with certain termination and non-renewal rights. Minn. Stat. Section 80C.14, subd. 3, 4 and 5 require, except in certain specified cases, that STRATEGIC-PARTNER be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice for non-renewal of this Agreement.

5. **<u>INJUNCTIVE RELIEF</u>**. Section 15.C of the Franchise Agreement is deleted in its entirety and is replaced with the following:

C. **<u>INJUNCTIVE RELIEF.</u>**

Notwithstanding anything to the contrary contained in <u>Subsection F</u> of this Section, either party may seek in a court of competent jurisdiction an action or actions for temporary or preliminary injunctive relief; provided, however, that such party shall contemporaneously submit the dispute for arbitration on the merits in accordance with <u>Subsection F</u> of this Section. STRATEGIC-PARTNER agrees that the COMPANY may seek such temporary or preliminary injunctive relief, but upon due notice, and STRATEGIC-PARTNER's sole remedy in the event of the entry of such injunctive relief shall be the dissolution of such injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

6. **<u>GOVERNING LAW/JURISDICTION</u>**. The following language is added to the end of Sections 15.G and 15.H of the Franchise Agreement:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the COMPANY from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring STRATEGIC-PARTNER to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of STRATEGIC-PARTNER's rights as provided for in Minnesota Statutes, Chapter 80C or STRATEGIC-PARTNER's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. **<u>WAIVER OF PUNITIVE DAMAGES/WAIVER OF JURY TRIAL</u>**. The following language is added to the beginning of Section 15.I and to the beginning of Section 15.J of the Franchise Agreement:

Except as otherwise required by the Minnesota Franchises Law,

8. **LIMITATIONS OF CLAIMS**. The following language is added to the end of Section 15.M of the Franchise Agreement:

> Minnesota law provides that no action may be commenced pursuant to Minn. Stat. Section 80C.17 more than three (3) years after the cause of action accrues. Minn. Stat. Section 80C.17, subd. 5.

IN WITNESS WHEREOF, the parties have executed this Rider on the Rider Date.

SPARKLE SQUAD, LLC

By:______________________________
Title:____________________________
Date:____________________________

____
STRATEGIC-PARTNER

Date:____________________________

____
STRATEGIC-PARTNER

Date:____________________________

RIDER TO
SPARKLE SQUAD, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK
BETWEEN SPARKLE SQUAD, LLC
AND ___________________________
DATED ____________________

THIS RIDER is made and entered into by and between SPARKLE SQUAD, LLC, a Delaware limited liability company, with its principal office at 142 State Route 34, Holmdel, New Jersey 07733 (the "COMPANY"), and ____ d/b/a SPARKLE SQUAD of ______________________________, whose principal address is ____ ("STRATEGIC-PARTNER"), as of the date signed by the COMPANY and set forth opposite the COMPANY's signature on this Rider (the "Rider Date").

1. **BACKGROUND**. The COMPANY and STRATEGIC-PARTNER are parties to that certain Franchise Agreement dated __________________________, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) STRATEGIC-PARTNER is a resident of the State of New York and the SPARKLE SQUAD business that STRATEGIC-PARTNER will operate under the Franchise Agreement will be located in New York, or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **TRANSFER BY THE COMPANY**. The following language is added to the end of Section 11.A of the Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee who, in the COMPANY's good faith judgment, is willing and able to assume the COMPANY's obligations under this Agreement.

3. **RELEASES**. The following language is added to the end of Section 11.C and Section 12.C of the Franchise Agreement:

> Notwithstanding the foregoing, to the extent required by Article 33 of the General Business Law of the State of New York, all rights enjoyed by STRATEGIC-PARTNER and any causes of action arising in STRATEGIC-PARTNER'S 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

4. **TERMINATION OF AGREEMENT - BY STRATEGIC-PARTNER**. The following language is added to the end of Section 13 of the Franchise Agreement:

> STRATEGIC-PARTNER may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW**. The following language is added to the end of Section 15.G of the Franchise Agreement:

> However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon STRATEGIC-PARTNER by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

6. **JURISDICTION**. The following language is added to the end of Section 15.H of the Franchise Agreement:

> However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon STRATEGIC-PARTNER by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

7. **LIMITATIONS OF CLAIMS**. The following language is added to the end of Section 15.M of the Franchise Agreement:

> However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in STRATEGIC-PARTNER's 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

8. **APPLICATION OF RIDER**. There are circumstances in which an offering made by the COMPANY would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if STRATEGIC-PARTNER is domiciled, and the franchise will be operated, in New York. The COMPANY is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties have executed this Rider on the Rider Date.

