

## FRANCHISE DISCLOSURE DOCUMENT

ALLIANCE FRANCHISE BRANDS LLC,  
a Michigan limited liability company  
47585 Galleon Drive  
Plymouth, Michigan 48170-2466  
(800) 726-9050  
www.alliancefranchisebrands.com



As a franchisee, you will operate a center that provides professional graphic solutions and related products and services under the trademark *Signs By Tomorrow*<sup>®</sup> or *Signs Now*<sup>®</sup>.

The total investment necessary to begin operating an existing *Signs By Tomorrow* Center or a *Signs Now* Center ranges from \$43,878 to \$314,345. This includes \$28,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Legal & Franchise Compliance Department at Alliance Franchise Brands LLC, 47585 Galleon Drive, Plymouth, Michigan 48170-2466, (800) 726-9050.

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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may be laws on franchising in your state. Ask your state agencies about them.

**ISSUANCE DATE:** March 24, 2023, as amended September 11, 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
<b>How much can I earn?</b>	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 Exhibits J and K.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit L includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Signs By Tomorrow or Signs Now business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Signs By Tomorrow or Signs Now franchisee?</b>	Item 20 or Exhibits J and K lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by arbitration or litigation near Plymouth, Michigan. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It also may cost more to arbitrate or litigate with us in Michigan than in your home state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty or marketing fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

**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:**

- (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 the Michigan Franchise Investment 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, marketing, 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, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations 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 ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office  
Consumer Protection Division  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
Telephone Number: 517-373-7117

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

**FRANCHISE DISCLOSURE DOCUMENT**

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## EXHIBITS

- A - State Administrators/Agents for Service of Process
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- C - CoreBridge Enrollment Form
- D - Representations and Acknowledgment Statement
- E - Confidential Franchise Application
- F - Guaranty and Assumption of Obligations
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**ITEM 1**  
**FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES**

Franchisor, Parent and Affiliates

The franchisor is Alliance Franchise Brands LLC. For ease of reference in this disclosure document, Alliance Franchise Brands LLC (“AFB”) is referred to as “we,” “us,” or “our,” and the person who buys the franchise is referred to as “you” or “your.” If you are a corporation, partnership or limited liability company, your owners will have to guarantee your obligations and be bound by the provisions of the franchise agreement and other agreements as described in this disclosure document. The spouse of an owner will also be required to acknowledge the guaranty.

We organized as a Michigan limited liability company on October 6, 2000, under the name Allegra Network LLC. We changed our name to Alliance Franchise Brands LLC on December 31, 2019. We conduct business under our corporate name and *Alliance Global Graphics*. Our principal business address is 47585 Galleon Drive, Plymouth, Michigan 48170-2466, and our telephone number is (800) 726-9050. However, certain support services activities may be conducted from 11685 Crossroads Circle, Suite E, Middle River, MD 21220. Our agents for service of process are listed on Exhibit A of this Disclosure Document.

On December 31, 2019, our former affiliate, Sign & Graphics Operations LLC (“SGO”) merged into AFB. Prior to merging into AFB, SGO operated one *Signs By Tomorrow* Center in 2013. SGO had offered franchises for *Signs by Tomorrow* Centers since February 2012, *Image360* centers since February 2013, and *Signs Now* centers since January 2017. As a result of the merger, we became franchisor for the *Image360*®, *Signs Now*® and *Signs by Tomorrow*® franchise systems as of January 2020. As of December 31, 2022, there were 128 franchised *Image360* Centers, 69 franchised *Signs Now* Centers, and 78 franchised *Signs by Tomorrow* Centers in the United States. As of December 31, 2022, there were 5 franchised *Image360* Centers and 2 franchised *Signs Now* Centers in Canada, and 1 licensed *Signs Now* center in the United Kingdom.

We have offered franchises for *American Speedy*® Printing centers and *Allegra*® Centers since our inception, *Insty-Prints*® centers since January 2002, *Signs Now* centers from January 2005 to December 2016 and since January 2020, *RSVP* businesses since May 2019, and *True Install* businesses since September 2023. As of December 31, 2022, there were 160 franchised *Allegra* centers, 7 franchised *American Speedy Printing* centers, 21 franchised *Insty-Prints* centers, and 53 franchised *RSVP* businesses in the United States. *Allegra*, *Insty-Prints* and *American Speedy Printing* centers offer a full range of marketing and business communication services. *RSVP* businesses offer direct mail marketing services.

On December 31, 2012, we assumed the franchise agreements for *Speedy Printing*® franchises, *Allegra* franchises, *Zippy Print*® franchises and *Signs Now* franchises operating in Canada from Allegra of North America Inc., a former affiliate, and became the franchisor for those brands in Canada. As of December 31, 2022, we had 1 *Speedy Printing* franchise and 28 *Allegra* franchises operating in Canada. From June 2015 to June 2016, we offered franchises for businesses that offer digital and direct marketing services under the name *CORE Communications*®. As of December 31, 2022, we had one licensee authorized to use the *CORE Communications* trademark.

On December 31, 2021, our former affiliate, KKP Printing Canada ULC (“KKP Canada”) transferred and assigned to AFB all its franchise agreements, and AFB assumed the franchise agreements for KKP franchises from KKP Canada and became the franchisor for these franchises. AFB began offering franchises for KKP Centers in Canada in January 2022, and has not operated any KKP Centers. On January 1, 2022, KKP Canada amalgamated with Alliance Franchise Brands Canada ULC (“AFB Canada”) (formerly known as Allegra Corporation of Canada ULC). KKP Canada offered franchises for Kwik Kopy Printing centers

in Canada from April 2017 to December 2021. KKP centers offer a full range of marketing and business communication services. As of December 31, 2022, there were 22 franchised KKP Centers in Canada.

Our affiliate, AFB IP Holdings LLC (formerly known as Allegra Holdings LLC) (“AFB IP Holdings”) owns the Marks (defined in Item 13) and has licensed us to use and sublicense the use of the Marks. AFB IP Holdings also owns the marks for all of our other franchise brands and licenses us to use and to sublicense the use of such marks.

Our affiliate, AFB Corporate Operations LLC (“AFBCO”) (formerly known as AN Corporate Center LLC), owns and operates 2 *Allegra* centers and 2 *Image360* Centers, and may provide you with goods and services.

Alliance Franchise Holdings LLC (formerly known as Alliance Franchise Brands LLC) (“AF Holdings”), is the parent company of AFB and AFB IP Holdings. AFB IP Holdings, AF Holdings, and AFBCO share our principal place of business.

Except for the two prototype marketing and business communication services businesses developed by our affiliates in 2004, and our ownership and operation of an RSVP business from February 2021 to July 2023, and except as described above, neither we, our parent, nor our affiliates and predecessors have conducted the type of business that a franchisee will operate or offered franchises in any other line of business; however, we or they may do so in the future.

Under separate disclosure documents, we offer franchises in the United States for marketing and business communication services businesses under the *Allegra*®, *American Speedy*® and *Insty-Prints*® names and trademarks, for businesses offering professional graphic solutions and related products and services under the *Image360* names and trademarks, for businesses offering professional sign and graphic installation services and related services under the *True Install* names and trademarks, and for businesses offering direct mail marketing services under the *RSVP* name and trademarks. We offer franchises in Canada for marketing and business communication services businesses under the *Allegra*, *KKP*, and *Speedy Printing Center*® names and trademarks, for professional graphic solutions services under the *Image360* name and trademark, and for sign and graphics communications services under the *Signs Now* name and trademark.

### The Franchise

Under this Disclosure Document, we offer franchises for businesses offering professional graphic solutions and related products and services under the *Signs By Tomorrow* and *Signs Now* brands. If we grant you a franchise, you will sign our current form of franchise agreement, attached to this Disclosure Document as Exhibit B (the “Franchise Agreement”). A “*Signs By Tomorrow* Center” is a center operating under the *Signs By Tomorrow* Marks. A “*Signs Now* Center” is a center operating under the *Signs Now* Marks.

We grant the following franchises for *Signs By Tomorrow* Centers and *Signs Now* Centers:

1. franchises to existing franchisees seeking to acquire a successor franchise for their *Signs By Tomorrow* Center or *Signs Now* Center; and
2. franchises to purchasers of existing *Signs By Tomorrow* Centers and *Signs Now* Centers.

We currently do not grant franchises for the development of new *Signs By Tomorrow* Centers or *Signs Now* Centers. Under our Franchise Agreement, you must operate a *Signs By Tomorrow* Center or *Signs Now* Center at a designated location. You must use our distinctive business formats, systems,

methods, procedures, designs, layouts, standards and specifications, all of which we may modify periodically (the “System”). You also must use our trademarks, service marks, trade names, logos, trade dresses and other commercial symbols we designate periodically for your Designated Brand Concept (as herein described). Your “Designated Brand Concept” is a *Signs By Tomorrow* Center or a *Signs Now* Center, as applicable.

Under our Franchise Agreement, we have the right to require you to modify or discontinue using the *Signs By Tomorrow* Marks or *Signs Now* Marks at any time, for any reason. If you are acquiring an existing *Signs By Tomorrow* Center or *Signs Now* Center, we may choose to exercise this right to require that you transition the existing *Signs By Tomorrow* Center or *Signs Now* Center into an *Image360* Center at any time during the term of the Franchise Agreement. An “*Image360* Center” is a center operating under the *Image360* Marks.

We also have an acquisition program under which we provide services to existing franchisees regarding the potential acquisition of independent marketing and business communication services businesses and sign and graphics businesses. Since 1995, we and American Speedy Printing Centers, Inc., the prior franchisor of the *American Speedy Printing* and *Allegra* brands, have assisted our franchisees to complete more than 400 acquisitions.

You will compete with local, regional and national companies offering graphic solutions services. The market for these services is developed and competitive in most areas of the United States. Sales for these services are not seasonal.

#### Laws and Regulations

You must comply with all local, state and federal laws and regulations that apply to any business. Be aware that Occupational Safety and Health Administration and environmental protection laws may apply to the operation of sign and graphics communications businesses. Some states may have laws that require persons who install signs to be a licensed contractor. Those laws may vary from state to state as to the types of installation activities and monetary value of the jobs covered by the law, as well as the criteria and experience requirements that must be met to obtain a license. Many cities and municipalities also have sign ordinances that may affect your customer’s ability to use the signs and other products that you offer from your Center. We urge you to make inquiries about these laws and regulations.

## **ITEM 2 BUSINESS EXPERIENCE**

### **CHIEF EXECUTIVE OFFICER: MICHAEL MARCANTONIO**

Michael Marcantonio has served as our Chief Executive Officer since July 2011 and also served as our Chief Strategy Officer from January 2006 to June 2011. He has also served as Chief Executive Officer of AF Holdings, located in Plymouth, Michigan, since December 2012. He has also served as the Manager of AFB IP Holdings, located in Plymouth, Michigan, since July 2011. He also has served as Director of AFB Canada since December 2019. He previously served as the Director of KKP Canada, located in Plymouth, Michigan, from August 2016 to December 2021. He served as SGO’s Manager, located in Middle River, Maryland, from December 2011 to December 2019 and SGO’s Chief Executive Officer from November 2012 to December 2019. He served as Chief Executive Officer of Alliance Brands Staffing LLC (“ABS”), located in Plymouth, Michigan, from September 2013 to December 2019. He is the founder and served as Manager of MKM Ventures LLC, an investment company located in Plymouth, Michigan, from February 2000 to December 2019.

**CHIEF TECHNOLOGY OFFICER: JOSEPH D'AGUANNO**

Joseph D'Aguanno has served as our Chief Technology Officer since August 2013. He also served as Chief Technology Officer of KKP Canada, located in Plymouth, Michigan, from August 2016 to December 2021. Mr. D'Aguanno also served as the Chief Technology Officer of SGO, in Middle River, Maryland, from August 2013 to December 2019.

**CHIEF ADMINISTRATIVE OFFICER: LAURA PIERCE**

Laura Pierce has served as our Chief Administrative Officer since January 2021. Ms. Pierce previously served as our Executive Vice President Finance & Administration from January 2015 to December 2020, Vice President of Finance & Administration from January 2012 to January 2015, Vice President and Controller from October 2004 to December 2011, and Controller from October 2000 to October 2004. She has served as Chief Administrative Officer of AF Holdings, located in Plymouth, Michigan, since January 2021, and was AF Holdings' Executive Vice President of Finance & Administration from January 2015 to December 2020, and its Vice President of Finance & Administration of AF Holdings from December 2012 to January 2015. She has served as Secretary of AFB Canada, located in Plymouth, Michigan, since December 2019. She previously served as Secretary of KKP Canada, located in Plymouth, Michigan, from August 2016 to December 2021. She also served as SGO's Executive Vice President of Finance & Administration, located in Middle River, Maryland, from January 2015 to December 2019, and was SGO's Vice President of Finance & Administration from February 2012 to January 2015. She served as Executive Vice President of Finance & Administration of ABS, located in Plymouth, Michigan, from January 2015 to December 2019, and was the Vice President of Finance & Administration of ABS from September 2013 to January 2015.

**CHIEF DEVELOPMENT OFFICER: MICHAEL CLINE**

Michael Cline has served as our Chief Development Officer since January 2021. Mr. Cline previously served as our Vice President Franchise Development & Mergers and Acquisitions from January 2020 to December 2020. Prior to that he served as SGO's Vice President of Franchise Development, in Middle River, Maryland, from January 2015 to December 2019, and was previously SGO's Director of Franchise Development from February 2012 to January 2015. Mr. Cline also previously held the same positions with us, until his responsibilities with us ended in December 2016. Prior to that, he was the Director of Franchise Development for SBT-USA in Columbia, Maryland from October 2007 to February 2012.

**CHIEF OPERATING OFFICER: RAMON PALMER, JR.**

Ramon Palmer, Jr. has served as our Chief Operating Officer since January 2023. Mr. Palmer previously served as our President Franchise Operations from January 2021 to January 2023, and as our President – Sign & Graphics Division from January 2020 to December 2020. Prior to that he served as SGO's President, in Middle River, Maryland, from February 2012 to December 2019. He also served as President of our Sign & Graphics Division from June 2012 to December 2016. From November 2010 to February 2012, he was President and Chief Executive Officer of Signs by Tomorrow – USA Inc. (“SBT-USA”) in Columbia, Maryland.

**PRESIDENT MARKETING & VISUAL COMMUNICATIONS BRANDS: LISA BUEHLER**

Lisa Buehler has served as our President Marketing & Visual Communications Brands since March 2023. Prior to that, Ms. Buehler served as the Vice President Sales and Marketing for Allegra Print & Imaging of Arkansas, Inc., and APIA, Inc. in Little Rock, Arkansas, from August 1991 to March 2023, which entities continue to own and operate a dual-branded Allegra Center and Image360 Center.

**EXECUTIVE VICE PRESIDENT MARKETING: BURKE CUENY**

Burke Cueny has served as our Executive Vice President Marketing since January 2023, prior to which he served as our Vice President of Marketing from January 2021 to January 2023, and as our Vice President Marketing & Communications – Sign & Graphics Division from January 2020 to December 2020. Prior to that he served as SGO’s Vice President of Marketing & Communications, in Middle River, Maryland, from October 2015 to December 2019. He also provided services to our Sign & Graphics Division from October 2015 to December 2016.

**EXECUTIVE VICE PRESIDENT BUSINESS DEVELOPMENT: JESSICA ENG**

Jessica Eng has served as our Executive Vice President Business Development since January 2023. Prior to that she served as our Vice President Business Development from January 2021 to January 2023, Vice President Marketing & Communications – Marketing & Print Division from January 2020 to December 2020, and Vice President of Marketing from May 2010 to December 2019. She also served as Vice President Business Development of KKP Canada, located in Plymouth, Michigan, from January 2021 to December 2021, and as KKP Canada’s Vice President of Marketing from August 2016 to December 2020.

**VICE PRESIDENT LEGAL & FRANCHISE COMPLIANCE: MEREDITH FLYNN**

Meredith Flynn has been our Vice President Legal & Franchise Compliance since May 2016, and was our Vice President of Financial Services & Franchise Compliance from June 2010 to April 2016, our Director of Financial Services & Franchise Compliance from November 2004 to May 2010, and our Financial Services Manager from October 2000 to November 2004. She also served as Vice President of Legal & Franchise Compliance of KKP Canada, located in Plymouth, Michigan, from August 2016 to December 2021. She also served as SGO’s Vice President of Legal & Franchise Compliance, located in Middle River, Maryland, from May 2016 to December 2019, and its Vice President of Financial Services & Franchise Compliance from February 2012 to May 2016.

**VICE PRESIDENT PRINT & SIGN OPERATIONS: JOHN CASTILLO**

John Castillo has served as our Vice President Print & Sign Operations since January 2023. Mr. Castillo previously served as our Vice President Franchise Business Consulting from January 2021 to January 2023, and as our Vice President Operations – Sign & Graphics Division from January 2020 to December 2020. Prior to that he served as SGO’s Vice President of Field Operations, in Middle River, Maryland, from January 2019 to December 2019, and as its Director of Field Operations from January 2015 to December 2018.

**VICE PRESIDENT TRAINING: STEPHEN HOYLE**

Stephen Hoyle has served as our Vice President Training since January 2023. Prior, he served as our Vice President Training & RightStart from January 2021 to January 2023. Mr. Hoyle previously served as our Vice President Franchise Services – Sign & Graphics Division from January 2020 to December 2020. Prior to that he served as SGO’s Vice President of Franchise Operations from January 2019 to December 2019, and was SGO’s Senior Director of Franchise Operations from February 2012 to January 2019.

### ITEM 3 LITIGATION

#### Concluded:

Phil McIntyre and Begotten Son Corp. v. Sign & Graphics Operations LLC, Alliance Franchise Brands LLC, and Image360, No. 17-10-12132 (284th Judicial District Court of Montgomery County, Texas) and No. 4:18-cv-00403 (United States District Court for the Southern District of Texas, Houston Division); Sign & Graphics Operations LLC v. Begotten Son Corp., Phillip McIntyre, and Anita Kay McIntyre, AAA No. 01-18-0000-7252 (American Arbitration Association); Sign & Graphics Operations LLC v. Begotten Son Corp., Phil McIntyre and Anita Kay McIntyre, No. 2:19-cv-12727-PDB-APP (United States District Court for the Eastern District of Michigan). On October 6, 2017, a former Image360 franchisee, Begotten Son Corp., and its owner, Phil McIntyre, filed a petition in the 284th Judicial District Court of Montgomery County, Texas against SGO, AF Holdings, and Image360 for breach of contract, fraud in real estate and stock transactions, conversion, fraud, negligent misrepresentation, promissory estoppel, accounting, unjust enrichment, and violations of the Texas Deceptive Trade Practices Act and Business Opportunity Act based on allegations that defendants (1) failed to provide the support and infrastructure promised to plaintiffs, (2) limited plaintiffs' access to other franchisees prior to signing the franchise agreement, (3) revoked plaintiffs' exclusive franchised territory, and (4) filed an improper exemption from the Texas Business Opportunity Act. Plaintiffs also claimed the franchise agreement is void and unenforceable because it is unconscionable and a contract of adhesion. Plaintiffs requested a disclosure under Texas Rule of Civil Procedure 194.2 and sought an unspecified amount of monetary damages together with interest and an award of their attorneys' fees and costs. On February 12, 2018, SGO and AF Holdings filed a notice of removal to the United States District Court for the Southern District of Texas, Houston Division. On February 15, 2018, SGO and AF Holdings filed an answer and affirmative defenses, denying each of plaintiffs' allegations against them. On February 16, 2018, SGO and AF Holdings filed an unopposed motion to stay pending arbitration, which was granted by the court on February 23, 2018. On February 9, 2018, SGO filed an arbitration demand before the American Arbitration Association against the former Image360 franchisee, Begotten Son Corp., and its guarantors, Phillip and Anita Kay McIntyre, for breach of contract based on respondents' failure to comply with their post-termination obligations under the parties' franchise agreement and guaranty and assumption of obligations, including their failure to pay past due amounts and lost future royalties and marketing and advertising contributions owed. On May 7, 2019, the arbitrator issued a final award in SGO's favor, awarding SGO liquidated damages, attorneys' fees and costs in excess of \$113,000, and ordering respondents to comply with their post-termination obligations under the franchise agreement. On September 19, 2019, SGO filed a petition to confirm the arbitration award in the United States District Court for the Eastern District of Michigan. On November 20, 2019, SGO requested the clerk of court to enter a default against the respondents, and a default was entered by the clerk as to each respondent that same day. On January 27, 2020, AFB (as successor to SGO) moved for entry of default judgment. The motion was granted and judgment was entered in favor of AFB on April 29, 2020.

Signs by Tomorrow of Siouxland, Inc., Douglas Potts, and Joan Fickler v. Sign & Graphics Operations LLC, No. LACV 175038 (Iowa District Court for Woodbury County). On April 3, 2017, a Signs By Tomorrow franchisee and its shareholders filed a complaint in the Iowa District Court for Woodbury County against our former affiliate SGO for breach of contract and breach of the duty of good faith and fair dealing pursuant to Iowa Code Section 537A.10 based on SGO's termination of the Signs By Tomorrow development fund. Plaintiffs sought a declaratory judgment that (1) SGO materially breached the parties' franchise agreement, (2) plaintiffs were excused from performing their obligations under the franchise agreement, and (3) the franchise agreement was null and void due to SGO's alleged breaches. Plaintiffs also sought an unspecified amount of monetary damages together with an award of their attorneys' and experts' fees and costs. On May 15, 2017, SGO filed an answer and affirmative defenses, denying plaintiffs' claims. On August 9, 2017, plaintiffs moved for summary judgment on each of their claims,

which the court denied in full on November 22, 2017. SGO moved for summary judgment against plaintiffs on February 6, 2018, and the estate of Douglas Potts was substituted in as plaintiff Douglas Potts. On March 27, 2018, the parties entered into a settlement agreement in which (1) plaintiffs agreed to dismiss their claims against SGO with prejudice, (2) the parties entered into mutual releases, (3) the parties agreed to extend the term of the franchise agreement by three years (contingent upon the estate's approval of the transfer of Douglas Potts's shares in Signs by Tomorrow of Siouxland, Inc. to Joan Fickler), and (4) the estate of Douglas Potts was released from the franchise agreement. Plaintiffs dismissed their claims against SGO with prejudice on March 27, 2018.

Allegra Network LLC v. United Sign Ventures, LLC, Gary Warnecke and Kirk Seager, AAA No. 01-16-0003-5074. On August 18, 2016, we filed a demand for arbitration with the American Arbitration Association against a former franchisee, United Sign Ventures, LLC, and its guarantors for failure to pay amounts due under the franchise agreement and promissory note, and failure to comply with their post-termination obligations under the franchise agreement and guaranty. We sought monetary damages. On September 30, 2016, respondents filed an answer and counterclaim against us requesting an accounting of all financial receipts and information we received that was related to the appropriation or amount of fees paid or owed by respondents, and alleging breach of contract and fraudulent and false claims. On November 14, 2016, respondents filed an amended counterclaim alleging breach of contract, silent fraud, negligent fraud and fraudulent misrepresentations, breach of fiduciary duty, economic duress, and breach of the Michigan Franchise Investment Law. On April 5, 2018, the parties entered into a settlement agreement in which defendants agreed to pay us \$100,000 and comply with their post-termination obligations under their franchise agreement in exchange for a mutual general release. Also on April 5, 2018, the arbitrator entered the Consent Arbitration Award and closed its file.

Other than the above matters, no litigation is required to be disclosed in this Item.

#### **ITEM 4 BANKRUPTCY**

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

#### **ITEM 5 INITIAL FEES**

##### **INITIAL FRANCHISE FEE**

You must pay us a \$20,000 initial franchise fee in a lump sum before we consent to your purchase of the Center. The initial franchise fee is not refundable under any circumstance. In 2022, we waived the initial franchise fee once for the resale of an existing Center.

##### **KICKSTART INITIAL MARKETING DEPOSIT**

You must submit to us a \$7,500 deposit for the KickStart initial marketing program that we have developed to promote your Center. The KickStart initial marketing program funds your required first year marketing activities, including initial marketing collateral, branded apparel, customer prospect list, digital marketing, and may be used toward registration fees for the annual convention or sales conference for one person during your first year of operation. This amount is due to us in a lump sum when you sign the Franchise Agreement and is not refundable under any circumstance.

**COREBRIDGE SETUP**

You must pay us an initial fee of \$500 for the set-up of your CoreBridge point-of-sale system. This payment is due to us in a lump sum when you sign the Franchise Agreement and is not refundable under any circumstance.

**ITEM 6  
OTHER FEES**

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalties <sup>2,3</sup>	Sliding scale as follows: - 6% of Gross Sales <sup>4</sup> in each calendar year up to and including \$1,163,383 of aggregate Gross Sales for such calendar year; - 4% of Gross Sales in each calendar year in excess of \$1,163,383 up to and including \$2,326,766; and - 1.5% of Gross Sales in each calendar year in excess of \$2,326,766. <u>Minimum Royalty:</u> Royalty payments are subject to an annual minimum royalty of an amount equal to 6% of the difference between your annual Gross Sales and \$300,000 <sup>3</sup>	Payable monthly on or before the 20 <sup>th</sup> day of each month by electronic funds transfer	
Marketing Fund contribution <sup>2,5</sup>	<u>For Signs By Tomorrow Centers:</u> 1% of monthly Gross Sales; not to exceed an annual cap of \$10,871 for the 2023 calendar year (as adjusted by us each year) <u>For Signs Now Centers:</u> 2% of monthly Gross Sales; not to exceed an annual cap (as adjusted by us each year) of \$16,158 for the 2023 calendar year	Payable monthly on or before the 20 <sup>th</sup> day of each month by electronic funds transfer	The Marketing Fund caps will be adjusted each calendar year on or before March 15, of such calendar year.
Acquisition Services Fee <sup>6</sup>	If you retain us to provide acquisition consulting services to you regarding the potential acquisition of an independent business, \$1,500 to \$3,000.	Payable at the time the acquisition closes	The amount of these fees is subject to change at our discretion.