SPARKLE SQUAD, LLC

By:______________________________
Title:____________________________
Date:____________________________

____
STRATEGIC-PARTNER

Date:____________________________

____
STRATEGIC-PARTNER

Date:____________________________

RIDER TO
SPARKLE SQUAD, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA
BETWEEN SPARKLE SQUAD, LLC
AND ___________________________
DATED ____________________

THIS RIDER is made and entered into by and between SPARKLE SQUAD, LLC, a Delaware limited liability company, with its principal office at 142 State Route 34, Holmdel, New Jersey 07733 (the "COMPANY"), and ____ d/b/a SPARKLE SQUAD of ____________________________, whose principal address is ____ ("STRATEGIC-PARTNER"), as of the date signed by the COMPANY and set forth opposite the COMPANY's signature on this Rider (the "Rider Date").

1. **BACKGROUND**. The COMPANY and STRATEGIC-PARTNER are parties to that certain Franchise Agreement dated __________________________, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) STRATEGIC-PARTNER is a resident of North Dakota and the SPARKLE SQUAD business that STRATEGIC-PARTNER will operate under the Franchise Agreement will be located in North Dakota, or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES**. The following language is added to the end of Section 11.C(7) and to the end of the first sentence of Section 12.C of the Franchise Agreement:

> ; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE**. The following language is added to the end of Section 14.D of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, STRATEGIC-PARTNER acknowledges and agrees that the COMPANY intends to seek enforcement of such provisions to the extent enforceable under the law.

4. **ARBITRATION**. The second paragraph of Section 15.F of the Franchise Agreement is deleted in its entirety and is replaced with the following:

> Arbitration shall take place at a location specified by the arbitrator within ten (10) miles of the COMPANY's then-current principal place of business; however, to the extent required by the North Dakota Franchise Investment Law

(unless preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which the COMPANY and STRATEGIC-PARTNER agree. The arbitrator shall have no authority to select a hearing locale other than as described in the prior sentence. The award of the arbitrator shall be final and judgment upon the award may be entered in any court of competent jurisdiction. The parties agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred.

5. **GOVERNING LAW**. Section 15.G of the Franchise Agreement is deleted in its entirety and replaced with the following:

All matters relating to arbitration shall be governed by the Federal Arbitration Act. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, and except to the extent required by the North Dakota Franchise Investment Law in which case North Dakota law will apply to this Agreement, this Agreement, the Franchise and relationship of the parties shall be governed by the laws of the State of New Jersey, without regard for its conflicts of laws principles, except that any New Jersey law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Subsection G.

6. **JURISDICTION**. The following language is added to the end of Section 15.H of the Franchise Agreement:

However, the North Dakota Commissioner of Securities has required that the COMPANY include herein the fact that the Commissioner has held that requiring strategic-partners to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

7. **WAIVER OF PUNITIVE DAMAGES**. Section 15.I of the Franchise Agreement is deleted in its entirety to the extent required by the North Dakota Franchise Investment Law.

8. **WAIVER OF JURY TRIAL**. Section 15.J of the Franchise Agreement is deleted in its entirety to the extent required by the North Dakota Franchise Investment Law.

9. **LIMITATIONS OF CLAIMS**. The following language is added to the end of Section 15.M of the Franchise Agreement:

The time limitations set forth in this Subsection might be modified by the North Dakota Franchise Investment Law.

IN WITNESS WHEREOF, the parties have executed this Rider on the Rider Date.

SPARKLE SQUAD, LLC

By:__________________________________
Title:______________________________
Date:______________________________

____
STRATEGIC-PARTNER

Date:__________________________________

____
STRATEGIC-PARTNER

Date:__________________________________

RIDER TO
SPARKLE SQUAD, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND
BETWEEN SPARKLE SQUAD, LLC
AND ___________________________
DATED ____________________

THIS RIDER is made and entered into by and between SPARKLE SQUAD, LLC, a Delaware limited liability company, with its principal office at 142 State Route 34, Holmdel, New Jersey 07733 (the "COMPANY"), and ____ d/b/a SPARKLE SQUAD of ______________________________, whose principal address is ____ ("STRATEGIC-PARTNER"), as of the date signed by the COMPANY and set forth opposite the COMPANY's signature on this Rider (the "Rider Date").

1. **BACKGROUND**. The COMPANY and STRATEGIC-PARTNER are parties to that certain Franchise Agreement dated __________________________, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) STRATEGIC-PARTNER is a resident of Rhode Island and the SPARKLE SQUAD business that STRATEGIC-PARTNER will operate under the Franchise Agreement will be located in Rhode Island, or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **GOVERNING LAW/JURISDICTION**. The following is added to the end of Section 15.G and Section 15.H of the Franchise Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the Rider Date.

SPARKLE SQUAD, LLC

By:_________________________________
Title:______________________________
Date:______________________________

____
STRATEGIC-PARTNER

Date:________________________________

____
STRATEGIC-PARTNER

Date:________________________________

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, FRANCHISE REPRESENTATIONS, AND RELATED AGREEMENTS

THIS ADDENDUM is made and entered into by and between SPARKLE SQUAD, LLC, a Delaware limited liability company, with its principal office at 142 State Route 34, Holmdel, New Jersey 07733 (the "COMPANY"), and ________________________________ d/b/a SPARKLE SQUAD of ______________________________, whose principal address is ____ ("STRATEGIC-PARTNER"), as of the date signed by the COMPANY and set forth opposite the COMPANY's signature on this Rider (the "Rider Date").

1. **BACKGROUND**. The COMPANY and STRATEGIC-PARTNER are parties to that certain Franchise Agreement dated __________________________, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) STRATEGIC-PARTNER is a resident of Washington, or (b) the SPARKLE SQUAD business that STRATEGIC-PARTNER will operate under the Franchise Agreement will be located in Washington, or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW**. The following paragraphs are added to the end of the Franchise Agreement:

> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
>
> RCW 19.100.180 may supersede this Agreement in STRATEGIC-PARTNER's relationship with the COMPANY, including the areas of termination and renewal of STRATEGIC-PARTNER's Franchise. There may also be court decisions which may supersede this Agreement in STRATEGIC-PARTNER's relationship with the COMPANY, including the areas of termination and renewal of STRATEGIC-PARTNER's Franchise.
>
> 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 this Agreement, STRATEGIC-PARTNER 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.
>
> A release or waiver of rights executed by STRATEGIC-PARTNER 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.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of STRATEGIC-PARTNER, unless the employee's earnings from the party seeking enforcement, when annualized, exceed One Hundred Thousand Dollars ($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 STRATEGIC-PARTNER under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed Two Hundred Fifty Thousand Dollars ($250,000) per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in this Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits the COMPANY from restricting, restraining, or prohibiting STRATEGIC-PARTNER from (i) soliciting or hiring any employee of a STRATEGIC-PARTNER of the same COMPANY or (ii) soliciting or hiring any employee of the COMPANY. As a result, any such provisions contained in this Agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the parties hereto have executed this Rider on the Rider Date.

SPARKLE SQUAD, LLC

By:____________________________
Title:__________________________
Date:__________________________

____
STRATEGIC-PARTNER

Date:____________________________

____
STRATEGIC-PARTNER

Date:____________________________

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

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
Illinois	Pending
Indiana	September 15, 2023
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	September 15, 2023
Virginia	Pending
Washington	Pending
Wisconsin	September 15, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Sparkle Squad, 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 Sparkle Squad, LLC 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 that Sparkle Squad, LLC give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If Sparkle Squad, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit E.

The Franchisor is Sparkle Squad, LLC located at 142 State Route 34, Holmdel, New Jersey 07733-2092. Its telephone number is (732) 946-4300.

The franchise sellers for this offering are Eric Martin, Chris Stoness, Sharon Cupach, and ____________________ at Sparkle Squad, LLC, 142 State Route 34, Holmdel, New Jersey 07733-2092, (732) 946-4300.

Issuance Date: September 15, 2023

Sparkle Squad, LLC authorizes the respective state agents identified on Exhibit E to receive service of process for it in the particular states. I received a Disclosure Document from Sparkle Squad, LLC dated as of September 15, 2023, that included the following Exhibits:

Exhibit A - Franchise Agreement
Exhibit B - Electronic Funds Transfer Authorization
Exhibit C - Assignment and Assumption Agreement
Exhibit D - Extranet Agreement
Exhibit E - List of State Agencies/Agents for Service of Process
Exhibit F - Operating Manual Table of Contents
Exhibit G - List of Current Strategic-Partners
Exhibit H - List of Former Strategic-Partners
Exhibit I - Financial Statements
Exhibit J - State Addenda and Agreement Riders

______________________________	______________________________
Date	Strategic-Partner Candidate [Print Name]
	______________________________
(Date, Sign, and Return to Sparkle Squad, LLC)	Strategic-Partner Candidate [Signature]

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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Exhibit J - State Addenda and Agreement Riders

______________________________	______________________________
Date	Strategic-Partner Candidate [Print Name]
	______________________________
(Date, Sign, and Keep for Your Own Records)	Strategic-Partner Candidate [Signature]