<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Additional Assistance Expense <sup>7</sup>	Travel and lodging expenses incurred, plus our then applicable per diem charges (currently \$250 per person per day)	As incurred	If you request additional or special guidance, assistance or training, we may charge you our then applicable fees.
Alliance Resource Center (“ARC”) Fees <sup>8</sup>	Will vary based on project, typically you will be charged \$60 to \$90 per hour	As incurred, payable by credit card	You must pay us or our affiliates ARC fees for projects that you outsource to the ARC.
Audit	Cost of audit including the charges of any independent accountants, attorneys, travel expenses, room and board, and per diem personnel charges plus our fees and interest (currently \$1,000 per day per person)	15 days after audit report received	This fee is payable only if we find that you have underreported any amount to us by 5% or more, or if the audit is caused by your failure to provide required information or documents.
Brand Audit Fee	Cost of audit including lodging, travel expenses and per diem personnel charges (currently \$1,000)	15 days after brand audit is completed	This fee is payable only if the audit is caused by your failure to comply with the brand standards in the Operations Materials.
Convention registration fee	The then-current registration fee (currently \$350)	Prior to attendance at the convention, payable by credit card	You must pay this fee for each person who attends the annual convention. Any individual attending the convention who has not signed the Franchise Agreement or a form of Guaranty and Assumption of Obligations (See Exhibit F) must execute our then-current form of Confidentiality and Non-Solicitation Agreement (See Exhibit G for current form).
Costs, accounting and attorneys’ fees	Will vary based on circumstances	As incurred	These fees are payable if we prevail in a proceeding initiated by you or us.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from operation or resale of your franchised business or from your breach of the Franchise Agreement.
Insufficient Funds Fee	Currently \$25 but subject to change	Upon demand	This fee is payable if there are insufficient funds in your account to cover electronic fund transfer withdrawals. We may also attempt to debit your account again periodically until funds are available (but no more than once every 5 days) and you will be charged the insufficient funds fee per each instance in which the funds are not available.
Insurance	Amount needed to reimburse us for mandatory insurance coverage	Upon demand	We have the right to purchase insurance for you if you fail to do so.

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Interest	Lesser of 1.5% of the monthly outstanding balance or the highest rate of interest allowed by law	When billed	If no due date is stated, interest begins to run 30 days after billing.
Liquidated Damages	Will vary under circumstances	As incurred	If the Franchise Agreement is terminated because of your (or your owners') default or by you without cause, you will pay us the then net present value of the standard Royalty fees and Marketing Fund contributions that would have become due from the date of termination to the earlier of (i) three years following termination, or (ii) the scheduled expiration date of the Franchise Agreement. For this purpose, the Royalty fees and Marketing Fund contributions shall be calculated based on Gross Sales of your Center for the 12 months preceding the termination date. In the event your Center was not in operation or you did not report Gross Sales for at least 12 months preceding the termination date, the Royalty fees and Marketing Fund contributions will be calculated based on the average monthly Gross Sales of all Centers during the fiscal year immediately preceding the termination date.
Local Website Maintenance and Hosting Fees	Currently paid by the Marketing Fund, but we may charge franchisees a fee which we currently estimate to be \$50 per month	As incurred, payable by credit card	We may charge you a fee for monthly maintenance and hosting of your Local Website.
Non-Compliance Fee	\$250 per default per month	If incurred, payable via electronic funds transfer with the next Royalties payment	If you are in default of the Franchise Agreement, we may charge you a non-compliance fee for each default, and may charge you each month until such default has been cured.
Optional Marketing Programs	Each program will typically vary from \$100 to \$500	As incurred, payable by credit card	Marketing programs available for franchisees who desire additional assistance with data analysis, local search marketing, appointment setting, cross-channel campaigns, etc.
Technology Services Fee	Currently, \$50 per month, plus \$209 to \$264 per month for CoreBridge, depending on the options selected, plus sales tax, if applicable	\$50 is payable monthly on the date we determine by credit card; the CoreBridge fee is payable quarterly by credit card	We will charge you a technology services fee for ongoing subscription, maintenance and support of various technology systems, platforms and resources. The fee charged may vary periodically based on the services we provide. Some technology services may also be offered separately for an additional fee.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Transfer Fee	25% of then-current Initial Franchise Fee we charge for an existing Center	Prior to transfer	If you transfer your Center, you will pay us the transfer fee. The transferee also will pay us the initial franchise fee described in Item 5.
WorkStream eCommerce <sup>9</sup>	Initial set up fee of \$750, plus a monthly fee of \$140 to \$450, plus sales tax, if applicable	Paid monthly by credit card	WorkStream eCommerce is an online storefront platform, offering support for static, inventory and variable products. Participation is optional, and monthly fees vary based on services. Additional elective services available for additional cost.

Note 1: All fees are payable to us, unless expressly stated otherwise, and are non-refundable. You must pay all on-going payments to us by pre-authorized electronic funds transfers (unless we require otherwise) from your operating account that we will process when any payment is due. The fees are uniform for all franchisees. However, certain existing franchisees may have different Royalty or Marketing Fund Contribution obligations, which may not be uniform for all franchisees.

Note 2: You must submit the financial reports we require to report your Gross Sales and other financial data we designate. If you do not timely submit Gross Sales statements, we may estimate your Gross Sales based on 110% of the average of the last three months' Gross Sales (whether reported or estimated) and debit your account for Royalty and Marketing Fund contributions based on those estimated Gross Sales. If the amounts that we debit from your account are less than the amounts you actually owe us (once we have determined your Center's true and correct Gross Sales), we will debit your account for the balance on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following month.

Note 3: You will pay Royalty based on the percentages described in the chart above. If at any time you are not in compliance with your Franchise Agreement, or any other agreement between you or your affiliates and us or our affiliates and do not cure such default within 10 days of receipt of written notice (or such other cure period as may be provided in such other agreement), the calculation of the Royalty will be based on the highest rate described above.

We may annually increase the Gross Sales threshold amounts by the most recently published National Consumer Price Index-All Urban Consumers-All Items (1982-1984 = 100) as most recently published by the U.S. Department of Labor, or a successor index ("CPI"). We have no obligation to decrease these thresholds if the CPI decreases. The threshold amounts in this Disclosure Document apply for the 2023 calendar year and will be adjusted for the 2024 calendar year on or before March 15, 2024.

Beginning with the 4th full calendar year of operation of the Center, if your annual Gross Sales are less than \$300,000 (the "Minimum Sales Threshold"), then you must pay us an amount equal to 6% of the difference between your annual Gross Sales and \$300,000 by March 31 of the following calendar year.

Note 4: "Gross Sales" includes all revenues generated in, upon, by or from the Center calculated using the accrual method of accounting. Each credit sale is treated as a sale for the full price at the time the credit sale is made, and not at the time you receive payment, whether full or partial. Gross Sales also include the fair market value of any barter transactions, and the proceeds of any business interruption insurance policies related to the operation of your Center. To the extent we permit you to engage in wholesales, revenue from wholesales will be included in Gross Sales. Gross Sales do not include: (i) sales of merchandise or services for which a refund has been made, provided that the sales shall have been

previously included in Gross Sales; (ii) the amount of any sales or use taxes imposed by federal, state, municipal or other governmental authorities directly on sales and collected from customers, provided that the amount is added to or absorbed within the selling price and actually paid by you to the governmental authorities; (iii) permits, shipping or subcontract installation; and (iv) sales produced on behalf of another Center. Further, we may from time to time authorize deductions from Gross Sales on a system-wide basis.

Note 5: We may modify or remove the cap on Marketing Fund contributions.

Note 6: Currently, the fee is based on the previous annual gross sales of the acquisition candidate for the calendar year before the acquisition as follows:

- (a) \$3,000 if the total gross sales were in excess of \$1,000,000;
  - (b) \$2,500 if the total gross sales were in excess of \$500,000 up to and including \$1,000,000;
  - (c) \$2,000 if the total gross sales were in excess of \$250,000 up to and including \$500,000;
- and
- (d) \$1,500 if the total gross sales were equal to or under \$250,000.

Note 7: You must pay for your trainees' salaries and benefits, and for their travel, lodging and meal expenses.

Note 8: The ARC is staffed with highly experienced marketing communications professionals who can provide franchisee with a wide range of consulting and tactical services, depending on franchisee customers' needs. Project managers and graphic design specialists are available to help franchisees fulfill overflow graphic design work, assist with sales presentations, or oversee complex project management work – all on a fee-for-service basis. Vetted digital marketing outsource partners are also available to assist owners with email campaigns, social media, and other digital strategies. The ARC may produce a project internally or outsource it to a third party. We may periodically alter the ARC or cease offering it at any time.

Note 9: The WorkStream™ e-commerce platform is a cloud-based B2B or B2C online storefront that is feature-rich and staged for growth to meet the increasing demands of the Centers' customers. The standard options include support for modern e-commerce workflow options, including mobile optimized themes, approval workflows, integrated shipping and various payment methods, including credit card and budgeted funds. The system also supports requirements for online commerce such as custom domain names, SSL Certificates and secure checkout. eDocBuilder™, a template-based variable data and online design publishing solution embedded into our solution provides support for both traditional forms-based and interactive designer products.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT TO BEGIN OPERATING AN EXISTING CENTER**

<b>Type of Expenditure <sup>1</sup></b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial franchise fee	\$20,000	Lump sum	On signing Franchise Agreement	Us
Training Expenses <sup>2</sup>	\$3,506 to \$10,140	As agreed	As incurred	3 <sup>rd</sup> parties
Rent Deposit <sup>3</sup>	\$0 to \$6,000	Lump sum	As specified in lease	Landlord
Utility Deposits <sup>3</sup>	\$0 to \$3,500	As agreed	As incurred	Utility companies
CoreBridge Set-up Fee	\$500	Lump sum	Before opening	Us
Exterior Signage	\$0 to \$12,000	Lump sum	Before opening	3 <sup>rd</sup> parties
Software and Equipment <sup>4</sup>	\$6,777 to \$112,079	Lump sum	When ordered before opening	Us and 3 <sup>rd</sup> parties
Marketing and brand identification <sup>5</sup>	\$0 to \$20,026	As agreed	As incurred	3 <sup>rd</sup> parties
KickStart Initial Marketing Deposit	\$7,500	Lump sum	On signing Franchise Agreement	Us
Professional fees (lawyer, accountant, etc.) <sup>6</sup>	\$2,900 to \$23,100	Lump sum	As incurred	3 <sup>rd</sup> parties
Insurance (for 1 <sup>st</sup> year) <sup>7</sup>	\$2,695 to \$14,500	As agreed	As incurred	3 <sup>rd</sup> parties
Additional funds and working capital (for 1st year) <sup>8,9</sup>	\$0 to \$85,000	As agreed	As incurred	3 <sup>rd</sup> parties
<b>TOTAL <sup>10,11,12</sup></b>	<b>\$43,878 to \$314,345</b>			

**NOTES:**

Note 1: None of the fees in this Item 7 that are payable to us are refundable under any circumstances. Amounts payable to third parties are non-refundable unless the supplier agrees otherwise.

Note 2: You will pay the expenses of travel, meals and lodging for any persons attending the training program. The amount expended will depend upon the distance those persons must travel and the type of accommodations chosen. The estimate contemplates attendance of up to 2 people for 2 of the 3 weeks of initial training at Alliance University in Middle River, Maryland (or another location we designate). The other week is done virtually. You will attend training at the time you acquire the existing Center.

Note 3: The low end of these estimates assume that you are acquiring the rent and utility deposits as a prepaid asset from the existing franchisee. It is likely that you will not purchase the business premises, but will lease them, so estimates for the purchase of real property are not included in the above table.

Note 4: These amounts include the first three months' Technology Services Fee payable to us. The low end of this range assumes the existing Center already has all the software and necessary production equipment and they satisfy our System Standards. However, there may be some additional software and computer components that need to be purchased. The production equipment and software and computer components need to conform to our standards and specifications. You may choose to purchase certain production equipment from us or an approved supplier. Typically, a franchisee would purchase the equipment, although a franchisee may also lease equipment from a third party unrelated to us. The high end of the range includes the first three months' fees for the recommended customer relationship management software. We highly recommend that you engage an IT infrastructure consultant to assist you with the IT infrastructure, PCI compliance, and data security; the high end of the range includes the cost to hire such a consultant.

Note 5: If you are acquiring an existing Center, this is a suggested amount and is in addition to the KickStart initial marketing program. The best interests of the Franchise system and your Center are likely to be maximized by also participating in recommended marketing activities and additional local marketing fund expenditures. We strongly encourage you to spend a significant amount on other promotional efforts associated with your Center.

Note 6: To begin operating the existing Center, this amount includes the first three months' fee you are required to pay to the third party we designate for accounting services during your first year of operation (currently, \$300 to \$500 per month), the cost of required business licenses and permits, and the estimated expense for a payroll service and CPA.

Note 7: You must maintain in force at your sole expense the insurance policies we require in connection with your Center's operation. The estimates provided above are for your annual premiums for your first year of operations for the minimum coverage we require for all Centers but does not include the premiums for any additional policies that may be required if you elect to provide certain types of products and services from your Center, or use automobiles in connection with the products and services you provide from your Center. See Item 8 for a description of our current requirements.

Note 8: The additional funds represent an estimate of working capital that will be used in the operation of the business. You may need these additional funds to operate your Center during its 12-month initial phase. The estimated amount covers items such as employees' salaries, rent, and miscellaneous expenses. When you begin operating an existing *Signs By Tomorrow* Center or *Signs Now* Center, you may choose to hire an outbound sales professional. If you do, the high range of this estimate includes three months' expense for the outbound sales professional and may vary depending upon how you choose to compensate that person. You must have the minimum amount in cash or its equivalent when you acquire your Center. The amount does not cover any salary or other compensation for you or your owners.

Note 9: In purchasing an existing Center, you will typically make a down payment and the balance of the purchase price will be financed by the seller and/or a financial institution. You may also assume some existing equipment leases. We have not included the amount you will spend to acquire the existing Center as it will vary based on the location and size of the existing Center you purchase and the purchase price you agree upon with the seller.

Note 10: We have also assumed that all other items are already in place. Your actual investment to begin operating the existing Center may vary depending on the size of the existing Center and the level of remodeling and initial equipment investment required.

Note 11: In preparing these figures, we have relied on our experience in granting franchises since 2000, and SGO's experience in operating the *Signs By Tomorrow*, *Signs Now* and *Image360* franchise programs. We do not finance any portion of your initial investment.

Note 12: If you choose to convert the existing *Signs By Tomorrow* Center or *Signs Now* Center into an *Image360* center, you will incur additional expenses to complete the conversion and bring the Center into compliance with *Image360* standards and specifications. We estimate that the additional expense to convert into an *Image360* Center will be \$12,700 to \$134,508; the additional expense would cover the cost of leasehold improvements, exterior and interior signage, furniture, and fixtures, as well as additional marketing activities and expenditures to promote the converted Center, and the estimated base salary (but not any commission) for a recommended salesperson. You will be required to sign our then-current form of *Image360* franchise agreement prior to converting the existing Center.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We must approve the site of your Center and the terms of any lease for your Center, including for any relocation site. You must deliver a copy of the signed lease or sublease to us within 10 days after signing it. You may not sign or agree to any modification of the lease or sublease that would adversely affect our rights without our written approval. If you want to move the site of your Center, you must follow our relocation approval process. We must approve the new site and the lease before you sign any new lease or other binding commitment. Our approval will not be unreasonably withheld, but your failure to follow our relocation approval process is a material default of the Franchise Agreement. If you sign a Franchise Agreement for an existing *Signs By Tomorrow* Center or *Signs Now* Center, you must operate the Center at the site of the existing business and you may not sign a new or renewal lease without our prior written approval.

We will provide you sample building plans and specifications and/or recommended floor plans for a relocated Center. You may need to employ a licensed architect or engineer to prepare a site plan or to adapt the building plans and specifications and/or recommended floor plans to the premises. We will provide you our design specifications for a relocated Center (design, decoration, layout, equipment, fixtures, signs, etc.). You may purchase the items required by the specifications from any approved supplier. Any signs, logos, emblems or pictorial materials used for the premises must conform to our specifications. Also, at least one exterior sign of stated design and size, if permitted by local sign ordinances, must be used for the premises. We will not require you to purchase all new fixtures if you are acquiring an existing *Signs By Tomorrow* Center or *Signs Now* Center. However, depending on the type and condition of the existing fixtures of your acquired Center, we may require you to modify and/or purchase certain additional items.

You must maintain, at your expense, the insurance coverage that we require under policies that meet our terms and conditions. Currently, we require you to maintain commercial general liability (we currently require a minimum of \$1 million per occurrence and \$2 million in the aggregate), workers' compensation, and cyber and privacy liability insurance policies in connection with your Center's operation. You will also be required to maintain certain other types of insurance policies (such as automobile liability, technology errors and omission, or environmental/pollution), depending on the types of products and services your Center provides, and whether you own and/or allow employee use of personal vehicles to provide products and services from the Center. We periodically may change the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

Your insurance must be written by an insurance company with a Best rating of "A" or better. You must provide us with 30 days' written notice of material changes to or cancellation or expiration of any policy. You must provide us with copies of all insurance policies, together with current certificates of insurance, on an annual basis. You must also provide us with a certificate of insurance naming us and any

affiliates we designate as additional insureds for all liability coverage policies, using a form of endorsement we have approved.

You must purchase from us certain marketing materials and services, including initial marketing collateral and branded apparel, certain software subscriptions, and technology and websites products and services. We also are an approved supplier of graphic design and project management services. We currently do not require you to purchase or lease any other goods, services, supplies, fixtures, equipment, inventory or real estate for your *Signs By Tomorrow* Center or *Signs Now* Center from us or our affiliates, though you may purchase certain optional products and services from us or our affiliates.

We are an approved supplier of certain software, outsourced marketing services projects (such as graphic design, copywriting, etc.), certain products and services (such as design work, blueprint reading, project management, estimate assistance and other services), and we are the only designated supplier of the CoreBridge point-of-sale system. You must obtain other specified computer hardware and software from designated suppliers. During your first year of operation of your Center you will engage a designated third party for accounting services, and at our discretion, engage such third party for accounting services beyond your first year of operation as we may require. We have approved suppliers for certain required equipment. You may be able to lease certain equipment from some approved suppliers. We currently maintain a list of approved suppliers in our Operations Materials. We may modify this list on reasonable written notice to you.

You must purchase or lease certain equipment and supplies meeting our specifications. You must purchase or lease initial equipment and supplies in amounts that we recommend, to use our experience in the business and to provide proper initial planning, training and record-keeping. We will not require you to purchase all new equipment and supplies if you are acquiring an existing *Signs By Tomorrow* Center or *Signs Now* Center. However, depending on the type and condition of the existing equipment and supplies of your acquired or existing Center, we may require you to modify and/or purchase certain additional items.

We have formulated specifications for equipment and supplies. Our specifications are available to prospective suppliers. We may modify these specifications on reasonable written notice to you. We will consider your written request for a modification of a specification, if you explain the reason for the requested modification (or for the approval of any equipment or supply we have not previously approved) and provide us with sufficient technical data to enable us to evaluate your request. We will provide you with written notification of approval or disapproval within 60 days after receipt of your request. We will approve a request if we determine that a modified specification is appropriate or that any equipment or supply meets our specifications then in effect. We may perform tests to determine if any equipment or supply meets our specifications.

We estimate that approximately 20% to 30% of your required purchases and leases of goods and services to begin operating the existing *Signs By Tomorrow* Center or *Signs Now* Center, and approximately 20% to 30% of your required purchases and leases of goods and services used in the operation of a *Signs By Tomorrow* Center or *Signs Now* Center, are subject to our specifications.

We may approve a single supplier for any product or service. We may grant approvals of new suppliers or revoke past approvals of suppliers on reasonable written notice to you.

As to products and services for which we have approved suppliers, you may request in writing our approval of additional approved suppliers providing comparable products and services meeting our specifications. Currently, we will grant or revoke approvals using the following procedures: (1) you may request in writing our approval of an additional supplier; (2) we will grant or deny approval of an additional supplier based on our criteria for supplier approval then in effect, which criteria are not available to you, and possibly based on an inspection or performance review; and (3) we will provide you with written



notification of the approval or disapproval of any supplier you propose within 60 days after receipt of your request. We may revoke approvals of recommended or previously approved suppliers on reasonable written notice to you. We periodically may change our supplier approval process and criteria. We do not provide material benefits to you based on your use of designated or approved sources.

During fiscal year 2022, our revenue from purchases by franchisees of all of our concepts of software, marketing materials and programs, ecommerce, project management, creative services, and other outsourced services was \$1,784,685, or 6.3% of our total revenue of \$28,505,301. According to its accounting records and point-of-sale system, our affiliate AFBCO had \$711,364 in revenue from franchisee purchases during fiscal year 2022. Otherwise, we and our affiliates did not derive revenue from franchisee purchases.

We may derive revenue from the items you purchase from approved suppliers. When we hold franchisee meetings, some approved suppliers pay us to be sponsors and participate in the meetings at various levels. We use the sponsorship fees to pay costs associated with the meetings. Currently, we receive a 20% rebate during the first subscription year from one of our software suppliers and a 5% rebate from franchisee purchases of selected e-mail marketing services. During the 2022 fiscal year, we received \$218,867 in rebates from approved suppliers as a result of purchases by franchisees of all our concepts. Portions of the revenue are used to supplement the marketing funds and to defray costs to franchisees, such as the cost of the annual convention. However, we may retain the credit of any discounts, rebates or incentives received as a result of your purchases or contribute them to the Marketing Fund. None of our affiliates received any commissions or rebates from third party suppliers during the 2022 fiscal year.

We have negotiated purchase agreements with certain vendor sources, and we receive discounted or wholesale prices from their list prices. You will purchase directly from those vendors. We negotiate prices for vinyl and other inventory and supplies for the benefit of our franchisees from certain suppliers. Franchisees purchase these products directly from these suppliers. We do not receive any payments or other material consideration from these suppliers.

We have no purchasing or distribution cooperatives. However, we may negotiate with some suppliers for you.

We and our officers do not own an interest in any approved supplier, except for direct and indirect ownership interest in us, our parents, and our affiliates.

## 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 of Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 2.A to 2.B of Franchise Agreement	7 & 11
(b) Pre-opening purchases/leases	Sections 2.B to 2.C of Franchise Agreement	7 & 8
(c) Site development and other pre-opening requirements	Sections 2.C, 3.A, 4.A of Franchise Agreement	7 & 11
(d) Initial and ongoing training	Section 4 of Franchise Agreement	11

<b>Obligation</b>	<b>Section of Franchise Agreement</b>	<b>Disclosure Document Item</b>
(e) Opening	Section 2.E of Franchise Agreement	11
(f) Fees	Section 3 of the Franchise Agreement	5, 6 & 7
(g) Compliance with standards, policies and manuals	Sections 4.C, 8.E, 8.G of the Franchise Agreement	11
(h) Trademarks and proprietary information	Sections 5 & 6 of Franchise Agreement	13 & 14
(i) Restrictions on products/services offered	Sections 8.B, 8.D of Franchise Agreement	8, 11 & 16
(j) Warranty and customer service requirements	Not applicable	Not applicable
(k) Territorial development and sales quotas	Not applicable	Not applicable
(l) Ongoing product/service purchases	Section 8.D of the Franchise Agreement	8
(m) Maintenance/appearance and remodeling requirements	Sections 8.A, 8.G of the Franchise Agreement	11
(n) Insurance	Section 8.F of Franchise Agreement	7 & 8
(o) Advertising	Section 9 of the Franchise Agreement	6, 7 & 11
(p) Indemnification	Section 16.D of the Franchise Agreement	6
(q) Owner's participation/management/staffing	Section 8.C of the Franchise Agreement	11 & 15
(r) Records and reports	Section 10 of Franchise Agreement	6
(s) Inspections and audits	Section 11 of the Franchise Agreement	6
(t) Transfer	Section 12 of Franchise Agreement	17
(u) Renewal	Section 13 of Franchise Agreement	17
(v) Post-termination obligations	Section 15 of the Franchise Agreement	17
(w) Non-competition covenants	Section 7 & 15.D of the Franchise Agreement	17
(x) Dispute resolution	Section 17.G of the Franchise Agreement	17
(y) Security interest	Section 17.A of the Franchise Agreement	10
(z) Owner/shareholder guaranty	Section 1.C of the Franchise Agreement	15

## **ITEM 10 FINANCING**

Neither we nor any agent or affiliate offers direct or indirect financing to you, or guarantees any of your notes, leases or obligations.

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

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

Before you close on the purchase of an existing *Signs By Tomorrow* Center or *Signs Now* Center, we will provide you with:

- (1) Set-up services for certain technology components associated with the Technology Services Fee, currently, including set-up of the point-of-sale system. (Section 3.F of the Franchise Agreement.)
- (2) Initial training for you (or your Managing Owner (defined in Item 15) if you are an entity), a portion of which is conducted at Alliance University in Middle River, Maryland, and a portion of which is conducted virtually. This training generally lasts up to 3 weeks. (Section 4.A of the Franchise Agreement.) (See "Training" below.)
- (3) Training for additional employees. They will attend employee-accessible portions of training only, and must execute our then-current form of confidentiality and non-solicitation agreement before attending. We may charge fees for this training. (Section 4.A of the Franchise Agreement.) (See "Training" below.)
- (4) Opening assistance at your location before and after you open for up to 10 days. (Section 4.A of the Franchise Agreement.) (see "Training" below.)
- (5) Specifications for equipment, inventory, supplies and signs to be used under the System. (Section 8.D of the Franchise Agreement.)
- (6) Design specifications for your premises. (Section 8.A of the Franchise Agreement.)
- (7) A webpage on the Franchise System Website. (Section 9.C of the Franchise Agreement.) (See "Website(s), Social Media Platforms and Email" below.)
- (8) Electronic access to our Operations Materials. (Section 4.C of the Franchise Agreement.) (see "Operations Materials" below.)

During the operation of your Center, we will:

- (1) Provide training for additional employees. We may charge fees for this training. (Section 4.A of the Franchise Agreement.) (See "Training" below.)
- (2) Update the electronic Operations Materials to incorporate improvements and new developments in the System, including improvements in products and services you offer to your customers. We may revise the Operations Materials at any time. (Section 4.C of the Franchise Agreement.)
- (3) Periodically advise you, as the need for such advice is determined by us, concerning the operation of your Center. (Section 4.B of the Franchise Agreement.)
- (4) Review your marketing materials. (Section 9.A of the Franchise Agreement.)

- (5) Maintain a website for the promotion of the *Signs By Tomorrow* and *Signs Now* brands. We currently maintain separate websites for each Designated Brand Concept, but may combine the websites. (Section 9.C of the Franchise Agreement.)
- (6) Provide you with a list of recommended vendors and suppliers for the products, goods, merchandise, supplies, machinery, signs, furniture, fixtures, equipment and services. (Section 8.D of the Franchise Agreement.)
- (7) Administer one or more system-wide marketing funds. (Section 9.B of the Franchise Agreement.) (See “Marketing Fund” below.)

We may, but are not obligated to, assist you with establishing prices for products and services your Center sells.

## **MARKETING AND PROMOTION**

### **Marketing Fund**

We maintain marketing funds for each of our Designated Brand Concepts (each referred to as a “Marketing Fund”). We will use each Marketing Fund for marketing and public relations programs and materials we deem appropriate. Centers that we or our affiliates own may not contribute to the applicable Marketing Fund on the same percentage basis as franchisees. We may consolidate the Marketing Funds and maintain and administer one marketing fund for all Centers, and to consolidate any or all of the Marketing Funds with the marketing funds of other brands we or our affiliates franchise, and maintain and administer one marketing fund for all brands.

We will direct all programs that each Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. Each Marketing Fund may pay for preparing and producing video, audio, and written materials and digital media; developing, implementing, and maintaining a Franchise System Website (as defined below) and/or related strategies; administering regional and multi-regional marketing, social media, public relations and marketing programs, including, without limitation, purchasing trade journal, direct mail, and other media marketing and using promotion and marketing agencies and other advisors to provide assistance; administering online marketing campaigns (including search engine, social media, email, pay-per-click and display ad campaigns); developing and administering software, apps, and related integrations; implementing a loyalty program or other marketing programs designed to encourage the use of Centers; supporting public relations, market research, direct sales tools, and other promotion and marketing activities; sales training and support of franchisees’ sales personnel; and such other use as we deem appropriate for the promotion of the Designated Brand Concepts, as applicable. As long as you are in compliance with the Franchise Agreement and System Standards, the Marketing Fund periodically may give you samples of marketing and promotional formats and materials at no cost. The Marketing Fund will sell you multiple copies of these materials at its direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for each Marketing Fund separately from our other funds and not use either Marketing Fund for any of our general operating expenses. However, we may use each Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer such Marketing Fund, such Marketing Fund’s other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering, communicating or directing such Marketing Fund and its programs, including, without limitation, conducting market research; running social media campaigns; building, updating and maintaining websites; creating and delivering franchisee

communications; public relations; preparing promotion and marketing materials; and collecting and accounting for Marketing Fund contributions. We will not use either Marketing Fund contributions for advertising that principally is a solicitation for the sale of franchises.

None of the Marketing Funds will be our asset. None of the Marketing Funds is a trust. We do not owe any fiduciary obligation to you for administering the Marketing Funds or any other reason. We will hold all Marketing Fund contributions for the benefit of the contributors and use contributions for the purposes described above. Each Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on contributions to a Marketing Fund to pay costs before using such Marketing Fund’s other assets. We will prepare an annual, unaudited statement of each Marketing Fund’s collections and expenses and give you a copy of the statement upon your written request to us. We may have each Marketing Fund audited annually, at such Marketing Fund’s expense, by an independent certified public accountant. We may incorporate each Marketing Fund or operate it through a separate entity whenever we deem appropriate.

We intend for each Marketing Fund to promote the applicable Marks, patronage of the Centers contributing to such Marketing Fund and each applicable Designated Brand Concept generally. Although we will try to use each Marketing Fund to develop marketing materials and programs, and to place marketing, that will benefit all Centers of the Designated Brand Concept contributing to such Marketing Fund, we need not ensure that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund contributions by such Centers operating in that geographic area, or that any such Center benefits directly or in proportion to its Marketing Fund contribution from the development of marketing materials or the placement of marketing. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund contributions at each Marketing Fund’s expense. We also may forgive, waive, settle, and compromise all claims by or against a Marketing Fund. Except as expressly provided in this Subsection, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering each Marketing Fund.

We may at any time defer or reduce contributions of franchisees and, upon 30 days’ prior notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate a Marketing Fund, all remaining contributions will be spent prior to its termination.

During the 2022 fiscal year, we used the Marketing Fund contributions as follows:

<b>Expenses</b>	<b>Signs By Tomorrow Marketing Fund Expenditures</b>	<b>Signs Now Marketing Fund Expenditures</b>
Media placement – paid and unpaid media marketing through social media, public relations, pay-per-click marketing, retargeting and display marketing	19.0%	53.6%

Creative Development – production of traditional and digital creative and media assets including marketing collateral, digital ads, website development and search engine optimization	0.2%	0.6%
Administration – marketing and sales staff costs, Network Advisory Council/Franchise Advisory Board travel and meeting expenses, membership expenses, legal, accounting and banking expenses. These expenses may be higher or lower depending upon whether we administer and deliver programs which would otherwise have been outsourced	67.6%	38.4%
Retained for use in future years	13.2%	7.4%

**Advisory Councils and Cooperatives**

A franchisee board (the “Franchise Advisory Board”) for each applicable Designated Brand Concept advises us on marketing and promotional policies, and will advise us on the management of the Marketing Fund for such Designated Brand Concept. The Franchise Advisory Boards are advisory and have no operational or decision-making power. Participating franchisees elect the members of the Franchise Advisory Board, which operates under its own bylaws. We have the right to change, merge or dissolve the Franchise Advisory Boards.

You are not required to participate in any local or regional marketing cooperatives.

**Marketing Materials**

You must submit to us, for our approval, all materials to be used for local marketing, unless we have previously approved them or they consist only of materials we have provided. All materials containing our proprietary marks must include the designation service mark <sup>SM</sup>, trademark <sup>TM</sup>, registered <sup>®</sup>, or copyright <sup>©</sup>, or any designation we specify.

If you do not receive the written or oral disapproval of any materials submitted to us within 20 days after the date we received the materials, the materials are approved. We may require you to withdraw and/or discontinue the use of any materials, even if we previously approved them. We must make this requirement in writing, and you will have 5 days after receipt of our notice to withdraw and discontinue use of the materials.

**Website(s) and Social Media Platforms**

We maintain a corporate website on the internet for each Designated Brand Concept, www.signsbytomorrow.com and www.signsnow.com, to promote the System, and to advertise the services and products marketed by us and our franchisees of each Designated Brand Concept (each a “Franchise System Website”). We may, but are not obligated to, provide you with a webpage on the Franchise System Website for your Designated Brand Concept. We require that you (i) provide us the information and materials we request to develop, update, and modify your webpage; (ii) notify us whenever any information on the Franchise System Website regarding your Center is not accurate; and (iii) if we give you the right to modify your webpage, notify us whenever you change the content of your webpage. We may discontinue any Franchise System Website, or consolidate any Franchise System Website with the website of any other brand concept we maintain, at any time we determine.

If we authorize you to have a website for your Center (the “Local Website”), we must own the domain name for the Local Website, and will assign the domain name to you. The content of the Local Website must comply with our specifications and standards that we periodically designate; all updates and changes to the Local Website must be approved by us. If you maintain a Local Website, you must prepare and maintain a privacy policy and terms and conditions for such Local Website, which must be linked to the Local Website. The privacy policy and terms and conditions must comply with all applicable laws, System Standards, and other requirements we may prescribe in writing. You must sign the Local Website Enrollment Form in the form attached to this disclosure document as Exhibit H. We may charge a monthly maintenance and hosting fee for the Local Website. You also may utilize any website, domain name, homepage, e-mail address, social media account (such as LinkedIn®, Twitter®, Facebook®, Instagram®, Google® Business Profile, or YouTube®), user name, other online presence or presence on any electronic medium of any kind (“Online Presence”) that we approve under our then-current social media policy, which we may modify periodically. We will assist you in setting up your Online Presence and if you choose to set up your own Online Presence you must provide us with administrator access. The Local Website and other Online Presence you maintain must identify your Center as an independently owned and operated business. If we approve the use of any Online Presence, you will develop and maintain such Online Presence in accordance with our then-current social media policy, including guidelines for posting any messages or commentary on third-party websites. We will own the rights to each Online Presence. All marketing and promotional materials that you develop for your Center must contain notices of the Website’s domain name in the manner we designate. Except as expressly permitted by the Franchise Agreement, you may not develop, maintain, register or authorize any other website that mentions or describes you or your Center or displays any of the Marks.

Under our current electronic communications marketing policies, you may have listings on local internet-based business directories, such as those sponsored by Chambers of Commerce and Builders Associations. All of those listings must be submitted to us for our pre-approval and must be linked to the space for your business on our website.

You must list your Center in such online subscriptions as we periodically prescribe. You also agree to establish any other Online Presence we require. You may only establish or maintain an Online Presence as approved and according to the guidelines described in our policies and in the Operations Materials.

## **COMPUTER SYSTEMS**

You must obtain and use a variety of integrated computer hardware and/or software systems and other technology components that meet our System Standards. We require that you purchase part or all of the computer system from the suppliers we designate (which may be us or our affiliates). We may supplement or modify our specifications to the computer systems. You must make periodic upgrades and updates to the computer systems that we require. Our modification of specifications for the computer system, and/or other technological developments or events, might require you to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the computer system. There are no contractual limitations on the frequency and cost of this requirement.

The cost of the computer systems and their components may vary due to available options or suppliers’ cost fluctuations. The current cost range for purchasing the computer systems is up to \$10,248.

We require that you use the following software:

- CoreBridge point of sale system, the cost of which is included in the Technology Services Fee (defined below).
- Adobe Creative Cloud design software with an estimated subscription fee of \$80 per month.

- Onyx Thrive workflow software with a cost of \$2,400.
- Sai Flexi graphics software with an estimated subscription fee of \$50 per month.
- QuickBooks Plus Online accounting software with subscription fees of \$85 per month.

You must also sign the CoreBridge Enrollment Form in the form attached to this Disclosure Document as Exhibit C. The fees described above are subject to change. Currently, there are no annual maintenance contracts for these software programs.

You will also be required to obtain anti-virus security software with an estimated cost of \$100 per year for up to 5 devices, and Microsoft Office365 Business Standard for email, office applications, and secure cloud storage with an estimated cost of \$12.50 per user per month. There also may be other software that you opt to use.

We require you to pay a fee (the “Technology Services Fee”) to us (or our affiliates) for ongoing subscription, maintenance and support of various technology systems, platforms and resources. We may periodically modify the amount of the Technology Services Fee. You must pay the Technology Services Fee at the times, and in the manner, designated by us. We may require you to enter into written agreements with us or our affiliates to receive such services, with terms and conditions we approve. Currently, we charge you a Technology Services Fee of \$50 per month, plus \$209 to \$264 per month for CoreBridge, depending on the options selected, plus sales tax, if applicable.

All hardware and software components are the proprietary property of their manufacturers who have no obligation to provide ongoing maintenance, repairs, upgrades or updates unless you pay for them. We may require you to use a system that will allow us to access your point-of-sale and sales data, accounting data, and other financial data and information we designate. There are no contractual limitations on our right to access this information and data.

## **OPERATIONS MATERIALS**

We provide guidance through operations materials, which may include one or more separate manuals as well as computer software, information available on an internet site, other digital media, and/or written materials (collectively, the “Operations Materials”). The Operations Materials currently have a total of 443 pages. The table of contents of our Operations Materials is attached as Exhibit M.

We currently post the Operations Materials on a restricted website to which you will have access. You must monitor and access the website for any updates to the Operations Materials or System Standards. Any passwords or other digital identifications necessary to access the Operations Materials will be deemed to be part of our confidential information.

## **TRAINING**

You (or your Managing Owner if you are an entity) must complete the initial training to our satisfaction. The classroom training generally lasts up to 3 weeks. Prior to attending the classroom training at Alliance University, you (or your Managing Owner if you are an entity) will be required to complete approximately 20 hours of online, self-paced learning sessions (these hours are not included in the chart below). We may lengthen, shorten or restructure the contents of this program. The classroom portion of the program is currently conducted on an as-needed basis, with portions being conducted virtually and at our offices in Middle River, Maryland (but we may designate an alternate location, or elect to provide the entirety of the classroom training virtually), and has been conducted by a training staff currently under the direction of Holly Harding, our Manager of Training. Ms. Harding has 20 years of experience with us and



she has 20 years of experience in the subjects taught. You will be scheduled to attend this training prior to closing on the purchase transaction for the existing Center. Additional optional online learning opportunities are also available. Training materials include access to our online learning center, digital access to our Operations Materials and access to our franchisee-facing communications portal.

You (or your Managing Owner) may request additional training at the end of the initial training program, to be provided at our then current per diem charges, if you (or your Managing Owner) do not feel sufficiently trained in the operation of a Center. We and you will jointly determine the duration of this additional training. After you acquire the *Signs By Tomorrow* Center or *Signs Now* Center, you may send additional employees to our regularly scheduled training programs. You must pay our additional assistance fee for this training, which is currently \$250 per person per day. We may make reasonable increases in this fee during the term of your franchise. If you request training for your employees during a time when training is not regularly scheduled, we may charge you additional fees. Otherwise, you must train your own employees after you commence operating the *Signs By Tomorrow* Center or *Signs Now* Center. If you have a new Managing Owner, the new Managing Owner must complete our then-current initial training program to our satisfaction. We may charge reasonable fees for training new Managing Owners. You also agree to pay all travel and living expenses which your Managing Owner incurs during all training courses and programs.

The initial training program is designed to cover all phases of the operation of a Center. Any non-owner employees attending employee-accessible portions of initial training must execute our then-current form of Confidentiality and Non-Solicitation Agreement. You are responsible for covering your and your personnel’s travel and lodging costs for attending training. We will provide you with opening assistance at your location before, and within the first 90 days after, you begin operating your Center for up to 10 days. This assistance may not be on consecutive days.

As of the date of this Disclosure Document, we provide the following initial training:

**TRAINING PROGRAM**  
**(for franchisees acquiring an existing Signs By Tomorrow Center or Signs Now Center)**

SUBJECT <sup>1</sup>	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING <sup>2</sup>	LOCATION <sup>3</sup>
<b>Business Administration &amp; Center Operations</b> <ul style="list-style-type: none"> <li>• “Day in the Life” Daily Tasks</li> <li>• Ongoing Support Structure</li> <li>• Safety, OSHA</li> <li>• QuickBooks Online Review and Accounting Best Practices</li> <li>• Business Analysis and Planning</li> <li>• General Personnel Best Practices</li> <li>• Pricing and General Finance</li> </ul>	25	16	Alliance University
<b>Sales/Marketing<sup>4</sup></b> <ul style="list-style-type: none"> <li>• Consultative Sales</li> <li>• Sales Plan &amp; Benchmarking</li> <li>• Training &amp; Coaching</li> <li>• Customer Experience Training</li> <li>• Marketing Research</li> <li>• Marketing Programs and Services</li> <li>• Identity Standards and Marketing Review</li> </ul>	16	44	Alliance University

<b>SUBJECT<sup>1</sup></b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING<sup>2</sup></b>	<b>LOCATION<sup>3</sup></b>
<b>General Products &amp; Services</b> <ul style="list-style-type: none"> <li>• Promotional Products</li> <li>• Subcontracted Products</li> </ul>	16	12	Alliance University
<b>Infrastructure</b> <ul style="list-style-type: none"> <li>• Management Information Systems (MIS) and Point of Sale</li> <li>• Computer/Printer Equipment and Management</li> <li>• Design Software Management</li> </ul>	25	8	Alliance University
<b>Center Visit</b>	3	0	
<b>TOTAL</b>	<b>85</b>	<b>80</b>	

Note 1: The hours devoted to each subject are estimates and may vary substantially based on your prior experience, your needs and scheduling. In addition to this initial training, you will have access to additional online training classes that cover many topics relevant to the operation of your business, including technology, business communications, customer service, accounting and finance, and general business management.

Note 2: On-the-job training is on-site assistance. The subjects taught may differ based upon our assessment of your needs. Some of the on-the-job training may be completed virtually.

Note 3: A portion of the classroom training will be conducted at Alliance University, which is currently located in Middle River, Maryland, or another location we designate, and the remainder is conducted virtually. We may elect to provide the entirety of the classroom training virtually.

Note 4: Sales training will last a minimum of 2 full days, but up to 5 days. Some of the sales training and coaching also may be provided to you virtually or by phone.

We may require you (or your Managing Owner) and/or previously trained and experienced employees to attend and complete to our satisfaction various training courses that we periodically choose to provide at the times and locations that we designate, including courses and programs provided by third-parties we designate. We will not require attendance at more than two such courses, or for more than a total of three business days, during a calendar year. Besides attending these courses, you agree to attend the annual meeting of all Center franchisees each year at a location we designate. All training and the annual meeting may be held virtually. Attendance will not be required for more than five days during any calendar year. You must pay all costs to attend, including the applicable fees, if any, and your attendees' compensation or benefits due, travel and living expenses.

If you operate a *Signs By Tomorrow* Center or a *Signs Now* Center, you must engage a Graphic Designer and Production Specialist meeting our minimum specifications before you begin operating the *Signs By Tomorrow* Center or *Signs Now* Center, and we may delay your commencement of operations if a Graphic Designer or a Production Specialist is not engaged. The Graphic Designer and Production Specialist are not required to attend initial training, but may attend initial training, if space is available, for the additional training fee specified below.

You may choose to engage an outbound sales professional. Your outbound sales professional is not required to attend initial training, but may attend employee-accessible portions of training, if space is available, for the additional training fee specified above. However, the outbound sales professional must

complete the respective Certification tracks available through our Alliance University Online Learning Center.

You are required to have a minimum of 3 full-time staff members, including yourself (or your Managing Owner if you are an entity). For staff members that do not attend the employee-accessible training, various training modules may be available to them, which may include e-learning, webinars, video conferences and other training methods we may choose to offer, as will be set forth in the Operations Materials from time to time.

### **SITE SELECTION**

When you sign a Franchise Agreement for an existing *Signs By Tomorrow* Center or a *Signs Now* Center, we anticipate that you will operate your Center at its existing site. If you desire to relocate your Center, you must obtain our permission to relocate. We will approve or disapprove a proposed site (within 60 days after you propose it in writing with appropriate documentation as stated in the Operations Materials) based on such factors as neighborhood, traffic patterns, access, parking, size, layout, length of availability, and the terms of any proposed lease or purchase contract. If we disapprove a site, you must locate another site. If you and we cannot agree on a new site, we may terminate the Franchise Agreement.

We do not lease or sublease sites to our franchisees. You will lease your site from a third party. Your landlord must agree to certain lease terms we require, or we will not approve your site.

Our approval is intended only to indicate that the proposed site meets our minimum site selection criteria. You agree that our approval or disapproval of a proposed site does not impose any liability on us. You must have our written approval of your site before you sign a lease or sublease. You may not relocate without our prior written approval, and must obtain our approval of any replacement site before you sign a lease or sublease, and reimburse us for our administrative costs associated with our evaluation of a proposed site.

### **OPENING OF BUSINESS**

Since you will sign a Franchise Agreement for an existing *Signs By Tomorrow* Center or *Signs Now* Center, you must commence operating the Center immediately upon signing the Franchise Agreement and acquiring the Center. If you do not immediately commence operating the Center, we may terminate the Franchise Agreement.

## **ITEM 12 TERRITORY**

We and our affiliates will not operate or grant a franchise for the operation of a new *Signs By Tomorrow* Center, *Signs Now* Center or *Image360* Center, the physical premises of which is located within an area around your Center that we will determine before you sign the Franchise Agreement (the “Protected Territory”); this limitation does not apply to franchises granted for the renewal of existing franchises, franchises granted to purchasers of existing franchises, or franchises granted for the transition of an existing *Signs By Tomorrow* Center or *Signs Now* Center into an *Image360* Center. However, you will not receive an exclusive territory. You may face competition from other franchisees, from Centers that we own or from other channels of distribution or competitive brands we control. Typically the Protected Territory encompasses a business count of 4,000 to 5,000 businesses.

We and the other *Signs By Tomorrow* Center or *Signs Now* Centers, as well as our Franchise System Website, may advertise, solicit and accept orders and offer and sell goods and services to customers located anywhere, including in or around your Protected Territory. We may limit your right to market and directly

solicit customers in certain geographic areas outside of your Protected Territory. You may not engage in promotional or similar activities on the internet or establish or maintain any Online Presence for your Center unless you follow the policies in our Operations Materials or obtain our prior written consent. Other *Signs By Tomorrow* Centers, *Signs Now* Centers, *Image360* Centers, and *True Install* businesses may market and solicit customers in your Protected Territory.

We may:

- (1) acquire and operate, and allow others to acquire and operate, one or more businesses offering products and services which are identical or similar to products and services offered by a Center (whichever is applicable), and/or franchising, licensing or creating similar arrangements with respect to these businesses, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Territory);
- (2) offer and sell products and services offered by Centers to national, regional and governmental accounts or our affiliates (including customers or accounts located within the Protected Territory);
- (3) establish, and allow others to establish, other distribution channels (including, but not limited to, the internet), wherever located or operating and regardless of the nature or location of the customers with whom such other distribution channels do business, that operate under the Marks (as defined in Item 13) or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from a Center, and that sell products and/or services that are identical or similar to, and/or competitive with, those that a Center customarily sell under any terms and conditions we deem appropriate;
- (4) be acquired (whether through acquisition of assets or ownership interests, regardless of the form of transaction), by a business providing products and services similar to those provided at any Center or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Protected Territory; and
- (5) engage in all other activities not expressly prohibited by the Franchise Agreement.

We are not required to pay you if we exercise any of the rights specified above inside or outside your Protected Territory.

You will operate from one location and must receive our permission and our approval of any new site before relocating. If, after receiving our permission, you relocate the Center, we may change your Protected Territory. You will not receive the right to acquire additional franchises within any given area. The Franchise Agreement does not give you any right of first refusal or similar rights to acquire additional franchises within any given area. The Franchise Agreement is for one Center only. If you want to open an additional Center, you must sign an additional Franchise Agreement. We have no obligation to grant additional franchises to you.

Your retention of the Protected Territory is not dependent on the achievement of any market penetration. However, we may terminate the Franchise Agreement or opt not to grant you a successor franchise if your Center fails to achieve the Minimum Sales Threshold for two or more years beginning with the 4<sup>th</sup> full calendar year of operation of your Center. Also, if the business count in the Protected Territory increases by at least 50% we may reduce your Protected Territory. The business count in the new Protected Territory will be at least 4,000.

Our affiliate operates *Image360* Centers and *Allegra* centers. As described in Item 1, under separate disclosure documents we grant franchises for the operation of professional graphic solutions businesses, under the trade name "*Image360*;" for the operation of marketing and business communication services

businesses, under the trade names “*Allegra*,” “*Insty-Prints*,” and “*American Speedy Printing*,” for the operation of professional sign and graphic installation service businesses, under the trade name “*True Install*,” and for the operation of direct mail marketing businesses, under the trade name “*RSVP*,” which may be located within your Protected Territory. Professional sign and graphic installation service businesses, as well as marketing and business communication services businesses may compete for your business, and in the future such brands may offer additional products and services that may be competitive with products and services you will offer at your Center. If a conflict should arise, we will analyze it on a case-by-case basis and take action (if any) that we deem appropriate. We share a principal business address for all our brands.

**ITEM 13  
TRADEMARKS**

We grant you the non-exclusive right and obligation to use the trademarks, service marks and trade names *Signs By Tomorrow* or *Signs Now*, and other trademarks, service marks, trade names, logos, trade dresses, and other commercial symbols (the “Marks”) that we make available to you to operate your Center under the Franchise Agreement. The Marks are owned by AFB IP Holdings, our affiliate. AFB IP Holdings has licensed to us, to use and to sublicense, the Marks in connection with the development and operation of *Signs By Tomorrow* Centers and *Signs Now* Centers under the Intellectual Property License Agreement dated December 31, 2019 (the “License Agreement”). The License Agreement has a term of 99 years, and can be terminated on 30 days’ notice if we materially breach the License Agreement and fail to cure the breach, or if we cease to be an affiliate of AFB IP Holdings. Your rights to use the Marks under the Franchise Agreement will not be affected by the termination of the License Agreement. Your use of the Marks is a temporary authorized use under the Franchise Agreement and AFB IP Holdings will retain all ownership interests in the Marks and all goodwill generated by the Marks. Except as we permit in writing, you may not use any Mark, any derivation or modified version of any Mark, or any confusingly similar mark or name, as part of any corporate, partnership, firm or other formal business name, website address, email address, domain name or other identification in any print, electronic or other medium; or with any prefix, suffix or other modifying word, term, symbol or design. You may not use the Marks in the sale of unauthorized products or services, in the advertising of any prospective transfer that would require our approval under the Franchise Agreement, or in any manner we have not authorized in writing. All rights in and goodwill from the use of the Marks accrue solely to AFB IP Holdings and us and our affiliates.

Registrations and Applications

The following principal Marks are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

MARK	REGISTRATION NUMBER	REGISTRATION DATE
SIGNS BY TOMORROW	1,504,585	September 20, 1988
SIGNS NOW	2,121,506	December 16, 1997
SIGNS NOW (Stylized Mark)	1,622,804	November 13, 1990
Signs Now (Stylized Mark)	1,996,871	August 27, 1996

All required renewals and affidavits for the Marks listed above have been filed.

Determinations

There are no currently effective material determinations of the U.S. Patent and Trademark Office, any Trademark Trial and Appeal Board, any state trademark administrator, or any federal or state court,

and nor are there any pending interference, infringement, opposition or cancellation proceedings, or material litigation, involving any of the Marks in any manner that is material to the franchised business. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of another trademark to protect the Marks.

### Agreements

Other than the License Agreement, there are no currently effective agreements that significantly limit our rights to use or license the use of the Marks in any manner that is material to the franchised business.

### Protection of Rights

We will control any administrative proceedings or litigation involving the Marks. You must notify us promptly of any use by any person or entity, other than us or our franchisees, of any of the Marks or any variation of any of the Marks. We will decide the actions to be taken against the use of any of the Marks by any persons or legal entities other than us or our franchisees. Any actions that we take will be at our expense.

You must notify us promptly if any litigation is brought against you involving any of the Marks, and you must deliver to us copies of any documents for the litigation that we request. We will decide whether to settle or defend any trademark litigation brought against you. If we decide to take either action, we will do so at our expense, but you must cooperate with us. If the defense does not involve issues concerning the operation of your Center, we will reimburse you for your out-of-pocket costs. If we decide not to defend or settle any trademark litigation brought against you, you must defend or settle the litigation at your expense; however, if you have timely notified us of a claim or proceeding, are in compliance with the Franchise Agreement and are held liable in any proceeding from your authorized use of any of the Marks, then we will reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of the Marks.

We may acquire or develop additional trademarks, and may use those trademarks ourselves, make those trademarks available for use by you and other franchisees, or make those trademarks available for use by other persons or entities.

You may not directly or indirectly contest our or our affiliates' rights in the Marks.

### Modification of Trademarks

We may modify or provide a substitute for any trademark. If we do, you must pay for your costs of compliance. We also may require you to use and display a notice in a form we approve that you are a franchisee under the Designated Brand Concept using the trademarks under a Franchise Agreement.

### Superior Prior Rights and Infringing Uses

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

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

Patents

No patents or pending patent applications are material to the franchise.

Copyrights

Various marketing, sales, training and management materials which we have created, including the Operations Materials, marketing materials, newsletters, training and informational materials, printing, and promotional materials and related items used in operating a *Signs By Tomorrow* Center or a *Signs Now* Center, are protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of promoting your Center. We may require you to modify or discontinue using the copyrighted materials without compensation to you.

There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials that are relevant to their use by our franchisees.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials in any manner material to the franchise.

All of the provisions in Item 13 under the heading “Protection of Rights” also apply to copyrights; however, you must modify or discontinue use of any subject matter covered by a copyright if directed by us.

We do not know of any superior rights in or any infringing uses of our copyrighted materials that could materially affect your use of the copyrighted materials.

Proprietary Information

We and our former affiliate, SGO, have developed and we may continue to develop confidential information for the operation of *Signs By Tomorrow* Centers and *Signs Now* Centers, including plans and specifications for the development of *Signs By Tomorrow* Centers and *Signs Now* Centers; training materials, programs and systems for franchisees and personnel of *Signs By Tomorrow* Centers and *Signs Now* Centers; methods, techniques, formats, specifications, standards, systems, procedures, sales and marketing techniques, know-how and knowledge of and experience in the development and operation of *Signs By Tomorrow* Centers and *Signs Now* Centers; marketing and promotional programs for *Signs By Tomorrow* Centers and *Signs Now* Centers; knowledge of specifications for and supplies of products, materials, supplies, equipment and services; and knowledge of operating results and financial performance of *Signs By Tomorrow* Centers and *Signs Now* Centers.

The confidential information includes our trade secrets. We disclose it to you on the condition that you do not use the information in any other business, or in violation of the Franchise Agreement, during and after the term of the franchise, that you not make unauthorized copies of any portion of the information, and that you implement all procedures we require to prevent unauthorized use or disclosure of the information. We may require you to have your employees and contractors execute a Confidentiality and Non-Solicitation Agreement and shall have the right to regulate the form of and to be a party to or third-party beneficiary under any such agreements with independent enforcement rights.

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

If you are an individual, you must personally manage your Center on-premises full-time. If you are a legal entity, you must designate an individual with at least 20% ownership interest and voting power in you and who will have the authority of a chief executive officer (the “Managing Owner”), who must personally manage your Center on-premises full-time. You (or your Managing Owner) must supervise, train and evaluate the performance of your employees so that they provide competent and efficient service to customers.

You must hire a graphic designer, if the graphic designer is someone other than you. You must engage a Production Specialist. A graphic designer or a production specialist does not need to have an equity interest in your Center.

If you are a legal entity, each of your owners must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for breach of, the Franchise Agreement. You must sign our form of Guaranty and Assumption of Obligations (Exhibit F). The spouse of each of your owners will also be required to consent in writing to his or her spouse’s execution of the guaranty, which serves to bind the assets of the marital estate to the guarantor’s performance of the Guaranty and Assumption of Obligations.

Any of your Center’s employees who will have access to our confidential and proprietary information or who participate in our training programs must sign a Confidentiality and Non-Solicitation Agreement (Exhibit G).

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must or may sell only products and services that we have approved or authorized. You may not use or permit the use of your premises for any other purpose or activity at any time without first obtaining our written consent.

You must offer all products and services that we designate as required for all franchisees of your Designated Brand Concept. We also designate some products or services as optional but recommended. We provide only limited training related to these optional products and services. You must refrain from deviating from our specifications for the approved products and services without our written consent, and must discontinue offering any items that we disapprove in writing. You may only outsource sales for products and services that we have approved to be outsourced, as described in the Operations Materials or otherwise in writing.

We have the right to change the types of products and services that we approve or authorize, so long as the products and services are compatible with the System. There are no other limits on our right to make these changes.

You must be open for business each week for the minimum hours and days as stated in the Operations Materials, unless you are limited by government regulations or your landlord’s rules.

You are not restricted in the customers to whom you may sell approved products or services, but we may limit the areas outside of your Protected Territory in which you may solicit customers. All sales must occur at or from your premises.



**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.**

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
(a) Length of the franchise term	Section 1.D	20 years.
(b) Renewal or extension of the term	Section 13.A	If you later sign a franchise agreement with us or an affiliate to operate another brand concept at the Center's premises such that the Center's premises will be used for a dual brand center, then you may be required to sign an agreement extending the term of the Franchise Agreement so that its term expires on the same date as such franchise agreement.
(c) Requirements for franchisee to renew or extend	Section 13	<p>Give us timely notice; be in substantial compliance with your franchise agreement; maintain possession of your Center's premises or find acceptable substitute premises; remodel your Center according to our then current standards (regardless of cost); if we so require, convert your Center into a different Designated Brand Concept that we designate, whether offered by us or one of our affiliates; sign new franchise agreement and other documents we use to grant franchises; annual Gross Sales not being less than \$300,000 two or more years beginning with the 4<sup>th</sup> full calendar year of the Center's operation; and sign general release.</p> <p>If you seek to renew your franchise at the expiration of the initial term or any renewal term, you will sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement. As a matter of policy, we currently offer franchisees the option to renew the franchise for a 10 year term.</p>
(d) Termination by franchisee	Section 14.A	You may terminate the Franchise Agreement if we materially breach the agreement and do not cure default after notice from you (subject to state law).
(e) Termination by franchisor without cause	Not applicable	We may not terminate the Franchise Agreement without cause.
(f) Termination by franchisor with cause	Section 14.B	We may terminate the franchise with cause only if you or your owners commit one of several violations.

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
(g) "Cause" defined-curable defaults	Section 14.B	Under the Franchise Agreement, you have 10 days to cure monetary defaults and failure to maintain required insurance; 72 hours to correct violation of any law, ordinance, rule or regulation; and 30 days to cure operational defaults and other defaults not listed in (h) below.
(h) "Cause" defined-non-curable defaults	Section 14.B	Non-curable defaults under Franchise Agreement include: failure to complete training; abandonment; unauthorized transfer or assignment of your Center, Franchise Agreement or ownership interest in you if you are a legal entity in violation of the Franchise Agreement; material misrepresentations or omissions; conviction of a felony; dishonest or unethical conduct; unauthorized assignment of the Center, the franchise agreement, or ownership interest in you if you are a legal entity; you lose the right to occupy the Premises; unauthorized use or disclosure of the Operations Materials or other confidential information; failure to pay taxes; understating Gross Sales; repeated defaults (even if cured) under the Franchise Agreement; an assignment for the benefit of creditors; appointment of a trustee or receiver; failure to comply with antiterrorism laws; your Center's annual Gross Sales are less than \$300,000 during any two calendar years, beginning with the 4 <sup>th</sup> full calendar year of operation of your Center; failure to comply with other agreements with us or our affiliate and do not correct such failure within the applicable cure period, if any; and failure to pay any third-party, including the lessor of your premises, any amounts owed in connection with your Center when due.
(i) Franchisee's obligations on termination/non-renewal	Section 15	Fulfillment of continuing obligations under the Franchise Agreement, including: payment of outstanding amounts; close the Center and cease selling products and services; cease all use of the Marks; cease identifying any business as a Center or franchise and cancel all fictitious or assumed names using any Mark; return or destroy all confidential information, as we require; deliver to us within 10 days all artwork files of customers (in electronic and any other format we require); deliver to us within 10 days a copy of your management information system, including all customer information, or at our direction, allow us to independently access and retrieve such information from the management information system; complete de-identification; cease using and assign to us all telephone numbers, facsimile numbers and Online Presences; comply with non-competition requirements; pay to us liquidated damages, if applicable; and provide evidence of compliance with de-identification requirements within 15 days (see also (o) and (r)).

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
(j) Assignment of contract by franchisor	Section 12.A	There are no restrictions on our right to assign our interest in your Franchise Agreement.
(k) “Transfer” by franchisee – defined	Section 12.B	Includes the conveyance or pledge of any interest in you, the Center, the franchise or a significant part of its assets.
(l) Franchisor approval of transfer by franchisee	Section 12.B	We have the right to approve all transfers. Our consent will not be unreasonably withheld.
(m) Conditions for franchisor approval of transfer	Section 12.C	New franchisee qualifies; you pay us, our affiliates, and third party vendors all amounts due, including the required transfer fee, and submit all required reports; you have provided us with all information and documents regarding the transfer and proposed transferee (and its owners); no default during 60 day period before transfer request or during period between request and transfer’s proposed effective date; new franchisee (and its owners and affiliates) are not in a competitive business; training completed; lease transferred; transferee agrees to upgrade and remodel your Center according to our specifications within 45 days after transfer’s effective date; if we require, transferee agrees to transition your Center to a different brand concept that we or an affiliate offer; you or transferee signs our then current franchise agreement and other documents; transferee paid initial franchise fee for existing Center; we approve purchase price and payment terms; you subordinate amounts due to you at our request; you de-identify; and you sign a general release (if law allows) (also see (r) below).
(n) Franchisor’s right of first refusal to acquire franchisee’s business	Section 12.F	We have the option to purchase on the same terms as in the offer.
(o) Franchisor’s option to purchase franchisee’s business	Section 15.E	We have the right (but not the duty), exercisable on written notice to you given within 30 days after non-renewal, expiration or termination of the franchise, to purchase any assets of your business at fair market value.
(p) Death or disability of franchisee	Section 12.E	Franchise must be transferred to an approved person within 180 days of individual’s death or disability.

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
(q) Non-competition covenants during the term of the franchise	Section 7	No diversion of customers (or assisting others to divert customers); no behavior injurious to the Marks; no appropriation of the System for use in other businesses or endeavors; no involvement in or leasing premises to competitive business anywhere in the U.S. (“competitive business” means (i) any business offering, selling or producing products or services that we may authorize Centers to sell, offer or produce, including, without limitation, professional graphic solutions, and related products and services, or (ii) any business granting franchises or licenses to others to operate the types of businesses specified in subparagraph (i) (other than a Center operated under a franchise agreement with us). You acknowledge that we may periodically change the products and services that <i>Signs By Tomorrow</i> Centers, <i>Signs Now</i> Centers and <i>Image360</i> Centers are authorized to sell and, therefore, you may be restricted from engaging in certain business activities in the future involving the offer and sale of products and services which are not currently offered by the Centers) (subject to state law).
(r) Non-competition covenants after the franchise is terminated or expires	Section 15.D	For 2 years, no direct or indirect ownership interest in, or performing services for, or leasing premises to, a competitive business within 10 miles of your Center or within 5 miles of any other <i>Signs By Tomorrow</i> Centers, <i>Signs Now</i> Centers or <i>Image360</i> Centers (same restrictions apply after transfer) (subject to state law).
(s) Modification of the agreement	Section 17.M	No modifications except in writing, but we may change Operations Materials and System Standards.
(t) Integration/merger clause	Section 17.O	Only the terms of the Franchise Agreement and other related written agreements (including System Standards in the Operations Materials) are binding (subject to applicable state law). Any representations or promises outside the disclosure document and franchise agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 17.G	We and you must arbitrate all disputes at a location within 50 miles of our or, as applicable, our successor’s or assign’s then current principal place of business (currently, Plymouth, Michigan) (subject to state law).
(v) Choice of forum	Section 17.I	Subject to arbitration requirement, litigation must be exclusively in the state or federal court which is closest to our or, as applicable, our successor’s or assign’s then current principal place of business (currently, Plymouth, Michigan) (subject to state law).
(w) Choice of law	Section 17.H	Except for U.S. Federal Arbitration Act and other federal laws in the U.S., laws of State of Michigan (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 any included in this Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet that you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any financial performance 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 *Signs By Tomorrow* Center or *Signs Now* Center, however, we may provide you with the actual records of that *Signs By Tomorrow* Center or *Signs Now* Center. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting Meredith Flynn, Vice President Legal & Franchise Compliance, Alliance Franchise Brands LLC, 47585 Galleon Drive, Plymouth, Michigan 48170-2466, (800) 726-9050; the Federal Trade Commission; and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

The following tables pertain to *Signs By Tomorrow* Centers:

**TABLE NO. 1  
SYSTEMWIDE SIGNS BY TOMORROW CENTER SUMMARY FOR  
YEARS 2020 TO 2022<sup>1</sup>**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets at End of Year</b>	<b>Net Change</b>
Franchised <sup>2</sup>	2020	84	82	-2
	2021	82	81	-1
	2022	81	78	-3
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
<b>Total Outlets</b>	<b>2020</b>	<b>84</b>	<b>82</b>	<b>-2</b>
	<b>2021</b>	<b>82</b>	<b>81</b>	<b>-1</b>
	<b>2022</b>	<b>81</b>	<b>78</b>	<b>-3</b>

1. The numbers are as of December 31 of each year.

2. During 2022, 2 franchised *Signs By Tomorrow* Centers converted to *Image360* Centers. During 2021, 1 franchised *Signs By Tomorrow* Center converted to an *Image360* Center.

**TABLE NO. 2**

**TRANSFERS OF SIGNS BY TOMORROW CENTERS FROM  
FRANCHISEES TO NEW OWNERS  
(OTHER THAN FRANCHISOR OR AN AFFILIATE)  
FOR YEARS 2020 TO 2022<sup>1</sup>**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Florida	2020	0
	2021	1
	2022	0
Idaho	2020	1
	2021	0
	2022	0
Illinois	2020	0
	2021	1
	2022	1
Massachusetts	2020	0
	2021	0
	2022	1
South Carolina	2020	0
	2021	1
	2022	0
Texas	2020	0
	2021	0
	2022	1
Virginia	2020	1
	2021	0
	2022	0
<b>Total</b>	<b>2020</b>	<b>2</b>
	<b>2021</b>	<b>3</b>
	<b>2022</b>	<b>3</b>

1. The numbers are as of December 31 of each year.

**TABLE NO. 3  
STATUS OF SIGNS BY TOMORROW FRANCHISED CENTERS  
FOR YEARS 2020 TO 2022<sup>1</sup>**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations for Other Reasons</b>	<b>Outlets at End of Year</b>
Alabama	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arizona	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
California	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Colorado	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Delaware	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	1	6
	2022	6	0	0	0	0	0	6
Georgia	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Idaho	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Iowa	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Kansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
Massachusetts	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Michigan	2020	7	0	0	0	0	1	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Nevada	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
New Jersey	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	1	3
New Mexico	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Ohio	2020	3	0	0	0	0	1	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Oregon	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	1	6
South Carolina	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Texas	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Utah	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2
Washington	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Wisconsin	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<b>Totals<sup>2</sup></b>	<b>2020</b>	<b>84</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>82</b>
	<b>2021</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>81</b>
	<b>2022</b>	<b>81</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>78</b>



1. The numbers are as of December 31 of each year.
2. In 2021, 1 franchised *Signs By Tomorrow* Center that ceased operations for other reasons converted from a *Signs By Tomorrow* Center into an *Image360* Center. In 2022, 2 franchised *Signs By Tomorrow* Centers that ceased operations for other reasons converted from *Signs By Tomorrow* Centers into *Image360* Centers.

**TABLE NO. 4**  
**STATUS OF COMPANY-OWNED SIGNS BY TOMORROW OUTLETS**  
**FOR YEARS 2020 TO 2022<sup>1</sup>**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-Acquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
<b>Totals</b>	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

1. The numbers are as of December 31 of each year.

**TABLE NO. 5**  
**SIGNS BY TOMORROW CENTERS**  
**PROJECTED OPENINGS AS OF DECEMBER 31, 2022 FOR 2023**

State	Franchise Agreements Signed But Outlets Not Opened as of December 31, 2022	Projected New Franchised Outlets in 2023	Projected New Company-Owned Outlets in 2023
All States	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

The following tables pertain to *Signs Now* Centers:

**TABLE NO. 1**  
**SYSTEMWIDE SIGNS NOW CENTER SUMMARY FOR**  
**YEARS 2020 to 2022<sup>1</sup>**

Outlet Type	Year	Centers at the Start of the Year	Centers at the End of the Year	Net Change
Franchised <sup>2</sup>	2020	78	75	-3
	2021	75	70	-5
	2022	70	69	-1
Company Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0

Outlet Type	Year	Centers at the Start of the Year	Centers at the End of the Year	Net Change
Total Outlets	2020	78	75	-3
	2021	75	70	-5
	2022	70	69	-1

- The numbers are as of December 31 of each year.
- During 2020, 1 franchised *Signs Now* Center converted to an *Image360* Center. During 2021, 1 franchised *Signs Now* Center converted to an *Image360* Center.

**TABLE NO. 2**  
**TRANSFERS OF SIGNS NOW CENTERS FROM FRANCHISEES TO**  
**NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)**  
**FOR YEARS 2020 to 2022<sup>1</sup>**

State	Year	Number of Transfers
South Dakota	2020	1
	2021	0
	2022	0
Texas	2020	1
	2021	0
	2022	0
<b>Totals</b>	<b>2020</b>	<b>2</b>
	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>

- The numbers are as of December 31 of each year.

**TABLE NO. 3**  
**STATUS OF SIGNS NOW FRANCHISED CENTERS**  
**FOR YEARS 2020 to 2022<sup>1</sup>**

State	Year	Centers at Start of Year	Centers Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Centers at End of Year
Alabama	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Alaska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Florida	2020	11	0	0	0	0	1	10
	2021	10	0	0	1	0	1	8
	2022	8	0	0	0	0	0	8

State	Year	Centers at Start of Year	Centers Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Centers at End of Year
Georgia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Idaho	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	6	0	0	0	0	0	6
	2021	6	0	0	1	0	0	5
	2022	5	0	0	0	0	0	5
Indiana	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Iowa	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kentucky	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2
Michigan	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Minnesota	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Missouri	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Montana	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Nebraska	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New Hampshire	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Centers at Start of Year	Centers Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Centers at End of Year
New York	2020	1	0	0	0	0	0	1
	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
North Carolina	2020	8	0	0	0	0	1	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
Ohio	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Oklahoma	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Oregon	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Pennsylvania	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
South Dakota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Texas	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	1	3
	2022	3	0	0	0	0	0	3
Utah	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Washington	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<b>U.S. Totals</b> <sup>2,3</sup>	<b>2020</b>	<b>78</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>75</b>
	<b>2021</b>	<b>75</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>70</b>
	<b>2022</b>	<b>70</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>69</b>

1. The numbers are as of December 31 of each year.

2. As of December 31, 2022, there were 2 franchised *Signs Now* Centers in Canada and 1 licensed *Signs Now* Center in the United Kingdom.

3. In 2020, 1 franchised *Signs Now* Center that ceased operations for other reasons converted from a *Signs Now* Center into an *Image360* Center. In 2021, 1 franchised *Signs Now* Center that ceased operations for other reasons converted from a *Signs Now* Center into an *Image360* Center.

**TABLE NO. 4  
STATUS OF AFFILIATE-OWNED SIGNS NOW CENTERS  
FOR YEARS 2020 to 2022<sup>1</sup>**

State	Year <sup>1</sup>	Centers at Start of Year	Centers Opened	Centers Reacquired from Franchisee	Centers Closed	Centers Sold to Franchisee	Centers at End of Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
<b>Totals</b>	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

1. The numbers in this table are as of December 31 of each year.

**TABLE NO. 5  
PROJECTED SIGNS NOW CENTER OPENINGS  
AS OF DECEMBER 31, 2022 FOR 2023**

State	Franchise Agreements Signed But Outlets Not Opened as of December 31, 2022	Projected New Franchised Outlets in 2023	Projected New Company-Owned Outlets in 2023
All States	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>

Exhibit J is a list of the names, outlet business addresses and outlet business telephone numbers of the *Signs By Tomorrow* and *Signs Now* franchisees as of December 31, 2022.

Exhibit K is a list of the names, cities and states and current business telephone numbers (or if unknown, last known home telephone numbers) of every franchisee who had franchises terminated, cancelled, or not renewed, who otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreements during our most recent fiscal year, or who has not communicated with us within 10 weeks of the disclosure document issuance date.

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

During the last 3 fiscal years, current and former franchisees have signed confidentiality clauses. In some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

The Franchise Advisory Boards are endorsed by us but its members are elected by franchisees. You can reach the Franchise Advisory Board for *Signs By Tomorrow* by contacting Keith Randall, 26440 Jefferson Ave., Suite B, Murrieta, CA 92562, (951) 600-8500, and the Franchise Advisory Board for *Signs Now* by contacting Kristin Trevino, 11521 NE Sandy Blvd., Portland, OR 97220, (503) 252-0328.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached as Exhibit L is the audited consolidated financial statements of Alliance Franchise Brands LLC as of December 31, 2022, December 31, 2021, and December 31, 2020.

## **ITEM 22 CONTRACTS**

The following contracts are exhibits to this Disclosure Document:

- Exhibit B - Franchise Agreement
- Exhibit C - CoreBridge Enrollment Form
- Exhibit D - Representations and Acknowledgment Statement
- Exhibit E - Confidential Franchise Application
- Exhibit F - Guaranty and Assumption of Obligations
- Exhibit G - Confidentiality and Non-Solicitation Agreement
- Exhibit H - Local Website Enrollment Form
- Exhibit I - Sample General Release
- Exhibit N - State Addenda and Agreement Riders

There are no other contracts or agreements provided by us to be signed by you.

## **ITEM 23 RECEIPTS**

Exhibit O includes detachable documents acknowledging your receipt of this disclosure document.

**EXHIBIT A**

**STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

**EXHIBIT A**

**STATE ADMINISTRATORS/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. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

**CALIFORNIA**

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

***Los Angeles***

Suite 750  
320 West 4<sup>th</sup> Street  
Los Angeles, California 90013  
(213) 576-7505

***Sacramento***

2101 Arena Blvd.  
Sacramento, California 95834  
(916) 445-7205

***San Diego***

1455 Frazee Road, Suite 315  
San Diego, California 92108  
(619) 610-2093

***San Francisco***

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

**HAWAII**

(state administrator)

Business Registration Division  
Securities Compliance Branch  
Department of Commerce  
and Consumer Affairs  
P.O. Box 40  
Honolulu, Hawaii 96810  
(808) 586-2722

(agent for service of process)

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

**ILLINOIS**

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



**INDIANA**

(state administrator)

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

(agent for service of process)

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

**MARYLAND**

(state administrator)

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

(agent for service of process)

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

**MICHIGAN**

(state administrator)

Michigan Attorney General’s Office  
Consumer Protection Division  
Attn: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48909  
(517) 373-7117

(agent for service of process)

Michigan Department of Commerce,  
Corporations and Securities Bureau  
P.O. Box 30054  
6546 Mercantile Way  
Lansing, Michigan 48909

**MINNESOTA**

state administrator)

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

(agent for service of process)

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

**NEW YORK**

(state administrator)

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, NY 10005  
(212) 416-8236 Phone  
(212) 416-6042 Fax

(agent for service of process)

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

**NORTH DAKOTA**

(state administrator)

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol - Fifth Floor  
Bismarck, North Dakota 58505  
(701) 328-4712

(agent for service of process)

Securities Commissioner  
600 East Boulevard Avenue  
State Capitol - Fifth Floor  
Bismarck, North Dakota 58505  
(701) 328-4712

**OREGON**

Department of Business Services  
Division of Finance & Corporate Securities  
350 Winter Street, NE, Room 410  
Salem, Oregon 97310-3881  
(503) 378-4387

**RHODE ISLAND**

Department of Business Regulation  
Division of Securities  
John O. Pastore Complex  
Building 69-1  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9645

**SOUTH DAKOTA**

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

**VIRGINIA**

(state administrator)

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

(agent for service of process)

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

**WASHINGTON**

(state administrator)

Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, Washington 98504-1200  
(360) 902-8760

(agent for service of process)

Director  
Department of Financial Institutions  
Securities Division  
150 Israel Road, S.W.  
Tumwater, Washington 98501

**WISCONSIN**

(state administrator)

Securities and Franchise Registration  
Wisconsin Department of Financial Institutions  
4022 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-1064

(agent for service of process)

Office of the Secretary  
Wisconsin Department of Financial Institutions  
P.O. Box 8861  
Madison, Wisconsin 53708-8861  
(608) 261-9555

**EXHIBIT B**

**FRANCHISE AGREEMENT**

**ALLIANCE FRANCHISE BRANDS LLC**  
**FRANCHISE AGREEMENT**

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**FRANCHISEE**

---

**DATE OF AGREEMENT**

---

**CENTER ADDRESS**

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**ALLIANCE FRANCHISE BRANDS LLC**  
**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is made and entered into on \_\_\_\_\_ (the “Effective Date”) (regardless of the dates of the parties’ signatures) by and between **ALLIANCE FRANCHISE BRANDS LLC**, a Michigan limited liability company with its principal business address at 47585 Galleon Drive, Plymouth, Michigan 48170-2466 (“we” or “us”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“you”).

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

**A. PREAMBLES.**

(1) We and our affiliates have, over a considerable time period and with considerable effort, developed businesses that provide professional graphic solutions and related products and services known as *Signs By Tomorrow*<sup>®</sup> Centers or *Signs Now*<sup>®</sup> Centers (individually, “Center” and collectively, “Centers”). The franchise concept under which you will operate your Center is defined in Section 1.D as the “Designated Brand Concept.”

(2) We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols in operating the Centers, which have gained public acceptance and goodwill, and may create, use, and license other trademarks, service marks, and commercial symbols for the Centers (collectively, the “Marks”). If you will operate a *Signs By Tomorrow* Center, the Marks will include the *Signs By Tomorrow*<sup>®</sup> marks. If you will operate a *Signs Now* Center, the Marks will include the *Signs Now*<sup>®</sup> marks.

(3) We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a Center offering the products and services we authorize and using our and our affiliates’ distinctive business formats, methods, rules, procedures, signs, designs, layouts, standards, specifications, and Marks (the “Franchise System”).

(4) You have applied for a franchise to own and operate a Center.

**B. ACKNOWLEDGMENTS. You acknowledge:**

(1) That you have independently investigated this franchise opportunity and recognize that, like any other business, the nature of the business a Center conducts may, and probably will, evolve and change over time.

(2) That in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us.

(3) That you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us, including the description of franchise ownership set forth on Exhibit A of this Agreement, are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise.

(4) That you have a net worth which is sufficient to make the investment in the franchise opportunity represented by this Agreement, and you will have sufficient funds to meet all of your obligations under this Agreement.

**C. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP.** If you are at any time a corporation, limited liability company, or partnership (each, an “Entity”), you agree and represent that:

(1) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(2) Your organizational documents will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement’s restrictions;

(3) Exhibit A to this Agreement completely and accurately describes all of your owners and their interests in you and identifies each of your principal officers as of the Effective Date and each of your owners during this Agreement’s term will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. The spouse of each owner will also be required to acknowledge the guaranty. Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us a revised Exhibit A to reflect any permitted changes in the information that Exhibit A now contains;

(4) You shall not use any Mark as part of your Entity name;

(5) Your Center and other Centers, if applicable, will be the only business(es) you operate (although your owners may have other, non-competitive business interests); and

(6) You must identify on Exhibit A one of your owners who is a natural person with at least 20% ownership interest and voting power in you and who will have the authority of a chief executive officer (the “Managing Owner”). You must obtain our written consent prior to changing the Managing Owner and agree to deliver to us a revised Exhibit A to accurately identify the Managing Owner.

**D. GRANT OF FRANCHISE.** You have applied for a franchise to own and operate a Center at \_\_\_\_\_ (the “Premises”). (If the Premises has not been determined as of the Effective Date, the Premises shall be the site selected in accordance with Section 2.A hereof.) Subject to this Agreement’s terms, we grant you a franchise (the “Franchise”) to operate a Center (“your Center”) under the brand [ ] *Signs By Tomorrow*<sup>®</sup> or [ ] *Signs Now*<sup>®</sup> at the Premises (the “Designated Brand Concept”), and to use the Franchise System in its operation, for a term beginning on the Effective Date and expiring 20 years from that date, unless sooner terminated under Section 14. Notwithstanding the foregoing, if subsequent to your execution of this Agreement you sign another franchise agreement with us to operate another brand concept at the Premises such that the Premises will operate as a dual brand center, then you may be required to sign an agreement extending the term of this Agreement so that its term expires on the same date as such franchise agreement.

You agree at all times faithfully, honestly, and diligently to perform your obligations under this Agreement and to use your best efforts to promote your Center. You may use the Premises only for your Center. You agree not to conduct the business of your Center at any location other than the Premises. In

addition, except as permitted under Section 9.C below, you may not engage in any promotional or similar activities, whether directly or indirectly, through or on the internet, or any other similar proprietary or common carrier electronic delivery system. You acknowledge that once you commence operation of your Center, you must actively and continuously operate the Center during normal business hours (as we may periodically prescribe in the Operations Materials (as defined in Section 4.B)) for the entire term of this Agreement.

**E. EXCLUSIVITY AND RESERVATION OF RIGHTS.** We and our affiliates will not operate or grant a franchise for the operation of a new *Signs By Tomorrow* Center, *Signs Now* Center, or *Image360* center, the physical premises of which is located within the area described on Exhibit B attached hereto (the “Protected Territory”); for the avoidance of doubt, this limitation does not apply to franchises granted for the renewal of existing centers, franchises granted to purchasers of existing centers, or franchises granted for the transition of an existing *Signs By Tomorrow* center or *Signs Now* center into an *Image360* Center. If the aggregate business count for the Protected Territory increases by more than 50%, we may reduce the Protected Territory, provided that the business count in the new Protected Territory will be at least 4,000. You acknowledge and agree that other Centers and centers of other brands we franchise may market and solicit customers in your Protected Territory and, likewise, you may market and solicit customers in the protected territory of the other Centers and such other businesses; provided, however, that we may from time to time prohibit you from marketing and soliciting customers in certain areas outside your Protected Territory. Except as expressly limited above, you acknowledge that we (and our affiliates) retain the right at all times during this Agreement’s term to engage in any and all activities that we (and they) deem appropriate and are not expressly prohibited under this Agreement, wherever and whenever we (and they) desire, and whether or not such activities compete with your Center, including, without limitation, the right to:

- (1) acquire and operate, and allow others to acquire and operate, one or more businesses offering products and services which are identical or similar to products and services offered by the Centers, and/or franchising, licensing or creating similar arrangements with respect to these businesses, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Territory);
- (2) offer and sell products and services offered by Centers to national, regional and governmental accounts or our affiliates (including customers or accounts located within the Protected Territory);
- (3) establish, and allow others to establish, other distribution channels (including, but not limited to, the internet), wherever located or operating and regardless of the nature or location of the customers with whom such other distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from the Centers, and that sell products and/or services that are identical or similar to, and/or competitive with, those that the Centers customarily sell under any terms and conditions we deem appropriate;
- (4) be acquired (whether through acquisition of assets or ownership interests, regardless of the form of transaction), by a business providing products and services similar to those provided at Centers, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Protected Territory; and
- (5) engage in all other activities not expressly prohibited by this Agreement.

## 2. **SITE SELECTION, LEASE OF PREMISES, AND COMPUTER SYSTEM.**

**A. SITE SELECTION.** We must approve the Premises and you may operate your Center only at the Premises. You must receive our permission to relocate; if we approve of a relocation, we may change the Protected Territory. You acknowledge and agree that, if we recommend or give you information regarding a site for the Premises, it is not a representation or warranty of any kind, express or implied, of the site's suitability for a Center or any other purpose. Our recommendation indicates only that we believe that the site meets our then acceptable criteria. Applying criteria that have appeared effective with other sites might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site or premises we recommend fails to meet your expectations. You acknowledge and agree that your acceptance of the Franchise and selection of the Premises are based on your own independent investigation of the suitability of the site for your Center.

**B. LEASE OF PREMISES.** We have the right to approve the terms of any lease or sublease for the Premises (the "Lease") before you sign it, and you may not sign the Lease without our prior written approval. We may require the Lease to contain certain terms and provisions to protect our rights (although we will not directly negotiate your Lease). If the Lease expires or is terminated without your fault, or if the site for the Premises is destroyed, condemned, or otherwise rendered unusable, we will allow you to relocate your Center to a new site acceptable to us. Relocation of the Center requires our prior approval. Any relocation will be at your sole expense, and we reserve the right to require you reimburse us for our administrative costs associated with our evaluation of a proposed site. We recommend that you engage professional advisors, including legal counsel, to assist with the negotiation of the Lease.

**C. COMPUTER SYSTEM.** You agree to obtain (if necessary to meet our System Standards (as defined in Section 4.C)) and use specified integrated computer hardware and/or software, including an order-entry system and franchise management system (the "Computer System"). We require that you purchase part or all of the Computer System from the supplier we designate (which may be us or an affiliate). We may modify specifications for, and components of, the Computer System. You also agree to maintain all specified points of high-speed internet connection. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support, including service agreements for ongoing support. We have no obligation to reimburse you for any Computer System costs. Within 60 days after you receive notice from us, you agree to obtain the Computer System components that we designate and to ensure that your Computer System, as modified, is functioning properly.

You agree that you will enroll to adopt the CoreBridge point of sale system software promptly following execution of this Agreement, and complete the software implementation within six months of enrollment. You further acknowledge and agree that the allowance of more than 60 days to adopt this component of the Computer System in no way acts as a waiver of our future right to require that you update the Computer System within 60 days of receipt of notice from us.

You agree that we or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your

respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during this Agreement's term.

Although you agree to buy, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces at our specified levels of connection speed with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded.

### 3. FEES AND PAYMENT OBLIGATIONS.

**A. INITIAL FRANCHISE FEE.** You agree to pay us a one-time initial franchise fee of \$20,000. The initial franchise fee is due in a lump sum when you sign this Agreement. The initial franchise fee is fully earned by us when you sign this Agreement and is not refundable under any circumstances.

**B. ROYALTY FEE.** You agree to pay us a monthly royalty (the "Royalty") on or before the 20<sup>th</sup> day of each month equal to the following percentages of Gross Sales (as defined below):

- (1) 6% of Gross Sales in each calendar year up to and including \$1,163,383 of aggregate Gross Sales for such calendar year;
- (2) 4% of Gross Sales in each calendar year in excess of \$1,163,383 up to and including \$2,326,766; and
- (3) 1.5% of Gross Sales in each calendar year in excess of \$2,326,766.

If at any time you are not in compliance with this Agreement, or any other agreement between you or your affiliates and us or our affiliates, and you do not cure such default within 10 days of receipt of written notice (or such other cure period as may be provided in such other agreement), the calculation of the Royalty will be based on the highest rate described above.

Beginning with the 4th full calendar year of operation of the Center, if the Center's annual Gross Sales (defined in Section 3.E) are less than the Minimum Sales Threshold, then by March 31 of the following calendar year, you must pay us an amount equal to 6% of the difference between the Center's annual Gross Sales and the Minimum Sales Threshold, in addition to the Royalties you pay to us under this Section. The "Minimum Sales Threshold" is \$300,000.

**C. ROYALTY TERMS.** The above Royalty tier thresholds are for the 2023 calendar year. We may annually increase the Gross Sales Royalty tier thresholds by the most recently published National Consumer Price Index-All Urban Consumers-All Items (1982-1984 = 100) as most recently published by the U.S. Department of Labor, or a successor index (the "CPI"). We have no obligation to decrease Gross Sales Royalty tier thresholds if the CPI decreases. We will notify you in writing on or before March 15 of each calendar year as to any changes in the Gross Sales ranges for that calendar year. The Royalty shall be paid per Center per annum, commencing the first month of operation and continuing thereafter until the expiration of the term of this Agreement.

**D. MARKETING FUND CONTRIBUTION.** You agree to pay us a Marketing Fund (as defined in Section 9.B) contribution of [ ] 1% of your monthly Gross Sales, not to exceed an annual cap determined by us each year (\$10,871 for the 2023 calendar year, as periodically adjusted by us), if you will

operate a *Signs By Tomorrow* Center, or [ ] 2% of your monthly Gross Sales, not to exceed an annual cap determined by us each year (\$16,158 for the 2023 calendar year, as periodically adjusted by us to reflect any changes in the CPI), if you will operate a *Signs Now* Center, payable on the 20<sup>th</sup> day of the calendar month following the calendar month in which such Gross Sales are received. We reserve the right to modify or remove the cap on Marketing Fund contributions.

**E. GROSS SALES.** “Gross Sales” includes all revenues generated in, upon, by or from the Center calculated using the accrual method of accounting. Each credit sale is treated as a sale for the full price at the time the credit sale is made, and not at the time you receive payment, whether full or partial. To the extent we permit you to engage in wholesales, revenue from wholesales will be included in Gross Sales. Gross Sales also include the fair market value of any barter transactions, and the proceeds of any business interruption insurance policies related to the operation of your Center. Gross Sales do not include: (i) sales of merchandise or services for which a refund has been made, provided that the sales shall have been previously included in Gross Sales; (ii) the amount of any sales or use taxes imposed by federal, state, municipal or other governmental authorities directly on sales and collected from customers, provided that the amount is added to or absorbed within the selling price and actually paid by you to the governmental authorities; (iii) permits, shipping or subcontract installation; and (iv) sales produced on behalf of another Center. Further, we may from time to time exclude certain items from Gross Sales, in our sole discretion.

**F. TECHNOLOGY SERVICES FEE.** We require you to pay a fee (the “Technology Services Fee”) to us (or our affiliates) for ongoing subscription, maintenance and support of various technology systems, platforms and resources. We may in our discretion periodically modify the amount of the Technology Services Fee (currently, \$50 per month plus an additional \$209 to \$264 per month for CoreBridge, depending on the options you have selected, plus sales tax, if applicable). You must pay the Technology Services Fee at the times, and in the manner, designated by us. We may require you to enter into written agreements with us or our affiliates to receive such services, with terms and conditions we approve. Some technology services may also be offered separately for an additional fee.

**G. KICKSTART INITIAL MARKETING DEPOSIT.** You agree to submit to us a one-time deposit of \$7,500 to fund the KickStart initial marketing program that we have developed to promote the Center. The KickStart initial marketing program funds your required first year marketing activities, including initial marketing collateral, branded apparel, customer prospect list, digital marketing, and may be used toward registration fees for the annual convention or sales conference for one person during your first year of operation. We may determine the contents of the KickStart initial marketing program based on the sales volume and marketing needs of the Center. This amount is due in a lump sum when you sign this Agreement and is not refundable under any circumstances.

**H. COREBRIDGE.** You agree to pay us an initial set-up fee of \$500 for the set-up of your CoreBridge point-of-sale system. This amount is due in a lump sum when you sign this Agreement and is not refundable under any circumstances.

**I. INTEREST ON LATE PAYMENTS.** All amounts which you owe us for any reason will bear interest accruing as of their due date at 1.5% per month or the highest commercial contract interest rate the law allows, whichever is less. We may debit your bank account automatically for the service charge and interest. You acknowledge that this Section does not mean we agree to accept any payments after they are due or that we are committing to extend credit to, or otherwise finance your operation of, your Center. Interest assessments will be in addition to any other rights or remedies that we may have under this Agreement or otherwise.

**J. NON-COMPLIANCE FEE.** In addition to our other rights and remedies, if you are in default of this Agreement we may charge you a non-compliance fee in the amount of \$250 per default per month. We may charge you for each month that such default remains uncured. The non-compliance fee is payable to us in the same manner as Royalties.

**K. METHOD OF PAYMENT AND APPLICATION OF PAYMENTS.** Concurrently with the execution hereof, you agree to sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Royalty, Marketing Fund (as defined in Section 9.B) contributions, and other amounts due under this Agreement (the “EFT Authorization”), which is attached as Exhibit C. Such EFT Authorization shall remain in full force and effect during the term of this Agreement. We will debit the business account you designate in the EFT Authorization for these amounts on their due dates (or the subsequent business day if the due date is a national holiday or a weekend day). You agree to ensure that funds are available in your designated account to cover our withdrawals.

If there are insufficient funds in your designated account to cover our withdrawals, we may charge you the insufficient funds fee for each such instance (currently, \$25), as we may modify from time to time, to compensate us for our administrative expenses. In such circumstances, we may also attempt to debit your account again periodically until funds are available (but no more than once every 5 days) and you will be charged the insufficient funds fee for each instance in which the funds are not available.

You must submit the financial reports in the form and manner we dictate to report your Gross Sales and other financial data we designate. If you fail to report the Gross Sales, we may estimate your Gross Sales based on 110% of the average of the last three months’ Gross Sales (whether reported or estimated) and debit your account for Royalty and Marketing Fund contributions based on such estimated Gross Sales. If the amounts that we debit from your account are less than the amounts you actually owe us (once we have determined your Center’s true and correct Gross Sales), we will debit your account for the balance on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following month.

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may offset any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners.

We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (*e.g.*, by credit card or web-based application) whenever we deem appropriate, and you agree to comply with our payment instructions. If you fail to comply with our payment instructions, we reserve the right to exclude your participation from certain programs; provided that such failure shall also be deemed a default under this Agreement.

#### **4. TRAINING AND ASSISTANCE.**

**A. TRAINING.** Before you begin operating your Center, we will provide up to three weeks of training for you (or your Managing Owner if you are an Entity) and one additional owner on the material aspects of operating a Center. Training will be held virtually, at one of our principal offices, or at a designated training facility of our choice, as we determine in our discretion. Prior to attending training, you (or your Managing Owner if you are an Entity) will be required to complete 20 hours of online, self-paced learning sessions. You (or your Managing Owner) must complete initial training to our satisfaction prior to operating your Center (or, if you are purchasing an existing Center, prior to closing on the purchase transaction). If we determine that you (or your Managing Owner) cannot complete initial training to our

satisfaction, we may terminate this Agreement. You will be responsible for your employee's travel and living expenses, wages and workers' compensation insurance while attending training, if applicable.

You (or your Managing Owner) may request additional training at the end of the initial training program, to be provided at our then current per diem charges, if you (or your Managing Owner) do not feel sufficiently trained in the operation of a Center. We and you will jointly determine the duration of this additional training. However, if you (or your Managing Owner) complete our initial training program to our satisfaction and have not expressly informed us in writing at the end of that program that you (or your Managing Owner) do not feel sufficiently trained in the operation of a Center, then you will be deemed to have been trained sufficiently to operate a Center.

After you commence operating the Center, you may send additional employees to our regularly scheduled training programs. You must pay our then-current per diem charges for this training. You must bear the cost of trainees' wages and benefits, and trainees' travel, lodging and meal expenses. Any non-owner employees attending employee-accessible portions of initial training must execute our then-current form of confidentiality and non-solicitation agreement.

Within 90 days of the Effective Date, such timing to be determined in our discretion, we will, at our own cost, send one of our representatives to your Center to assist you with the Center's operations for an aggregate of up to 10 days. You also must successfully complete this phase of the initial training program. If you request, and we agree to provide, additional or special guidance, assistance, or training during this initial phase, we may charge you the then applicable fee, including our personnel's per diem charges and travel and living expenses. Notwithstanding the foregoing, we will not be required to send any of our representatives to your Center to provide training or assistance if, in our sole determination, it is unsafe to do so. Such determination by us will not relieve you from your obligations under this Agreement (including, without limitation, to pay monies owed) and will not serve as a basis for your termination of this Agreement.

We may require you (or your Managing Owner) and/or previously trained and experienced employees to attend and complete to our satisfaction various training courses that we periodically choose to provide at the times and locations that we designate, including courses and programs provided by third parties we designate. We will not require attendance at more than two such courses, or for more than a total of three business days, during a calendar year. Besides attending these courses, you agree to attend the annual meeting of all Center franchisees each year at a location we designate. All training and the annual meeting may be held virtually, in our sole discretion. Attendance will not be required for more than five days during any calendar year. You agree to pay all costs to attend.

If you have a new Managing Owner during this Agreement's term, the new Managing Owner must complete to our satisfaction our then current initial training program. We may charge reasonable fees for training new Managing Owners. You also agree to pay all travel and living expenses which your Managing Owner incurs during all training courses and programs.

You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time. We reserve the right to require any employees attending training to sign a confidentiality and non-solicitation agreement pursuant to Section 6 hereof.

**B. GENERAL GUIDANCE.** We will advise you from time to time regarding your Center's operation based on your reports or our inspections and will guide you with respect to: (1) standards, specifications, and operating procedures and methods that Centers use; (2) purchasing required and



authorized equipment (including the Computer System), furniture, fixtures and signs (collectively, the “Operating Assets”), and other products and services; (3) marketing materials and programs; (4) sales and sales management training; and (5) administrative, bookkeeping, accounting, and financial management.

We will furnish to you guidance in connection with the operation of your Center. Such guidance will be furnished in the form of our operations materials for the operation of Centers, which may include one or more separate manuals as well as computer software, information available on an internet site, other digital media, and/or written materials (collectively, the “Operations Materials”). We may also provide guidance via telephonic conversations and/or consultation at our offices. If you request, and we agree to provide, additional or special guidance, assistance, certification programs or training, we may charge you our then applicable fee, including our personnel’s per diem charges and travel and living expenses.

**C. OPERATIONS MATERIALS.** During the term of this Agreement, we will provide you with access to the Operations Materials. The Operations Materials contain mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for operating Centers (“System Standards”), and information on suggested procedures and your other obligations under this Agreement. We may modify the Operations Materials periodically to reflect changes in System Standards. If there is a dispute over its contents, our master copy of the Operations Materials controls. You agree that the Operations Materials’ contents are confidential and that you will not disclose the Operations Materials to any person other than your employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Materials.

You agree to monitor and access the website, extranet or web-based application for any updates to the Operations Materials or System Standards. Any passwords or other digital identifications necessary to access the Operations Materials will be deemed to be part of Confidential Information (as defined in Section 6).

**D. DELEGATION OF PERFORMANCE.** You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

## 5. **MARKS.**

**A. OWNERSHIP AND GOODWILL OF MARKS.** Your right to use the Marks and the Franchise System is derived only from this Agreement and limited to your operating your Center according to this Agreement and all System Standards we prescribe during its term. Your or your owners’ unauthorized use of the Marks or the Franchise System is a breach of this Agreement and infringes our and our affiliates’ intellectual property rights. You acknowledge and agree that your use of the Marks and the Franchise System and any goodwill established by that use are exclusively for our and our affiliates’ benefit and that this Agreement does not confer any goodwill or other interests in the Marks or the Franchise System upon you (other than the right to operate your Center under this Agreement). All provisions of this Agreement relating to the Marks and the Franchise System apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this Agreement’s term contest or assist any other person in contesting the validity of, or our and our affiliates’ rights to, our intellectual property.

**B. LIMITATIONS ON YOUR USE OF MARKS.** You agree to use the Marks associated with the Designated Brand Concept as your Center’s sole identification, except that you agree to identify yourself as its independent owner in the manner we prescribe. You (or your owners) may not use any Mark (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 we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any website, domain name, homepage, e-mail address, social media account (such as LinkedIn®, Twitter®, Facebook®, Instagram®, YouTube® or Google® Business Profile), user name, other online presence or presence on any electronic medium of any kind (“Online Presence”) or otherwise in connection with a website (except as permitted under Section 9.C below), or (5) in any other manner that we have not expressly authorized in writing. You may not use any Mark in advertising any prospective transfer that would require our approval under Section 12 below, without our prior written consent. You agree to display the Marks associated with the Designated Brand Concept prominently as we prescribe at your Center and on forms, marketing, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

**C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person’s claim of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliates may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our and our affiliates’ interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our and our affiliates’ interests in the Marks. We will reimburse you for your costs of taking any action that we have asked you to take.

**D. DISCONTINUANCE OF USE OF MARKS.** If it becomes advisable at any time for us, our affiliates, and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing your Center’s signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section 5.D apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. If you are signing this Agreement for a *Signs By Tomorrow* Center or a *Signs Now* Center, we may exercise this right to require you to convert your Center to an *Image360* center, and such conversion may require you to incur additional expenses. You acknowledge both our right to take this action and your obligation to comply with our directions.

**E. INDEMNIFICATION FOR USE OF MARKS.** We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

## 6. **CONFIDENTIAL INFORMATION.**

You and your owners and personnel may from time to time be provided with and/or have access to non-public information about the Franchise System and the operation of Centers (including your Center), some of which constitutes trade secrets under applicable law (the “Confidential Information”), relating to developing and operating Centers, whether or not marked confidential, including (without limitation): (1) site selection criteria; (2) the Operations Materials; (3) the System Standards; (4) market research,

promotional and marketing programs for Centers; (5) knowledge of specifications for, and suppliers of, Operating Assets and other products and supplies; (6) any computer software or similar technology which is proprietary to us, our affiliates; (7) knowledge of the operating results and financial performance of Centers other than your Center; and (8) your Center's customer list and customer information.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating your Center during this Agreement's term. All Confidential Information furnished to you by us or on our behalf, whether orally or by means of written material, is proprietary, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you: (a) will not use Confidential Information in connection with any other business or capacity; (b) will keep each item deemed to be part of Confidential Information in strict confidence, both during this Agreement's term and then thereafter for as long as the item is not lawfully known to the public without violation of applicable law or an obligation to us or our affiliates; (c) will not make unauthorized copies of, or disclose or reveal to any other person, any Confidential Information disclosed via electronic medium or in written or other tangible form; and (d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, by establishing reasonable security and access measures, and by restricting its disclosure to your key personnel and others who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in advance. You agree to protect the Confidential Information from unauthorized use, access or disclosure in the same manner as you protect your own confidential or proprietary information of a similar nature and with no less than reasonable care. We may require you to have your employees and contractors execute a confidentiality and non-solicitation agreement and shall have the right to regulate the form of and to be a party to or third-party beneficiary under any such agreements with independent enforcement rights. You acknowledge that any form of confidentiality and non-solicitation agreement that we require you to use, that we provide to you, or that we regulate the terms of, may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality and non-solicitation agreement that your employees, agents and independent contractors sign.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time we disclosed it to you, already had lawfully become known to the public without violation of applicable law or an obligation to us or our affiliates; or which, after we disclose it to you, lawfully becomes known to the public without violation of applicable law or an obligation to us or our affiliates. However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

You acknowledge and agree that, as between us and you, we are the sole owner of all right, title, and interest in and to the Franchise System and any Confidential Information. All improvements, developments, derivative works, enhancements, or modifications to the Franchise System and any Confidential Information, and all ideas, concepts, techniques, or materials relating to a Center, whether or not protectable intellectual property (collectively, "Innovations"), made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including, without limitation, assignments) and perform such

other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. In the event we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section 6, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 6 with the same legal force and effect as if executed by you. You further agree that we have the right to use any digital images of products you produce for any purpose. The obligations of this Section 6 shall survive any expiration or termination of this Agreement.

## 7. **EXCLUSIVE RELATIONSHIP.**

You acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during this Agreement's term, neither you, nor any of your owners, nor any of your or your owners' immediate family members will:

- (1) have any direct or indirect interest as an owner – whether of record or beneficially – in a Competitive Business, wherever located or operating (except that equity ownership of less than 5% of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 7(1));
- (2) perform services as a director, officer, manager, employee, consultant, lessor, representative, or agent for a Competitive Business, wherever located or operating;
- (3) divert, attempt to divert, or assist any other person or entity, directly or indirectly, to divert any actual or potential business or customer of any Center to a Competitive Business;
- (4) engage in any other activity which might injure the goodwill of the Marks and/or the Centers; or
- (5) directly or indirectly, appropriate, use or duplicate the Franchise System or System Standards, or any portion thereof, for use in any other business or endeavor.

The term “Competitive Business” means (i) any business offering, selling or producing products or services that we may authorize Centers to sell, offer, or produce, including, without limitation, professional graphic solutions, and related products and services, or (ii) any business granting franchises or licenses to others to operate the types of businesses specified in subparagraph (i) (other than a business operated under a franchise agreement with us). You acknowledge that we may periodically change the products and services that Centers are authorized to sell and, therefore, you may be restricted from engaging in certain business activities in the future involving the offer and sale of products and services which are not currently offered by the Centers.

## 8. **CENTER OPERATIONS AND SYSTEM STANDARDS.**

**A. CONDITION AND APPEARANCE OF YOUR CENTER.** You agree that you will not use any part of the Premises for any purpose other than operating your Center in compliance with this Agreement. You will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and marketing materials that we approve from time to time. You further agree to maintain, at your own expense, the condition and appearance of your Center, its

Operating Assets and the Premises in accordance with the System Standards and consistent with the image of a Center as an efficiently operated business offering high quality products and services and observing the highest standards of cleanliness and efficient, courteous service. You must, at your expense, undertake all maintenance and make all repairs, replacements, alterations and additions as may be required for that purpose. You will also cause your employees to present themselves to customers and prospective customers, in terms of general appearance and dress, in accordance with written standards we require in the Operations Materials or otherwise in writing.

**B. PRODUCTS AND SERVICES THE BUSINESS OFFERS.** You agree that you (1) will offer and sell from your Center the products and services that we periodically specify; (2) will not offer or sell at your Center, the Premises or any other location any products or services we have not authorized; (3) will discontinue selling and offering for sale any products or services that we at any time disapprove; (4) will refrain from engaging in the wholesale distribution of any materials, products or services without our prior written consent; and (5) will only outsource sales for products and services that we have approved to be outsourced, as described in the Operations Materials or otherwise in writing.

**C. MANAGEMENT OF THE BUSINESS.** Your Center shall be managed by you or, if you are an Entity, by the Managing Owner. You (or the Managing Owner if you are an Entity) agree to devote a full-time effort to your Center, to supervise the day-to-day operations of your Center and continuously exert your best efforts to promote and enhance your Center. You are required to have a minimum of three full-time staff members, including yourself (or the Managing Owner if you are an entity).

You must engage a graphic designer with computer and graphics experience, and a production specialist, each meeting our minimum specifications before you open the Center, and we may delay your opening if a graphic designer or production specialist is not engaged. The graphic designer and production specialist are not required to attend initial training but may attend initial training for our then-current training fees if space is available.

**D. APPROVED PRODUCTS, SERVICES, AND SUPPLIERS.** We reserve the right to periodically designate and approve standards, specifications, suppliers and/or distributors of the Operating Assets and the products and services that we periodically authorize for use at your Center. During this Agreement's term you must purchase or lease all Operating Assets and other products and services for your Center only according to our standards and specifications and, if we require, only from suppliers or distributors that we designate or approve (which may include or be limited to us and/or our affiliates). You acknowledge and agree that we and/or our affiliates do not provide any warranty to any Operating Assets or other products that we require you to purchase or lease. You further acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our affiliates provide to you and from payments made to us or our affiliates by suppliers that we designate or approve for some or all of our franchisees).

If you want to use any Operating Assets or products that we have not yet evaluated or want to purchase any item from a supplier or distributor that we have not yet approved (for items that we require you to purchase from designated or approved suppliers or distributors), you first must submit your request in writing before purchasing such product or service, or any items or services from that supplier. We will not be obligated to respond to your request, and any actions we take in response to your request will be at our discretion. We may, with or without cause, revoke our approval of any supplier, product or service at any time, and you must discontinue using a supplier or selling and offering for sale any products or services that we disapprove at any time.

You acknowledge and agree that suppliers may share your data with us, including your purchase history and quantities purchased, to facilitate discount programs, and to allow us to enforce compliance

with this Agreement. You acknowledge and agree that we may use such data: in the aggregate with other Centers' data to educate franchisees; to guide us on how to direct Marketing Fund expenditures; or as we otherwise deem appropriate. You agree to take all actions or sign all documentation reasonably requested by us or the third-party supplier to allow such exchange of information.

**E. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.** You must secure and maintain in force throughout this Agreement's term all required licenses, permits and certificates relating to your Center's operation and operate your Center in full compliance with all applicable laws, ordinances and regulations. You agree to comply and assist us in our 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, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Center as may be required by us or by law. You confirm that you are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities as provided in Section 16.D pertain to your obligations hereunder. Notwithstanding the foregoing, unless any order issued by any federal, state or local authority requires closure of your Center, you will not close your Center unless you obtain our prior written consent.

Your Center must in all dealings with its clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You must promptly pay all taxes and fees levied and asserted on the property of your Center and promptly satisfy any other indebtedness or liability to third-party vendors that you incur in operating your Center. You agree to refrain from any business or marketing practice which might injure our business or the goodwill associated with the Marks or other Centers. You agree to comply with our Franchise System Website (as defined in Section 9.C below) privacy policy, as it may be amended periodically; you further agree to comply with any requests to return or delete customer personal information, whether requested by us or directly by the customer, as required by applicable data sharing and privacy laws. You must notify us in writing within three business days of: (1) the commencement of any action, suit or proceeding relating to your Center; (2) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Center; (3) any notice of violation of any law, ordinance or regulation relating to your Center, and/or that any audit, investigation, or similar proceeding by any person or governmental authority is pending or threatened against you or your Center; (4) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party involving a complaint from a customer or potential customer relating to your Center; (5) any notice of default from your landlord or any third-party supplier; and (6) written complaints from any customer or potential customer. You must immediately provide to us copies of any documentation you receive of events in (1) through (6) above and resolve the matter in a prompt and reasonable manner in accordance with good business practices.

**F. INSURANCE.** During the term of this Agreement, you must maintain in force at your sole expense commercial general liability, workers' compensation, and cyber and privacy liability insurance policies in connection with your Center's operation, all containing the minimum liability coverage we periodically prescribe. You also will be required to maintain certain other types of insurance policies, depending on the types of products and services your Center provides, and whether you own and/or allow employee use of personal vehicles to provide products and services from your Center. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages at any time to reflect inflation, identification of new risks, changes in law

or standards of liability, higher damage awards or other relevant changes in circumstances. Our requirements for insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Center's operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Center that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

The liability coverage insurance policies must name us and any affiliates we designate as additional insureds, using a form of endorsement that we have approved, and every insurance policy must provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. All insurance policies must be issued by insurance companies with performance ratings of at least "A" as rated in the most recent edition of Best's Insurance Reports or comparable publication. You routinely must furnish us copies of your Certificate of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and your Center on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

**G. COMPLIANCE WITH SYSTEM STANDARDS.** You acknowledge and agree that operating and maintaining your Center according to System Standards are essential to preserve the goodwill of the Marks and the goodwill of all Centers. Therefore, you agree at all times to operate and maintain your Center according to each and every System Standard, as we periodically modify and supplement them. Though we retain the right to establish and periodically modify and supplement System Standards which you have agreed to maintain in the operation of your Center, you retain the right and sole responsibility for the day-to-day management and operation of your Center and the implementation and maintenance of System Standards at your Center. System Standards may regulate any aspect of your Center's operation and maintenance, including, but not limited to, any one or more of the following: (1) sales, marketing, and promotional programs and materials and media used in these programs; (2) staffing levels for your Center and employee qualifications, training, dress and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned and working conditions); (3) use and display of the Marks; (4) days and hours of operation; (5) participation in market research and testing and product and service development programs; (6) participation in quality assurance and customer satisfaction programs; (7) bookkeeping, accounting, data processing and record keeping systems and forms; (8) formats, content and frequency of reports to us of sales, revenue, and financial performance and condition; (9) forms of payment and currencies your Center must or may accept; and (10) any other aspects of operating and maintaining your Center that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Centers.

You agree that the System Standards, whether prescribed in the Operations Materials or otherwise communicated to you in writing or another form, are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified. You acknowledge that our periodic modification of the System Standards (including, without limitation, changes to the hardware and software required for the Computer System), which may accommodate regional and/or local variations, may obligate you to invest additional capital in your Center and/or incur higher operating costs.

We have the right to operate, develop, and change the System Standards in any manner that is not specifically prohibited by this Agreement. You agree to comply with any new System Standards we issue

within 90 days of our issuance of such new System Standard, unless we expressly provide a longer time period for you to bring your Center into compliance with such new or modified System Standard. Whenever we have reserved in this Agreement a right to take or to withhold an action, to grant or decline to grant you a right to take or withhold an action, or to provide or withhold approval or consent, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and on our judgment of what is in our and/or the best interests of the Centers and the Marks at the time our decision is made.

**H. CENTER NUMBERS, LISTINGS AND INTERNET ACCOUNTS.** You acknowledge and agree that as between you and us, we have the sole rights to, and interest in, all telephone numbers, facsimile numbers, classified and online directory listings, and any other type of contact information that you use in the operation or promotion of the Center or that is associated with your Center (“Contact Identifiers”) and Online Presences. Upon the termination or expiration of this Agreement, you agree to transfer, assign or otherwise convey to us full control of all Contact Identifiers and Online Presences that you used to operate your Center or that displays any of the Marks or any reference to the brand. Notwithstanding the foregoing, you agree that all liabilities and obligations arising from any such Contact Information or Online Presence prior to the date of the transfer, assignment or conveyance to us will remain your sole responsibility in all respects, and any costs we incur in connection therewith will be indemnifiable under Section 16.D. You irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing.

**I. INFORMATION SECURITY.** You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information (“Personal Information”) in accordance with applicable law and industry best practices. It is entirely your responsibility (even if we provide you any assistance or guidance in that regard) to confirm that the safeguards you use to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed. You also agree to follow our instructions regarding curative actions and public statements relating to the breach.

**J. EMPLOYEES, AGENTS AND INDEPENDENT CONTRACTORS.** You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Center. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Center in compliance with federal, state, and local employment laws. You must also notify all of your employees that they are your employees and not our employees, and you must never contend otherwise.

**K. NON-DISPARAGEMENT.** Each party to this agreement agrees not to (and to use its best efforts to cause its current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, heirs, affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of the other party, or any of the



other party's affiliates, or any of such parties' directors, officers, employees, representatives or affiliates, the brands under which such parties do business, or such parties' business operations, or take any other action that would, directly or indirectly, (i) subject any of the foregoing to ridicule, scandal or reproach, or (ii) would constitute an act of moral turpitude. The obligations of this Section 8.K shall survive any expiration or termination of this Agreement.

## 9. **MARKETING.**

**A. BY YOU.** We may provide marketing guidance in the form of additional training, programs and seminars either through an Online Presence or at various locations that we designate. You acknowledge and agree that the best interests of the Franchise System and your Center are likely to be maximized by participating in such training, programs and seminars.

You agree to list your Center in such online subscriptions as we periodically prescribe. You also agree to establish any other Online Presence we require. Except as provided in Section 9.C below, you may not develop, maintain, or authorize any website that mentions or describes you or your Center or displays any of the Marks.

You agree that your promotion and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical marketing and the marketing policies that we prescribe from time to time. Before you use them, you agree to send us for approval samples of all promotional and marketing materials which we have not prepared or previously approved. If you do not receive written disapproval within 20 days after we receive the materials, they are deemed to be approved. You may not use any promotional or marketing materials that we have not approved or have disapproved. You will have five days after receipt of our notice of disapproval to withdraw and discontinue use of such disapproved materials.

**B. MARKETING FUND.** We maintain marketing funds for our Designated Brand Concepts (each referred to as a "Marketing Fund"). We will use each Marketing Fund for marketing and public relations programs and materials we deem appropriate. Centers that we or our affiliates own may not contribute to the applicable Marketing Fund on the same percentage basis as franchisees. We reserve the right to consolidate each Marketing Fund with the marketing funds of other Designated Brand Concepts we franchise so that we maintain and administer one marketing fund for all Centers, and to consolidate any or all of the Marketing Funds with the marketing funds of other brands we or our affiliates franchise and maintain and administer one marketing fund for all brands.

We will direct all programs that each Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. Each Marketing Fund may pay for preparing and producing video, audio, and written materials and digital media; developing, implementing, and maintaining a Franchise System Website and/or related strategies; administering regional and multi-regional marketing programs, including, without limitation, purchasing trade journal, direct mail, and other media marketing and using marketing agencies and other advisors to provide assistance; administering online marketing campaigns (including search engine, social media, e-mail, pay-per-click and display ad campaigns); developing and administering software, apps, and related integrations; implementing a loyalty program or other marketing programs designed to encourage the use of Centers; supporting public relations, market research, direct sales tools, and other promotion and marketing activities; sales training and support of franchisees' sales personnel; and such other use as we deem appropriate, in our sole discretion, for the promotion of the applicable Designated Brand Concept. As long as you are in compliance with this Agreement, including the System Standards, the Marketing Fund to which you contribute periodically may give you samples of marketing and promotional formats and

materials at no cost. The Marketing Fund will sell you multiple copies of these materials at its direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for each Marketing Fund separately from our other funds and not use either Marketing Fund for any of our general operating expenses. However, we may use each Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer such Marketing Fund, such Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering, communicating or directing such Marketing Fund and its programs, including, without limitation, conducting market research; running social media campaigns; building, updating and maintaining websites; creating and delivering franchise communications; public relations; preparing promotion and marketing materials; and collecting and accounting for Marketing Fund contributions.

None of the Marketing Funds will be our asset. None of the Marketing Funds is a trust. We do not owe any fiduciary obligation to you for administering the Marketing Fund or any other reason. We will hold all Marketing Fund contributions for the benefit of the contributors and use contributions for the purposes described in this Section. Each Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on the Marketing Fund contributions to pay costs before using the Marketing Fund's other assets. We will prepare an annual, unaudited statement of Marketing Fund collections and expenses of each Marketing Fund and give you a copy of the statement upon your written request to us. We may have each Marketing Fund audited annually, at such Marketing Fund's expense, by an independent certified public accountant. We may incorporate each Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section.

We intend for each Marketing Fund to promote the applicable Marks, patronage of Centers contributing to the Marketing Fund and each applicable Designated Brand Concept generally. Although we will try to use each Marketing Fund to develop marketing materials and programs, and to place marketing, that will benefit all Centers of the Designated Brand Concept contributing to such Marketing Fund, we need not ensure that such Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund contributions by Centers operating in that geographic area or that any Center benefits directly or in proportion to its Marketing Fund contribution from the development of marketing materials or the placement of marketing. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against a Marketing Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce contributions of a Center franchisee and, upon 30 days' prior notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate a Marketing Fund, we will spend all remaining contributions prior to its termination.

**C. FRANCHISE SYSTEM WEBSITE.** We maintain a corporate website to advertise, market, and promote Centers, the products and services that they offer and sell, and/or the Center franchise opportunity (a "Franchise System Website"). We may, but are not obligated to, provide you with a webpage on the Franchise System Website that references your Center. If we provide you with a webpage on the

Franchise System Website, you must: (i) provide us the information and materials we request to develop, update, and modify your webpage; (ii) notify us whenever any information on the Franchise System Website regarding your Center is not accurate; and (iii) if we give you the right to modify your webpage, notify us whenever you change the content of your webpage. We will own all intellectual property and other rights in the Franchise System Website, including your webpage, and all information they contain (including, without limitation, the domain name or URL for your webpage, the log of “hits” by visitors, and any personal or business data that visitors supply).

We will maintain the Franchise System Website and may use the Marketing Fund’s assets to develop, maintain, and update the Franchise System Website. We periodically may update and modify the Franchise System Website (including your Local Website). You acknowledge that we have final approval rights over all information on the Franchise System Website (including your Local Website). We may also discontinue any Franchise System Website or consolidate such Franchise System Website with the website of any other brand concept, at any time, and in our discretion.

Even if we provide you a webpage on our Franchise System Website, we will only maintain the webpage while you are in full compliance with this Agreement and all System Standards we implement (including, without limitation, those relating to the Franchise System Website). If you are in default of any obligation under this Agreement or our System Standards, then we may, in addition to our other remedies, temporarily remove your webpage and remove any reference to your Center from the Franchise System Website until you fully cure the default. We will permanently remove your webpage and any reference to your Center from the Franchise System Website upon this Agreement’s expiration or termination.

If we authorize you to have a website for your Center (the “Local Website”), we must own the domain name and will assign the domain name to you. The content of the Local Website must comply with our specifications and standards as we periodically designate; all updates and changes to the Local Website must be approved by us. If you maintain a Local Website, you must prepare and maintain a privacy policy and terms and conditions for such Local Website, which must be linked to the Local Website. The privacy policy and terms and conditions must comply with all applicable laws, System Standards, and other requirements we may prescribe in writing. We reserve the right to charge a monthly maintenance and hosting fee for the Local Website. If we do charge a monthly fee, you agree to pay such monthly hosting and maintenance fee at the time and using the method that we direct. You may also utilize any Online Presence that we approve pursuant to our then-current social media policy, which we may modify periodically. We will assist you in setting up your Online Presence and if you choose to set up your own Online Presence you must provide us with administrator access. The Local Website and any other Online Presence you maintain must identify your Center as an independently owned and operated business. All marketing and promotional materials that you develop for your Center must contain notices of the Franchise System Website’s domain name in the manner we designate. If we approve the use of any Online Presence in the operation of your Center, you will develop and maintain such Online Presence only in accordance with our then-current social media policy, including guidelines for posting any messages or commentary on other third-party websites. We will own the rights to each such Online Presence. At our request, you agree to grant us access to each such Online Presence, and to take whatever action (including signing an assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence. Except as otherwise provided in this Section 9.C, you may not develop, maintain, register or authorize any other Online Presence that mentions or describes you or your Center or displays any of the Marks.

## 10. **RECORDS, REPORTS, AND FINANCIAL STATEMENTS.**

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time to time. Your fiscal year will coincide with the calendar year. We may require you to use a Computer System or other systems to maintain certain sales data and other information. You agree to give us in the manner and format that we prescribe from time to time:

(1) on or before the 5<sup>th</sup> day of each calendar month, a report on your Center's Gross Sales during the preceding calendar month;

(2) within ten days after our request, (i) the operating statements, financial statements, statistical reports, purchase records, and other information we request regarding you and your Center covering the previous calendar quarter and the fiscal year to date, and (ii) exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to your Center and the Franchise;

(3) within 30 days after the end of each calendar month, monthly profit and loss and source and use of funds statements and a balance sheet for your Center as of the end of that calendar month; and

(4) within 60 days after the end of each calendar year, annual profit and loss and source and use of funds statements and a balance sheet for your Center as of the end of that calendar year.

You will provide all financial records in accordance with the chart of accounts we may designate. We may disclose data derived from these reports. Moreover, we may, as often as we deem appropriate (including on a daily basis), access the Computer System and retrieve all information relating to your Center's operation and all customer information from your management information system database. We may use and disclose data we retrieve from your Computer System or that we receive from suppliers as we deem appropriate, including, without limitation, to publish sales rankings. You agree to preserve and maintain all records in a secure location at your Center for at least seven years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipt and disbursement journals, and general ledgers), or for any longer period that may be required by law.

You agree that during your first year of operation of your Center you will engage the third party we designate for accounting services for proper bookkeeping, and at our discretion, engage such third party for accounting services beyond your first year of operation as we may require.

You agree to participate in our operating ratio studies by providing such data and information as we may require, and in the form and manner we require from time to time. You further agree that we shall have the right to include such data and information in our annual operating ratio studies.

## 11. **INSPECTIONS AND AUDITS.**

**A. OUR RIGHT TO INSPECT YOUR CENTER.** To determine whether you and your Center are complying with this Agreement and all System Standards, we and our designated agents or representatives, may at all times and without prior notice to you: (1) inspect your Center; (2) photograph your Center and observe and videotape your Center's operation for consecutive or intermittent periods we deem necessary; (3) remove samples of any products and supplies; (4) inspect your Computer System, including hardware, software, security, configurations, connectivity and data access, and other technology

used in the operation of your Center; (5) interview your Center's personnel and customers; and (6) inspect and copy any books, records, and documents relating to your Center's operation. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with your Center's operation. Any inspection will be made at our expense, but if we or our designee must make two inspections concerning your repeated or continuing failure to comply with this Agreement, or if a follow-up inspection is required because we or our designee were for any reason prevented from properly inspecting any or all of your Center (including because you or your personnel refused entry to the Premises), we will have the right to charge you for the costs of making all further inspections concerning your failure to comply, including travel expenses, room, board and compensation of our designee.

**B. OUR RIGHT TO AUDIT.** We may at any time during your business hours, and without prior notice to you, examine your (if you are an Entity) and your Center's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. You must cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of your Center's Gross Sales, you must pay us, within 15 days after receiving the examination report, the Royalty and Marketing Fund contributions due on the amount of the understatement, plus 1.5% interest on the understated amounts from the date originally due until the date of payment. Furthermore, you must reimburse us for the costs of the examination, inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees, if: (i) an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or (ii) our examination reveals a Royalty or Marketing Fund contribution understatement exceeding 5% of the amount that you actually reported to us for the period examined. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

## 12. **TRANSFER.**

**A. BY US.** You acknowledge that we maintain a staff to manage and operate the franchise system for the Centers and that staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, member, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction.

**B. BY YOU.** You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or to your owners if you are an Entity) and that we have granted you the Franchise in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither this Agreement (or any interest in this Agreement), your Center or substantially all of its assets, any ownership interest in you (regardless of its size), nor any ownership interest in any of your owners (if such owners are legal entities) may be transferred without our prior written approval. A transfer of your Center's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer, or attempt to transfer, without our approval is a breach of this Agreement and has no effect. In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in this Agreement, you or substantially all of the assets of your Center. Without limiting the foregoing, you may not, without our prior written consent, pledge, or attempt to pledge, this Agreement (to someone other than us) or an ownership interest in you or your owners or transfer, or attempt to transfer, an interest in this Agreement or substantially all of the assets of the Center in a divorce, insolvency or entity dissolution proceeding.

**C. CONDITIONS FOR APPROVAL OF TRANSFER.** If you (and your owners) are in full compliance with this Agreement, then, subject to the other provisions of this Section 12, we may approve, in our sole discretion, a transfer that meets all of the requirements in this Section. A non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and meet our then applicable standards for Center franchisees (including no ownership interest in or performance of services for a Competitive Business). All proposed transferees of a non-controlling interest in you must fill out and submit to us our then current form of franchise application. If the proposed transfer is of this Agreement or a controlling ownership interest in you or one of your owners, or is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in you or one of your owners, then all of the following conditions must be met before or concurrently with the effective date of the transfer:

- (1) the transferee has sufficient business experience, aptitude, and financial resources to operate your Center, and meets our then applicable standards for Center franchisees;
- (2) you have paid all Royalty and Marketing Fund contributions, and other amounts owed to us, our affiliates, and third-party vendors; have submitted all required reports and statements;
- (3) you have paid us the then-current transfer fee;
- (4) you have provided us with all information and/or documents we request about the proposed transfer, the transferee, and its owners;
- (5) you have not violated any provision of this Agreement, the Lease, or any other agreement with us during both the 60-day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;
- (6) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;
- (7) the transferee (or its managing owner) completes our training program to our satisfaction;
- (8) your landlord allows you to transfer the Lease or sublease the Premises to the transferee;
- (9) the transferee agrees (if the transfer is of this Agreement) to upgrade, remodel, and refurbish your Center in accordance with our current requirements and specifications for Centers (subject to Section 12.C(10) if applicable) within 45 days after the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take within this time period);
- (10) if we so require, the transferee agrees to transition the Center into a different brand concept that either we or an affiliate offers, including remodeling the Center as necessary, adding or replacing improvements and Operating Assets, replacing the Marks wherever they appear (including without limitation marketing materials and stationery) and complying with all of the then-current system standards applicable to the new brand concept;

(11) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;

(12) you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, officers, directors, employees, and agents;

(13) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of your Center;

(14) if you or your owners finance any part of the purchase price, we reserve the right to require that you and/or your owners subordinate any of the transferee's obligations under promissory notes or agreements with you or your security interests reserved in your Center, to the transferee's obligation to pay Royalty, Marketing Fund contributions, and other amounts due to us, our affiliates, and third-party vendors and otherwise to comply with this Agreement;

(15) you and your transferring owners (and your and their immediate family members) will not, for two years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 15.D below; and

(16) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Centers you own and operate) identify yourself or themselves or any business as a current or former Center or as one of our franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a Center 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 us.

We may review all information regarding your Center that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Center.

Our consent to a transfer of this Agreement and your Center, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Center's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance by you and the transferee with this Agreement.

**D. TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY.** Notwithstanding Section 12.C above, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than your Center and, if applicable, other Centers, in which you maintain management control, and of which you own and control 100% of the equity and voting power of all issued and outstanding ownership interests, provided that all of your Center's assets are owned, and your Center's business is conducted, only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur and sign the form of consent to assignment and assignment to corporate entity satisfactory to us which may include a general release of any and all claims against us and our owners, officers, directors, employees and agents.

**E. YOUR DEATH OR DISABILITY.**

(1) **Transfer upon Death or Disability.** Upon your or your Managing Owner's death or disability, you or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the Managing Owner's ownership interest in you, to a third party (which may be your or the Managing Owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed 180 days from the date of death or disability, and is subject to all of the terms and conditions in this Section 12. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or the Managing Owner from supervising your Center's management and operation.

(2) **Operation upon Death or Disability.** If, upon your or the Managing Owner's death or disability, a manager approved by us is not managing your Center, you or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must appoint a manager within 15 days of the date of death or disability. The manager must complete our standard training program at your expense. A new Managing Owner acceptable to us also must be appointed for your Center within 30 days. If, in our judgment, your Center is not being managed properly any time after your or the Managing Owner's death or disability, we may, but need not, assume your Center's management (or appoint a third party to assume its management). All funds from your Center's operation while it is under our (or the third party's) management will be kept in a separate account, and all expenses will be charged to this account. We may charge you (in addition to amounts due under this Agreement) a reasonable per diem fee plus our (or the third party's) direct out-of-pocket costs and expenses, if we (or a third party) assume your Center's management under this Section 12.E(2). We (or a third party) have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Center incurs, or to any of your creditors for any products, other assets, or services your Center purchases, while we (or a third party) manage it.

**F. OUR RIGHT OF FIRST REFUSAL.** If you (or any of your owners) at any time determine to sell or transfer for consideration an interest in this Agreement and your Center, or an ownership interest in you (except to or among your current owners, which is not subject to this Section), in a transaction that would be allowed under Sections 12.B and 12.C above, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement and your Center. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to 5% or more of the offering price. The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 12.B and 12.C above. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you or your selling owner(s) within 30 days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that: (1) we may substitute cash for any form of payment proposed in the offer; (2) our credit will be deemed equal to the credit of any proposed buyer; (3) we will have an additional 30 days to prepare for closing after notifying you of our election to purchase; and (4) we must receive, and you and your owners agree to make, all customary



representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable.

If we exercise our right of first refusal, you and your selling owner(s) (and your and their immediate family members) agree that, for two years beginning on the closing date, you and they will be bound by the non-competition covenant contained in Section 15.D below. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section. If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we approve the transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 12.B and 12.C.

If you do not complete the sale to the proposed buyer within 60 days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the 30 day period following either the expiration of the 60 day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

### 13. **EXPIRATION OF THIS AGREEMENT.**

**A. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.** When this Agreement expires:

(1) if you (and each of your owners) have substantially complied with this Agreement during its term; and

(2) provided that, and in conjunction with Section 13.A(3) below, (a) you maintain possession of and agree (regardless of cost) to remodel and/or expand your Center, add or replace improvements and Operating Assets, and modify your Center as we require to comply with System Standards then applicable for Centers of your Designated Brand Concept, or (b) at your option, you secure a substitute premises that we approve and you develop those premises according to System Standards then applicable for Centers of your Designated Brand Concept; and

(3) provided that if we so require, you transition your Center into a different brand concept that either we or an affiliate offers, including remodeling the Center as necessary, adding or replacing improvements and Operating Assets, replacing the Marks wherever they appear (including without limitation signage, marketing materials and stationery) and complying with all of the then-current system standards applicable to centers of the new brand concept,

then you may acquire a successor franchise to operate your Center as a Center for an additional term of 20 years.

**B. GRANT OF A SUCCESSOR FRANCHISE.** You agree to give us written notice of your election to acquire a successor franchise no more than one year and no less than nine months before this Agreement expires. If you fail to notify us of your election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise. We agree to give you written notice ("Our Notice"), not more than 60 days after we receive your notice, of our decision:

(1) to grant you a successor franchise;

(2) to grant you a successor franchise on the condition that you correct existing deficiencies of your Center or in your operation of your Center;

(3) to grant you a successor franchise on the condition that you transition your Center into a different brand concept, in accordance with Section 13.A(3) of this Agreement;

(4) not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term or were not in full compliance with this Agreement and all System Standards on the date you gave us written notice of your election to acquire a successor franchise;

(5) not to grant you a successor franchise as a result of your Center's annual Gross Sales being less than the Minimum Sales Threshold two or more years beginning with the 4th full calendar year of operation of the Center; or

(6) not to grant you a successor franchise because we no longer maintain a franchise program for Centers of your Designated Brand Concept.

If we elect not to grant you a successor franchise, Our Notice will describe the reasons for our decision. If we elect to grant you a successor franchise, your right to acquire a successor franchise is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice, which may include actions to cure any operating deficiencies or to bring your Center into compliance with then applicable System Standards for your Designated Brand Concept.

**C. AGREEMENTS/RELEASES.** If you satisfy all of the other conditions for a successor franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Centers (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement, at least six months before this Agreement expires. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, directors, employees, agents, successors and assigns. We will consider your or your owners' failure to sign these agreements and releases and to deliver them to us for acceptance and execution within one month after their delivery to you to be an election not to acquire a successor franchise.

#### **14. TERMINATION OF AGREEMENT.**

##### **A. BY YOU.**

(1) If you and your owners are fully complying with this Agreement and we materially fail to comply with this Agreement and do not (i) correct the failure within 30 days after you deliver written notice of the material failure to us or, (ii) if we cannot correct the failure within 30 days and fail to give you, within 30 days after your notice, reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Agreement effective an additional 30 days after you deliver to us written notice of termination.

(2) Your termination of this Agreement other than according to this Section 14.A will be deemed a termination without cause and a breach of this Agreement.

**B. BY US.** We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

- (1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the Franchise or operating your Center;
- (2) you (or your Managing Owner) do not complete the initial training program to our satisfaction in accordance with Section 4.A;
- (3) you abandon or fail actively to operate your Center, unless you close your Center for a purpose we approve;
- (4) you surrender or transfer control of your Center's operation without our prior written consent;
- (5) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest or guilty to, a felony;
- (6) you fail to maintain the insurance we require and do not correct the failure within ten days after we deliver written notice of that failure to you;
- (7) you (or any of your owners) engage in any dishonest or unethical conduct which, in our opinion, adversely affects your Center's reputation or the goodwill associated with the Marks;
- (8) you (or any of your owners or, if one or more of your owners is an Entity, the owner of a controlling interest in that Entity) make or attempt to make an unauthorized assignment of this Agreement, an ownership interest in you (or your owner), or your Center;
- (9) you lose the right to occupy the Premises;
- (10) you (or any of your owners) knowingly make any unauthorized use or disclosure of any part of the Operations Materials or any other Confidential Information;
- (11) you violate any law, ordinance, rule or regulation of a governmental agency in connection with the operation of your Center and fail to correct such violation within 72 hours after you receive notice from us or any other party, regardless of any longer period of time that any governmental agency may have given you to cure such violation;
- (12) you fail to pay us (or our affiliates) any amounts due and do not correct the failure within ten days after we deliver written notice of that failure to you;
- (13) you fail to pay when due any federal or state income, service, sales, or other taxes due on your Center's operation, unless you are in good faith contesting your liability for these taxes;
- (14) you understate your Center's Gross Sales three times or more during this Agreement's term or by more than 5% on any one occasion;
- (15) you (or any of your owners) (a) fail on three or more separate occasions within any 12 consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two or more separate occasions within any six consecutive month period to comply with the same obligation under this Agreement, whether or not we notify

you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(16) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Center is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your Center is not vacated within 30 days following the order's entry;

(17) you file a petition in bankruptcy or a petition in bankruptcy is filed against you;

(18) you (or any of your owners) fail to comply with anti-terrorism laws, ordinances, regulations and Executive Orders;

(19) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within 30 days after we deliver written notice of the failure to you;

(20) you default under any promissory note or other financing agreement with us or our affiliate;

(21) beginning with the 4th full calendar year of operation of the Center, if the Center's annual Gross Sales are less than the Minimum Sales Threshold during any two calendar years;

(22) you fail to comply with any other agreement with us or our affiliate and do not correct such failure within the applicable cure period, if any; or

(23) you (or any of your owners) or affiliates fail to pay any third party, including the lessor of your Premises, any amounts owed in connection with your Center when due, and do not cure such failure within any applicable cure period granted by such third party.

**C. ASSUMPTION OF MANAGEMENT.** We have the right (but not the obligation), under the circumstances described below, to enter the Premises and assume your Center's management (or to appoint a third party to assume its management) for any period of time we deem appropriate. If we (or a third party) assume your Center's management under subparagraphs (1), (2) and (3) below, you agree to pay us (in addition to the Royalty and Marketing Fund contributions, and other amounts due under this Agreement) a reasonable per diem fee, plus our (or the third party's) direct out-of-pocket costs and expenses, for up to 60 days after we assume management. If we (or a third party) assume your Center's management, you acknowledge that we (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Center incurs, or to any of your creditors for any supplies, products, or other assets or services your Center purchases, while we (or the third party) manage it.

We (or a third party) may assume your Center's management under the following circumstances: (1) if you abandon or fail actively to operate your Center; (2) if you fail to comply with any provision of this Agreement or any System Standard and do not cure the failure within the time period we specify in our notice to you; (3) if we are assisting you in the sale of your Center; or (4) if this Agreement expires or is terminated and we are deciding whether to exercise our option to purchase your Center under Section 15.E below.

If we exercise our rights under subparagraphs (1), (2) or (3) above, that will not affect our right to terminate this Agreement under Section 14.B above.

**D. SUSPENSION OF OBLIGATIONS AND SUPPORT.** If you fail to comply with this Agreement or the System Standards, then we may, in our discretion, suspend our obligations and support services we provide to you. This right shall be in addition to our right to termination in accordance with Section 14.B of this Agreement. Nothing in this Section shall be construed to relieve you of any obligations you have under this Agreement or any other agreements between you and us (or our affiliates).

**15. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.**

**A. PAYMENT OF AMOUNTS OWED TO US.** You agree to pay us within 15 days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us, the Royalty, Marketing Fund contributions, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

**B. DE-IDENTIFICATION.** When this Agreement expires or is terminated for any reason:

(1) you must immediately close the Center for business to customers and cease to directly or indirectly sell any products and services of any kind and in any manner from the Center and/or using the Marks, unless we direct you otherwise in connection with our exercise of our option to purchase pursuant to Section 15.E;

(2) you must cease all use, direct or indirect, of any Mark, any colorable imitation of a Mark, or other indicia of a Center in any manner or for any purpose; and must not use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

(3) you may not directly or indirectly at any time or in any manner (except with other Centers you own and operate) identify any business as a current or former Center and you agree to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark. Notwithstanding the foregoing, you are not prohibited from identifying yourself as a former franchisee in connection with identifying your prior experience on job applications or business networking websites;

(4) you agree to deliver to us or destroy (as we require), at your expense, within 15 days all marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Center, including copies of all Confidential Information, and allow us, without liability to you or third parties, to remove these items from your Center;

(5) you deliver to us within ten days all artwork files of customers (in electronic and any other format we require);

(6) you agree that we may independently access and retrieve all information from, or at our direction you will deliver to us within ten days a copy of, your management information system database, including all customer information from your Center in the format we designate, including, without limitation, contact information, order history and such other information as may be on the management information system or as we may otherwise reasonably request;

(7) if we do not have or do not exercise an option to purchase your Center under Section 15.E, you agree promptly and at your own expense to make the alterations we specify in our Operations Materials (or otherwise in writing) to distinguish your Center clearly from its former appearance and from other Centers in order to prevent public confusion;

(8) you agree to immediately cease using and, at our direction, either disable or instruct the registrar of any Contact Identifier or Online Presence to transfer exclusive control of and access to such Contact Identifier or Online Presence to us (or our designee), as we determine in our discretion;

(9) comply with all other System Standards we establish from time to time (and all applicable laws) in connection with the closure and de-identification of your Center, including as it relates to disposing of Personal Information, in any form, in your possession or the possession of any of your owners or employees; and

(10) you agree to give us, within 15 days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations, including, without limitation, photographs of the interior and exterior of the Center.

**C. CONFIDENTIAL INFORMATION.** You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the Franchise System) in any business or otherwise and return to us all copies of the Operations Materials and any other confidential materials that we have loaned you or to which we have given you access.

**D. COVENANT NOT TO COMPETE.** Upon termination or expiration of this Agreement, you and your owners agree that, for two years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section begin to comply with this Section, whichever is later, neither you nor any of your owners (or their immediate family members) will have any direct or indirect interest as an owner (whether of record or beneficially), investor, partner, director, officer, employee, consultant, lessor, representative, or agent, or perform any services in any capacity (including each of the foregoing) in any Competitive Business (as defined in Section 7 above) located or operating, nor will any such person lease or sublease any property to a Competitive Business:

- (1) within a ten-mile radius of your Center; or
- (2) within a five-mile radius of any other Center in operation or under construction 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 Section begin to comply with this Section.

Additionally, at no time after the term of this Agreement, will you or your owners (or their immediate family members) divert, attempt to divert, or assist any other person or entity, directly or indirectly, to divert any actual or potential business or customer of any Center to a Competitive Business.

These restrictions also apply after transfers, as provided in Section 12.C(15) above. If any person restricted by this Section refuses voluntarily to comply with these obligations, the two-year period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

**E. OUR RIGHT TO PURCHASE YOUR CENTER.**

If you decide to transfer your Center and this Agreement, your Center's assets, or an ownership interest in you during this Agreement's term, the provisions of Section 12 generally will apply to the proposed transfer. However, upon

- (1) our termination of this Agreement according to its terms and conditions,
- (2) your termination of this Agreement without cause, or
- (3) expiration of this Agreement (if we offer, but you elect not to acquire, a successor franchise, or if we do not offer you a successor franchise due to your failure to satisfy the conditions for a successor franchise set forth in Section 13),

we have the option, exercisable by giving you written notice before or within 30 days after the date of termination or expiration to purchase your Center. We have the unrestricted right to assign this option to purchase. We are entitled to all customary warranties and representations in our asset purchase. The purchase price for your Center will be its fair market value, provided that the fair market value will not include any value for (i) the Franchise or any rights granted by this Agreement; or (ii) goodwill attributable to our Marks, brand image, and other intellectual property. We may exclude from the assets purchased any Operating Assets or other items that are not reasonably necessary (in function or quality) to your Center's operation or that we have not approved as meeting System Standards for Centers, and the purchase price will reflect these exclusions.

If we and you cannot agree on fair market value, fair market value will be determined by one independent accredited appraiser who will conduct an appraisal and, in doing so, be bound by the criteria specified herein. You and we agree to select the appraiser within 15 days after we notify you that we wish to exercise our purchase option (if you and we have not agreed on fair market value before then). You and we will share equally the appraiser's fees and expenses. The appraiser must complete its appraisal within 30 days after its appointment. The purchase price will be the appraised value.

We (or our assignee) will pay the purchase price at the closing, which will take place not later than 60 days after the purchase price is determined. We may offset against the purchase price, and reduce the purchase price by, any and all amounts you or your owners owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us (or our assignee): (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; (b) all of your Center's licenses and permits which may be assigned or transferred; and (c) an assignment of the Lease.

You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, directors, employees, agents, successors, and assigns. If we exercise our rights under this Section 15.E, you and your owners agree that, for two years beginning on the closing date, you and they will be bound by the non-competition covenant contained in Section 15.D.

**F. CONTINUING OBLIGATIONS.** All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will 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.

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

**A. INDEPENDENT CONTRACTORS.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Center personnel, and others as your Center's owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, marketing, and other materials we require from time to time. We may direct you to engage a minimum number of employees in order to adequately perform the services of the Center, but we will have no right to hire or fire any of your employees or independent contractors or to exercise any control over those employees or independent contractors, all of whom will be entirely under your control and direction, and you will be responsible for their acts and omissions.

**B. NO LIABILITY TO OR FOR ACTS OF OTHER PARTY.** We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Center's operation or the business you conduct under this Agreement. We will have no liability for your obligations to pay any third parties, including any product vendors.

**C. TAXES.** We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your Center, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of your operation or payments that you make to us.

**D. INDEMNIFICATION.** You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of your Center's operation, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section.



17. **ENFORCEMENT.**

**A. SECURITY INTEREST.** As security for the performance of your obligations under this Agreement, including payments owed to us for purchase by you, you grant us a security interest in all of the assets of your Center, including but not limited to inventory, fixtures, furniture, equipment, accounts, customer lists, supplies, contracts, cash derived from the operation of the Center and sale of other assets, and proceeds and products of all those assets. You agree to execute such other documents as we may reasonably request in order to further document, perfect and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement and at law. If a third-party lender requires that we subordinate our security interest in the assets of your Center as a condition to lending you working capital for the operation of your Center, we will agree to subordinate pursuant to terms and conditions determined by us.

**B. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.** Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or 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, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant 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 if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

**C. WAIVER OF OBLIGATIONS.** We and you 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 to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Centers; the existence of franchise

agreements for other Centers which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if, and only while, our or your performance of our or your obligations is rendered impossible by: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause beyond the control of the party seeking to invoke this provision. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of the Royalty or Marketing Fund contributions due afterward.

The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any of us, any franchise seller, or other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

**D. COSTS AND ATTORNEYS' FEES.** If either party initiates an arbitration, judicial or other proceeding, the prevailing party will be entitled to reasonable costs and expenses (including attorneys' fees incurred in connection with such arbitration, judicial or other proceeding).

**E. YOU MAY NOT WITHHOLD PAYMENTS DUE TO US.** You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations under this Agreement or for any other reason, and you specifically waive any right you may have at law or in equity to offset any funds you may owe us or to fail or refuse to perform any of your obligations under this Agreement. You agree to submit all claims, unless otherwise resolved by our and your mutual agreement, to arbitration as provided in Section 17.G.

**F. RIGHTS OF PARTIES ARE CUMULATIVE.** Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

**G. ARBITRATION.** We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to:

- (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates);
- (2) our relationship with you;

(3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or

(4) any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (“AAA”). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA’s then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable, our successor’s or assign’s then current principal place of business (currently, Plymouth, Michigan). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator’s awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys’ fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any Marks owned by us or our affiliates generic or otherwise invalid or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys’ fees and costs.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any controversy, dispute, or claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between us and any of our affiliates, or our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees), on the other hand, may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third party, or (iv) brought on your behalf by any association or agent. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy, or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

We and you agree that, in any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories.

The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

**H. GOVERNING LAW. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.), EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT AND ANY OTHER AGREEMENT BETWEEN YOU (OR ANY OF YOUR OWNERS) AND US (OR ANY OF OUR AFFILIATES), AND ALL CONTROVERSIES, DISPUTES, AND CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF MICHIGAN WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR 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 PARAGRAPH.**

**I. CONSENT TO JURISDICTION. SUBJECT TO SECTION 17.G ABOVE AND THE PROVISIONS BELOW, YOU (AND YOUR OWNERS) AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN THE STATE OR FEDERAL COURT WHICH IS CLOSEST TO OUR OR, AS APPLICABLE, OUR SUCCESSOR'S OR ASSIGN'S THEN CURRENT PRINCIPAL PLACE OF BUSINESS (CURRENTLY, PLYMOUTH, MICHIGAN), AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS.**

**J. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD-PARTY CLAIMS UNDER SECTION 16.D, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

**WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER OF US.**

**K. DAMAGES. In the event this Agreement is terminated because of your (or your owners) default or by you without cause, the parties agree that it would be difficult if not impossible to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalty fees and that the Marketing Fund would have otherwise derived from your continued contribution to such funds, less any cost savings, through the remainder of the term of this Agreement (the "Damages"). The parties agree that a reasonable estimate of those Damages is, and you agree to pay us as compensation for the Damages, an amount equal to the then net present value of the standard Royalty fees and Marketing Fund contributions that would have become due from the date of termination to the earlier of (i) three years following termination, or (ii) the scheduled expiration date of this Agreement. For this purpose, Damages shall be calculated based on**

Gross Sales of your Center for the 12 months preceding the termination date. In the event your Center has not been in operation or you have not reported Gross Sales for at least 12 months preceding the termination date, the Royalty Fees and Marketing Fund contributions will be calculated based on the average monthly Gross Sales of all Centers during the fiscal year immediately preceding the termination date. You and we agree that the calculation described in this Section is a calculation only of the Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of this Agreement.

**L. INJUNCTIVE RELIEF.** Nothing in this Agreement, including the provisions of Section 17.G, bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions (subject to our obligation to arbitrate the underlying claim if required by Section 17.G). You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction.

**M. BINDING EFFECT.** This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the System Standards, this Agreement may not be modified except by a written agreement signed by our and your duly-authorized officers.

**N. CLASS ACTION BAR AND LIMITATIONS OF CLAIMS. WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CONTROVERSY, DISPUTE, OR CLAIM OF AN UNAFFILIATED THIRD PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT. NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT. EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US OR ANY OF OUR AFFILIATES, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.**

**O. CONSTRUCTION.** The preambles and exhibits are a part of this Agreement which, together with the System Standards (which may be periodically modified, as provided in Sections 4.C, 8.G, and 17.M above), constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Center (any understandings or

agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in Sections 16.D and 17.G, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

You agree that whenever this Agreement allows or requires us to take actions or make decisions, we may do so in our sole and unfettered discretion, even if you believe our action or decision is unreasonable, unless the Agreement expressly and specifically requires that we act reasonably or refrain from acting unreasonably in connection with the particular action or decision. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term “affiliate” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. “Control” means the power to direct or cause the direction of management and policies. “Including” means “including without limitation” unless expressly stated otherwise.

If two or more persons are at any time the owners of the Franchise and your Center, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to “owner” mean any person holding a direct or indirect ownership interest (whether of record or beneficially) or voting rights in you (or a transferee of this Agreement and your Center or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or your Center and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to a “controlling ownership interest” in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing 100% of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a “controlling ownership interest” is involved must be made as of both immediately before and immediately after the proposed transfer to see if a “controlling ownership interest” will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer). “Person” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term “your Center” includes all of the assets of the Center you operate under this Agreement, including its revenue and the Lease. All amounts payable by you or your owners to us or our affiliates must be in United States dollars.

## 18. NOTICES AND PAYMENTS.

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Materials will be deemed to be delivered: (a) at the time delivered by hand; (b) at the time delivered via computer transmission and, in the case of the Royalty, Marketing Fund contributions, and other amounts due, at the time we actually receive payment; (c) one business day after transmission by

electronic system if the sender has confirmation of successful transmission; (d) one business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or (e) three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Any notice must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice, or if to you, may be addressed to the Center's address. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before then) will be deemed delinquent.

19. **COUNTERPARTS.**

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

*Signature page follows*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement as of the Effective Date.

**FRANCHISOR:**

**ALLIANCE FRANCHISE BRANDS LLC**, a Michigan limited liability company

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

**(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

**(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]



**EXHIBIT A**

**Effective Date: This Exhibit A is current and complete  
as of \_\_\_\_\_**

**You and Your Owners**

**1. Form of Owner.**

(a) **Individual Proprietorship.** Your owner(s) (is) (are) as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on \_\_\_\_\_, under the laws of the State of \_\_\_\_\_ under the name \_\_\_\_\_, with the entity identification number of \_\_\_\_\_. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and \_\_\_\_\_. Your federal tax identification number is \_\_\_\_\_. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

<b><u>Name of Each Director/Officer</u></b>	<b><u>Position(s) Held</u></b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**2. Owners.** The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	<b><u>Owner's Name</u></b>	<b><u>Description of Interest</u></b>	<b><u>Percentage of Ownership</u></b>
(a)	_____	_____	_____
(b)	_____	_____	_____
(c)	_____	_____	_____
(d)	_____	_____	_____

3. **Managing Owner.** The Managing Owner is \_\_\_\_\_.

**FRANCHISOR:**

**ALLIANCE FRANCHISE BRANDS LLC,**  
a Michigan limited liability company

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

**(IF YOU ARE AN INDIVIDUAL AND  
NOT A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**EXHIBIT B**  
**PROTECTED TERRITORY**

**EXHIBIT C**

**ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM**

Franchisee: _____	Effective Date: _____
Center Number: _____	Center Name: _____
Financial Institution ("FI"): _____	
Routing Number: _____	Account Number: _____
Franchisee's Email Address for Accounting-Related Communications: _____	
Authorized Signature: _____	

Franchisee authorizes Alliance Franchise Brands LLC ("AFB") to deduct electronically from the account (as designated above) payments for monthly Royalty, Marketing Fund contributions, and other amounts due under the franchise agreement (collectively, "Payments") between AFB and Franchisee as such Payments become due under the franchise agreement between Franchisee and AFB.

Franchisee also authorizes AFB to deposit electronically to the account listed above any amounts due to Franchisee, such as reimbursements or rebates.

Franchisee acknowledges that it is Franchisee's responsibility to notify AFB of any changes and agrees to immediately notify AFB of any changes in the information provided on this Authorization. If requested, Franchisee shall provide AFB with a voided check in order to verify the account information. This Authorization shall continue in effect until terminated upon 10 days' prior written notice to AFB.

If there are insufficient funds in Franchisee's account to cover AFB's withdrawals or if AFB incurs any fees from Franchisee's FI due to Franchisee's failure to notify AFB of changes to its banking information, AFB may charge Franchisee the insufficient funds fees or other fee for each such instance (currently, \$25) to compensate AFB for its administrative expenses. In the case of insufficient funds in Franchisee's account, Franchisee acknowledges and agrees that AFB may debit its account again periodically until funds are available (but no more than once every five days) and Franchisee will be charged the insufficient funds fee for each instance in which the funds are not available.

The Payments will be electronically transferred monthly from the account on their due dates or the next subsequent business day if any due date falls on a national holiday or a weekend.

Franchisee authorizes and requests the FI to accept AFB's requests for the Payments and to deduct such Payments from the account without responsibility for the correctness or accuracy of the Payments.

Alliance Franchise Brands LLC  
Attention: Legal & Franchise Compliance  
47585 Galleon Drive, Plymouth, MI 48170  
Tel: 248-596-8600 Fax: 248-449-5870  
E-mail: Compliance@alliancefranchisebrands.com

**EXHIBIT C**

**COREBRIDGE ENROLLMENT FORM**

## CoreBridge Enrollment Form

This form is to be completed by Alliance Franchise Brands LLC Sign & Graphics Franchise Members to enroll in CoreBridge. CoreBridge is our approved management information system. Most Franchise Members operating single centers use the base package, but upgrades are available at any time. The Franchise Services Team will help you to determine which CoreBridge package is right for your center. For changes to your enrollment, please submit a case through the Hub to the IT team.

### Section 1: Center Information

Please enter the general information regarding your center(s) below.

Center City and State	Brand	Phone Number	Email Address

### Section 2: CoreBridge

Select the MIS version you are registering for:

- MIS Single Center Standard Version (Includes 10 User Seats)
- MIS Single Center Enhanced Version (Includes 15 User Seats and 100GB File management package, and multi-location functionality)

Optional additional center(s) in a multi-center configuration with one database (additional center locations require enhanced version):

\_\_\_\_\_ Number of Additional Centers

Optional additional users to access MIS, purchased in sets of 5 additional users.

\_\_\_\_\_ Number of sets of 5 users

Optional additional storage for file management.

- No Additional Storage
- 100GB
- 1TB
- 3TB



Section 3: Enrollment

A one-time set-up and training fee of \$500 will be charged for new enrollments and the transfer of existing enrollments. Based on your selections, your monthly fee expenses are as follows. For subscribers in Michigan and Maryland, we will charge the applicable sales tax (currently 6%) and remit it to those states. You should check with your tax advisor to determine whether sales or use tax is applicable in your state. Changes in your elections may result in a change to the package that you are enrolled in. Changes will be effective quarterly.

Package	Quantity	Cost Per Month	Your Cost
MIS Single Center Standard Version		\$209.00 USD	
MIS Single Center Enhanced Version		\$264.00 USD	
MIS Multiple Center (Additional Centers)		\$264.00 USD	
MIS Additional User Fee		\$50.00 USD	
MIS File Management - 100GB		\$25.00 USD	
MIS File Management - 1TB		\$50.00 USD	
MIS File Management - 3TB		\$100.00 USD	
		Monthly Rate	

The CoreBridge fees are primarily a pass-through of licensing fees from the various third parties that we have engaged to provide these services but may include certain of our expenses incurred to provide the technology services. The fees charged by our third-party vendors may change from time-to-time, resulting in an increase in the CoreBridge fee. By enrolling, you authorize such fee increases. By signing below, you acknowledge that enrollment in the above-listed programs is also subject to the Terms and Conditions attached hereto, which are incorporated herein by this reference.

Section 4: Payment

Payment of the set up and training fee is due upon the earlier of execution of the Franchise Agreement or enrollment. Payment will be made on a quarterly basis via credit card or electronic funds transfer ("EFT")/pre-authorized debit ("PAD"). Please select one option.

- I authorize payment via EFT/PAD using my information on file with the Home Office.
- I authorize payment using the credit card information currently on file with the Home Office.
- Please contact me so that I can securely provide credit card payment information.

\_\_\_\_\_ Date

\_\_\_\_\_ Franchise Member Printed Name

\_\_\_\_\_ Initials of Regional Director completing form

Form Submission

Please email this completed form to [enrollment@alliancefranchisebrands.com](mailto:enrollment@alliancefranchisebrands.com).

TERMS AND CONDITIONS

Please read these Terms and Conditions carefully as they are incorporated into and made a part of the CoreBridge Enrollment Form (the "Form"). If you do not accept these Terms and Conditions, do not execute this Form. Your execution of this Form confirms your acceptance of these Terms and Conditions. Capitalized terms not defined under these Terms and Conditions shall have the meaning provided in the Form.

1. Franchise Member acknowledges that neither Alliance Franchise Brands LLC ("AFB") nor its affiliates provide any minimum service level commitment related to the Services.
2. "Services" refers to any and all of the services and software required or offered under this Form.
3. Franchise Member shall at all times maintain sufficient operating systems and web browsers to meet the minimum specifications of the Services then in effect.
4. Franchise Member shall include a notification in all email correspondence it sends using the email addresses disclosing that it is an independently owned and operated business.
5. Please visit [www.alliancefranchisebrands.com/privacy-policy](http://www.alliancefranchisebrands.com/privacy-policy) to view our detailed Privacy Policy, which is hereby incorporated into and made a part of the Form.
6. Franchise Member is and will remain responsible for maintaining the confidentiality of its passwords and for all activities conducted using the Services and other login information assigned by AFB or its affiliates, including any use that Franchise Member subsequently contends was not authorized by Franchise Member. Any information accessed online on the Hub must be properly maintained and safeguarded offline if printed or downloaded. Such information is intended only for the Franchise Member and is subject to the confidentiality policies in the Franchise Agreement.
7. Franchise Member acknowledges that it has no expectation of privacy, and that AFB may access and search the management information system ("MIS") for royalty reporting, support and training, and information related to sales, buying, product trends and other sales and marketing information which may be used for marketing purposes and conducting customer satisfaction and feedback surveys. Notwithstanding the foregoing, Franchise Member further acknowledges that AFB is not obligated to monitor Franchise Member's or its employees' activity. Beyond royalty reporting, support and training, and the aforementioned marketing and customer survey purposes, AFB's current policy is to access the MIS only: a) for technical support purposes; b) as required by law; c) to enforce your Franchise Agreement; and/or d) to protect the rights and/or property of AFB; however, that policy is subject to change by AFB at any time without advance notice to Franchise Member.
8. Franchise Member acknowledges their obligation under the Franchise Agreement to obtain and maintain in force cyber and privacy liability policies at Franchise Member's sole expense. It is Franchise Member's sole responsibility to obtain insurance coverage for their Center that Franchise Member deems appropriate, based on their own independent investigation.
9. Franchise Member may not use the Services, or information gathered utilizing the Services, in violation of applicable law, including without limitation the CAN-SPAM act and any other anti-spam laws. Franchise Member further acknowledges their obligation to implement administrative, physical and technical safeguards to protect information processed through the Services in accordance with the Franchise Agreement and all applicable laws, including without limitation those relating to data privacy. Franchise Member shall indemnify and hold harmless AFB and its parents, subsidiaries, affiliates, successors and assigns (and its and their owners, officers, directors, employees, licensees and representatives) (collectively, the "Indemnified Parties") from and against any and all claims, fines, penalties, demands, suits, actions, judgments, damages, costs, losses, expenses (including reasonable attorneys' fees and expenses), settlement amounts and other liabilities which may be claimed by a third party or otherwise incurred directly by AFB arising from (i) any action by Franchise Member that causes an Indemnified Party to be in violation of its agreement with a third party provider; (ii) any allegation of a breach or actual breach of law in connection with Franchise Member's use of the platform or the Services; (iii) Franchise Member's breach of these Terms and Conditions; (iv) any failure by Franchise Member or any employee, or affiliate of the party to comply with the terms of this Form; (v) any failure to comply with the privacy policy set forth on the Website; (vi) any negligent act, fraud or willful misconduct of the other party or its subcontractors, sales agents or employees; or (vii) any failure by Franchise Member or its subcontractors, employees, or sales agent to comply with any state or federal laws or regulations.
10. To the fullest extent permitted by applicable law, AFB and its affiliates disclaim all warranties, express or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose of the Services. Neither AFB nor its licensors warrant that the Services are free of viruses or other harmful components. The



Indemnified Parties will not be liable to Franchise Member or to any other person under any circumstances and under no legal or equitable theory, in tort (including negligence), contract, strict liability, or otherwise, for any direct, indirect, incidental, special, punitive, consequential or exemplary damages arising out of or in any way related to these Terms and Conditions or the use of or any aspect of the Services, including, without limitation, damages for loss of profits, goodwill, use, data, work stoppage, accuracy of results, computer failure or malfunction, or other intangible losses (even if the Indemnified Parties have been advised or should have known of the possibility of such damages). The liability, if any, of AFB under this Form for any claims, costs, damages, losses and expenses for which it is or may be legally liable, whether arising in negligence or other tort, contract, or otherwise, will not exceed in the aggregate the amount of any fees Franchise Member paid to AFB for the preceding 3-month period, measured from the date the liability accrues.

11. Upon cancellation of Franchise Member's enrollment in any of the Services for any reason, or termination or expiration of Franchise Member's Franchise Agreement, Franchise Member will no longer have any rights to use the designated Services or access such Services. Additionally, if Franchise Member is in default under its Franchise Agreement with AFB or an affiliate or is not compliant with the mandatory system standards periodically established by AFB, then AFB may suspend the Services until such time as Franchise Member has cured all defaults under the Franchise Agreement and is compliant with the mandatory system standards.
12. Some of the Services may be provided through third-party websites. Such websites are not under AFB's control and AFB and its affiliates explicitly disclaims any responsibility for the accuracy, content or availability of the information, products, and/or services found on or through such websites. AFB and its affiliates cannot guarantee that such websites will be available or operate in an uninterrupted, delay or error-free manner. AFB and its affiliates do not endorse and have not taken any steps to confirm the accuracy or reliability of any of the information, products or services, or the Services contained on or through such websites. AFB and its affiliates do not make any representations or warranties as to the security or use of any information Franchise Member might provide on or through any such websites. Franchise Member should review the third parties' terms of use and privacy policies before using their services.
13. If Franchise Member fails to timely make payments when due as provided in the Form, including as a result of insufficient funds in the account Franchise Member designated for EFT/PAD or denial of payment from the credit card Franchise Member authorized, Franchise Member will pay interest on such late payments at the rate of one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. The interest shall be calculated from the date payment is originally due until the payment is paid in full. If AFB incurs any costs from a third party related to collecting overdue fees, Franchise Member agrees to pay such costs. In addition to the foregoing, failure to timely make payments may result in the termination of the Services.
14. Franchise Member acknowledges that if Franchise Member is an entity, the individual signing on behalf of Franchise Member has all necessary power and authority to execute and deliver this Form on behalf of Franchise Member.

**EXHIBIT D**

**REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT**

**REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT**

**DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR CENTER WILL BE LOCATED, IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

The purpose of this Statement is to demonstrate to Alliance Franchise Brands LLC (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a SIGNS BY TOMORROW Center or a SIGNS NOW Center franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

<p>I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market-place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.</p>	<p>INITIAL:</p>
<p>I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.</p>	<p>INITIAL:</p>
<p>Has the Franchisor or any of its officers, employees or agents (including any franchise broker) made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No (Initial Here: _____)</p> <p>If you selected “Yes,” please describe the statement, promise or assurance on the lines below:</p> <p>_____</p> <p>_____.</p>	<p>INITIAL:</p>

<p>Has your decision to purchase the franchise been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No (Initial Here: ____)</p> <p>If you selected “Yes,” please describe the representations or promises made on the lines below:</p> <p>_____.</p> <p>_____.</p>	<p>INITIAL:</p>
<p>I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.</p>	<p>INITIAL:</p>
<p>PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.</p> <p>Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success)?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No (Initial Here: ____)</p> <p>If you selected “Yes,” please describe the information you received on the lines below:</p> <p>_____.</p> <p>_____.</p>	<p>INITIAL:</p>

**Prohibited Parties Clause.** I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department’s List of Specially Designated Nationals;
2. the U.S. Commerce Department’s Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department’s Debarred List or Nonproliferation Sanctions; or
4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism

financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

**FRANCHISEE:**

Sign here if you are taking the franchise as an  
**INDIVIDUAL(S)**  
(Note: use these blocks if you are an individual  
or a partnership but the partnership is not a  
separate legal entity)

\_\_\_\_\_  
**Signature**  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
**Signature**  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
**Signature**  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
**Signature**  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Sign here if you are taking the franchise as a  
**CORPORATION, LIMITED LIABILITY  
COMPANY OR PARTNERSHIP**

\_\_\_\_\_  
Print Name of Legal Entity

By: \_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT E**

**CONFIDENTIAL FRANCHISE APPLICATION**

# Confidential Franchise Application

Please type or print clearly and complete the form in full.

## PERSONAL INFORMATION

Last Name		First Name		Middle Name		Marital Status		<input type="checkbox"/> Male <input type="checkbox"/> Female		Driver's License # & State or Province	
Address					City		State/Province		Zip/Postal Code		Country
Years at this address		Home Phone		Cell Phone		Other Phone		Date of Birth			
Email				Citizenship		If you are not a citizen of the country in which you have applied for franchise ownership, do you have the required visa to legally own and operate a business in that country? <input type="checkbox"/> Yes <input type="checkbox"/> No					
Are you a veteran of the Canadian or United States Armed Forces? <input type="checkbox"/> Yes <input type="checkbox"/> No			Branch			Dates of Service:			Honorably discharged? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please provide DD214 or discharge certificate		

## EDUCATION

College or Institution		City & ST/Province		Dates Attended		Did you graduate <input type="checkbox"/> Yes <input type="checkbox"/> No		Degree earned	
------------------------	--	--------------------	--	----------------	--	--	--	---------------	--

## BUSINESS/EMPLOYMENT INFORMATION (Please provide business information for the past 10 years and/or attach resume)

MAY WE CONTACT THESE EMPLOYERS TO VERIFY EMPLOYMENT?  Yes  No

Currently employed <input type="checkbox"/> Yes <input type="checkbox"/> No		Name of employer (or former employer)			Title			Telephone		
Business address				City		State/Province		Zip/Postal Code		Dates of employment
Please describe your responsibilities:									Annual income	

Currently employed <input type="checkbox"/> Yes <input type="checkbox"/> No		Name of next most recent employer			Title			Telephone		
Business address				City		State/Province		Zip/Postal Code		Dates of employment
Please describe your responsibilities:									Annual income	

## SPOUSE INFORMATION

Last Name		First Name		Middle Name		Marital Status		<input type="checkbox"/> Male <input type="checkbox"/> Female		Driver's License # & State or Province	
Home street address					City		State/Province		Zip/Postal Code		Country
Years at this address		Home Phone		Cell Phone		Other Phone		Date of Birth			
Email				Citizenship		If you are not a citizen of the country in which you have applied for franchise ownership, do you have the required visa to legally own and operate a business in that country? <input type="checkbox"/> Yes <input type="checkbox"/> No					
Are you a veteran of the Canadian or United States Armed Forces? <input type="checkbox"/> Yes <input type="checkbox"/> No			Branch			Dates of Service:			Honorably discharged? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please provide DD214 or discharge certificate		

## SPOUSE EDUCATION

College or Institution		City & ST/Province		Dates Attended		Did you graduate <input type="checkbox"/> Yes <input type="checkbox"/> No		Degree earned	
------------------------	--	--------------------	--	----------------	--	--	--	---------------	--

## SPOUSE BUSINESS/EMPLOYMENT INFORMATION (Please provide business information for the past 10 years and/or attach resume)

MAY WE CONTACT THESE EMPLOYERS TO VERIFY EMPLOYMENT?  Yes  No

Currently employed <input type="checkbox"/> Yes <input type="checkbox"/> No		Name of employer (or former employer)			Title			Telephone		
Business address				City		State/Province		Zip/Postal Code		Dates of employment
Please describe your responsibilities:									Annual income	

Currently employed <input type="checkbox"/> Yes <input type="checkbox"/> No	Name of next most recent employer	Title		Telephone
Business address		City	State/Province	Zip/Postal Code
Please describe your responsibilities:				Annual income

### GENERAL INFORMATION

Do you have previous sales experience? If yes, please describe:

How did you hear about us?	What other businesses are you investigating?		
How long have you been seeking your own business?	What is your desired market?		
Are you willing to relocate? If yes, where?	Can you give the business your full time? <input type="checkbox"/> Yes <input type="checkbox"/> No	Do you intend to run this business yourself? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If qualified, when would you be ready to start your business?	Have you ever been convicted of a felony <input type="checkbox"/> Yes <input type="checkbox"/> No		
Have you or any company you have owned or managed ever filed bankruptcy, reorganized due to insolvency, gone out of business, or compromised a debt? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please explain.			
Are you now, or have you ever been party to any lawsuit – either as defendant or plaintiff? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please explain.			
Are you a partner or officer in any other venture? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please explain			
Do you have any contingent liabilities for guarantees, endorsements, leases, etc? <input type="checkbox"/> Yes <input type="checkbox"/> No	Have you ever been convicted of any offense (including misdemeanors for which you were fined \$200 or more)? <input type="checkbox"/> Yes <input type="checkbox"/> No		

If you answered "yes" to any of the above questions or if there is any other information you believe is pertinent to your experience, background, or knowledge, not already covered in this profile, please explain on a separate piece of paper and include with the profile.

If other individuals/partners will be involved with you and on the Franchise Agreement, list names and addresses below. (They must also complete a candidate profile.)

1.)
2.)

### FINANCIAL STATEMENT

ASSETS	IN EVEN DOLLARS	LIABILITIES	IN EVEN DOLLARS
Cash on hand and in banks	\$	Notes payable to banks – secured	\$
Marketable securities	\$	Notes payable to banks – unsecured	\$
Non-marketable securities	\$	Amounts payable to others	\$
Residence market value	\$	Accounts payable to others	\$
Partial interest in real estate equities	\$	Accounts and bills due	\$
Real estate owned	\$	Unpaid income tax	\$
Loans receivable	\$	Other unpaid taxes and interest	\$
Automobiles and other personal property	\$	Mortgage on residence	\$
Cash value – Life Insurance	\$	Real estate mortgages payable	\$
Other assets – Itemize:	\$	Other debts – Itemize:	\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
TOTAL ASSETS	\$	TOTAL LIABILITIES	\$
		NET WORTH (Assets minus liabilities)	\$



APPLICATION FOR FRANCHISE

By signing below, I authorize Alliance Franchise Brands LLC or any of its affiliates (collectively, "AFB") to start an investigative background check (including information as to my character, general reputation, personal characteristics and mode of living) and credit investigation based on information voluntarily provided by me to AFB, including, without limitation, the information I provide in this Application which I warrant is true and accurate. I understand that I have a right to request that AFB make a complete and accurate disclosure of the nature and scope of such investigation. This is my authorization to credit reporting agencies, banks, creditors and suppliers to release to AFB, and to AFB to release to such parties, all information requested regarding my depository, loan or other credit information, including, without limitation, financial information, by telephone or in writing as part of the normal credit evaluation process. I release AFB from any liability with respect to the release of any such requested information. If I am requesting that AFB make a credit determination based on my creditworthiness combined with any co-applicants, I authorize AFB to discuss any derogatory credit items, and any other information AFB obtains in connection with the investigation, with such co-applicants.

You promise that you have supplied all information to the best of your ability and understand that we rely upon this information in assessing your qualifications. You understand that this profile is not a contract and is in no way binding on you or us and does not mean or imply that a franchise will be offered.

Signature	Date
Name Printed	
Signature	Date
Name Printed	

**EXHIBIT F**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS IS GIVEN ON \_\_\_\_\_  
\_\_\_\_\_, by \_\_\_\_\_  
\_\_\_\_\_ (the "Guarantor").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date (as amended, modified, restated or supplemented from time to time, the "Agreement") by Alliance Franchise Brands LLC (the "Franchisor"), and \_\_\_\_\_ ("Franchisee"), each undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability.

Each undersigned Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Guarantor hereby consents and agrees that:

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners and guarantors of Franchisee;

(b) Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

(c) Guarantor's liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement;

(d) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(e) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

(f) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

Guarantor agrees to be personally bound by the arbitration obligations under Section 17.G of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 17.G of the Agreement in accordance with its terms.

*Remainder of page intentionally blank*

**IN WITNESS WHEREOF**, each undersigned has affixed his signature on the same day and year as the Agreement was executed.

**GUARANTOR(S)**

**PERCENTAGE OWNERSHIP IN  
FRANCHISEE**

By: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Email: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Email: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Email: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Email: \_\_\_\_\_

\_\_\_\_\_

**SPOUSAL ACKNOWLEDGEMENT OF GUARANTY**

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor’s performance of this Guaranty.

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor’s Spouse

\_\_\_\_\_  
Name of Guarantor’s Spouse

\_\_\_\_\_  
Signature of Guarantor’s Spouse

\_\_\_\_\_  
Signature of Guarantor’s Spouse

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor’s Spouse

\_\_\_\_\_  
Name of Guarantor’s Spouse

\_\_\_\_\_  
Signature of Guarantor’s Spouse

\_\_\_\_\_  
Signature of Guarantor’s Spouse

**EXHIBIT G**

**CONFIDENTIALITY AND NON-SOLICITATION AGREEMENT**

## CONFIDENTIALITY AND NON-SOLICITATION AGREEMENT

This Confidentiality and Non-Solicitation Agreement (“Agreement”) is made and entered into on \_\_\_\_\_, by and between \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Covenantor”).

1. Background. Alliance Franchise Brands LLC (“Franchisor”) has executed or intends to execute a “Franchise Agreement” with Franchisee under which Franchisor grants to Franchisee certain rights with regard to a Signs By Tomorrow Center or a Signs Now Center (each referred to herein as a “Center”). As [an employee of Franchisee] or [an officer / a director / general partner / managing member of Franchisee], Covenantor may have access to the Confidential Information (as defined below) and may have access to the back end of Franchisee’s local website, online profiles, social media accounts, management information systems, customer relationship management systems, or other online presences (the “Online Presences”) utilized by Franchisee in connection with the operation of its Center. Before allowing Covenantor access to the Confidential Information and back end of Online Presences and as a material term of the Franchise Agreement necessary to protect Franchisor’s proprietary rights in and Franchisee’s right to use the Confidential Information, and to ensure compliance with applicable data privacy laws, Franchisor and Franchisee require that Covenantor enter into this Agreement.

As a condition of Covenantor’s employment or continued employment with Franchisee or Covenantor’s appointment as a director or officer of Franchisee and to induce Franchisor to enter into the Franchise Agreement, Covenantor agrees to enter into this Agreement. Due to the nature of Franchisor’s and Franchisee’s business, any use or disclosure of the Confidential Information or Online Presences other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

2. Confidential Information. Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform his or her duties on behalf of Franchisee. Covenantor acknowledges and agrees that neither Covenantor nor any other person or entity will acquire any interest in or right to use the Confidential Information under this Agreement or otherwise other than the right to utilize it as authorized in this Agreement and that the unauthorized use or duplication of the Confidential Information would be detrimental to Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and/or other Centers owned by Franchisor or franchisees. Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. Covenantor agrees that during the term of the Franchise Agreement and thereafter, it will maintain the confidentiality of the Confidential Information. The term “Confidential Information” as used in this Agreement means certain confidential and proprietary information relating to the development and operation of the Centers, which includes, but is not limited to: (1) training materials, programs, and systems for franchisees and personnel of the Centers; (2) methods, techniques, formats, distinctive systems, specifications, standards, procedures, and knowledge of and experience in the development and operation of the Centers; (3) marketing promotional programs for the Centers; (4) knowledge of specifications for supplies and suppliers; (5) knowledge of operating results and financial performance of the Centers; (6) the Centers’ customer lists; and (7) passwords and other login credentials and information for any Online Presences utilized by Franchisee and the Center.

3. Data Privacy. By accessing the back end of Franchisee’s Online Presences, Covenantor may have access to data that is protected by laws restricting collection, use, disclosure, processing, and free movement of personal data and personal information (collectively, the “Personal Data”), which laws include but are not limited to the California Consumer Privacy Act of 2018 (such laws are collectively referred to as “Privacy Regulations”). Covenantor acknowledges and agrees that it will: comply with all



applicable Privacy Regulations; maintain appropriate security measures to protect the confidentiality of Personal Data and passwords; not use any Personal Data or passwords other than for performing its duties on behalf of Franchisee; and comply with the privacy policy applicable to Personal Data collected on any Online Presences owned or maintained by Franchisee. Covenantor further agrees to comply with any requests to return or delete Personal Data, whether requested by Franchisee, or directly by the customer, as required by applicable data sharing and privacy laws.

4. Covenantor Representations, Warranties, and Acknowledgements. Covenantor represents and warrants that in performing its duties on behalf of Franchisee it will not (a) attempt to gain unauthorized access to accounts or other information not intended for Covenantor through hacking, password mining, or any other means, (b) use or access any Online Presence for any purpose other than performing its duties on behalf of Franchisee, (c) interfere with any third party's use or enjoyment of any Online Presence, including without limitation by submitting a virus to the Online Presence, or (d) place any malicious content on any Online Presence. Covenantor further represents and warrants that it will perform its duties in a professional and workman-like manner. Covenantor acknowledges and agrees that its use of and access to the Online Presences also are subject to the terms of use, as they are periodically amended, on any applicable Online Presence.

5. Non-Compete. Covenantor agrees that for as long as Covenantor is (a) a director, officer, general partner, or managing member of Franchisee, or (b) an employee of Franchisee who will have access to Confidential Information, Covenantor shall not (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business (defined below); or (ii) perform services as a director, officer, member, employee, manager, consultant, representative, agent, or otherwise for any Competitive Business. Covenantor further acknowledges that the restrictions contained in this Section will not hinder its activities or those of members of its immediate family under this Agreement or in general. The term "Competitive Business" as used in this Agreement means (i) any business offering or selling any products or services that Franchisor may periodically authorize Centers to sell (collectively, the "Products"), and (ii) any business granting franchises or licenses to others to operate the types of businesses specified in subparagraph (i).

6. Post-Term Obligations.

a. Upon the first to occur of: (a) termination or expiration without renewal of the Franchise Agreement; or (b) the date as of which Covenantor is neither (i) a director, officer, general partner or managing member of Franchisee or (ii) an employee of Franchisee who will have access to Confidential Information (each of these events is referred to as a "Termination Event"), Covenantor agrees that for a period of two years commencing on the effective date of a Termination Event, Covenantor shall not, directly or indirectly, on Covenantor's own behalf or on behalf of any other person, whether as owner, employee, agent, consultant, or in any other capacity, (i) solicit, induce, or attempt to solicit or induce any current or former customer of Franchisee that is included in Franchisee's customer database ("Customer") to terminate or modify its use of the Products; or (ii) solicit the sale of or sell products similar to the Products to Customers, except to Customers who have an existing relationship with a Competitive Business at which Covenantor is employed after a Termination Event.

b. Covenantor agrees that as of the effective date of a Termination Event Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

7. Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver

or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

8. Third-Party Beneficiary. Franchisor shall be deemed a third-party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

9. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

**Covenantor:**

**Franchisee:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Signature of Covenantor

\_\_\_\_\_  
By:  
Its:

Home Address:

\_\_\_\_\_

**YOUR EMPLOYMENT WITH**

---

\_\_\_\_\_ (“Franchisee”) is an independent owner and operator of a franchised location of the [Signs By Tomorrow/Signs Now] franchise system. As an independent business owner, Franchisee is solely responsible for the daily operation of its [Signs By Tomorrow/Signs Now] center, including the terms and conditions of your employment and compliance with federal, state, and local employment laws.

As an employee of Franchisee, you understand and agree that only Franchisee is responsible for your employment, including, without limitation, your recruitment, hiring, training, work hours and scheduling, work assignments, safety and security, compensation, benefits, discipline, and supervision. You acknowledge and agree that Alliance Franchise Brands LLC, the franchisor of the [Signs By Tomorrow/Signs Now] franchise system, and its affiliates have no authority or control over the terms and conditions of your employment with Franchisee. By signing the acknowledgment below, you agree that the above statements are true and correct.

**ACKNOWLEDGMENT**

I understand and agree that I am employed by \_\_\_\_\_ (“Franchisee”) and that only Franchisee is responsible for the terms and conditions of my employment, including my recruitment, hiring, training, work hours and scheduling, work assignments, safety and security, compensation, benefits, discipline, and supervision. I also understand and agree that Franchisee operates a [Signs By Tomorrow/Signs Now] center and that while Alliance Franchise Brands LLC is the franchisor of the [Signs By Tomorrow/Signs Now] franchise system, Franchisee is my sole employer and the sole owner and operator of its [Signs By Tomorrow/Signs Now] center. I further acknowledge that the recruitment, hiring, training, work hours and scheduling, work assignments, safety and security, compensation, benefits, discipline, and supervision for my employment with Franchisee has been done, and is done, only by Franchisee and that neither Alliance Franchise Brands LLC nor any of its affiliates had or have any involvement in any of these functions or had or have any control or authority over my employment with Franchisee.

**EMPLOYEE:**

\_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
By:  
Its:

**EXHIBIT H**

**LOCAL WEBSITE ENROLLMENT FORM**

## Local Website Enrollment Form

This form is to be completed by Franchise Members to gain access to the newest version of the website platform. For questions, please contact the Marketing Team.

### Section 1: Center Information

Please enter the general information regarding your Center(s) below.

Franchise Member Name	City and State	Email Address

### Section 2: Domain Name

Your current vanity URL is: \_\_\_\_\_

Your vanity URL can be used for email and marketing purposes. However, for your new website, it will redirect to a web server URL, which will be: [BRAND.com/locations/CITYSTATE](http://BRAND.com/locations/CITYSTATE).

### Section 3: Enrollment

Select one.

- I'm on the current platform and am transitioning over to the new platform.
- I'm enrolling for the first time.

The monthly fee is subsidized by the marketing fund. While there is not currently an additional out-of-pocket cost to you, this is subject to change. By signing below, you authorize these changes.

Add on programs, such as Paid Advertising (Pay-Per-Click) and Search Engine Optimization (SEO), for local campaigns have additional costs which are paid directly by the Franchise Member. Any additional expense will be quoted separately and invoiced by our third-party provider.

### Section 4: Privacy Compliance and Data Requests

You have an obligation to comply with all applicable privacy laws, and you must adhere the terms of the privacy policy including but not limited to provisions detailing how Personal Information is collected, used and shared. If a consumer provides you with a data request, you must comply in compliance with applicable law or you may be subject to fines and penalties.

By signing below, you acknowledge that enrollment is subject to the Terms and Conditions attached hereto, which are incorporated herein by this reference.

Franchise Member Signature: \_\_\_\_\_

Date: \_\_\_\_\_



## TERMS AND CONDITIONS

Please read these Terms and Conditions carefully as they are incorporated into and made a part of the Website Enrollment Form (the "Form"). If you do not accept these Terms and Conditions, do not execute this Form. Your execution of this Form confirms your acceptance of these Terms and Conditions. Capitalized terms not defined under these Terms and Conditions shall have the meaning provided in the Form.

1. Franchise Member acknowledges that neither Alliance Franchise Brands LLC ("AFB") nor its affiliates provide any minimum service level commitment related to the Services.
2. "Services" refers to any and all of the services and software required or offered under this Form.
3. "Personal Information" means any information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household.
4. Franchise Member shall include a notification in all email correspondence it sends using the email addresses disclosing that it is an independently owned and operated business.
5. Franchise Member acknowledges that it is not permitted to register a domain name that includes an AFB trade name or trademark.
6. AFB retains all rights, title and interest, including all intellectual property rights, in and to its trademarks and trade names, and all marketing and other materials using such intellectual property, and all domain names and website templates used for any location or Center.
7. Please visit [www.alliancefranchisebrands.com/privacy-policy](http://www.alliancefranchisebrands.com/privacy-policy) to view our detailed Privacy Policy, which is hereby incorporated into and made a part of the Form.
8. Franchise Member is and will remain responsible for maintaining the confidentiality of its passwords and for all activities conducted using the Services and other login information assigned by AFB or its affiliates, including any use that Franchise Member subsequently contends was not authorized by Franchise Member.
9. Franchise Member acknowledges that it has no expectation of privacy, and that AFB may access information gathered utilizing the Services for support and training, and information related to sales, buying, product trends and other sales and marketing information which may be used for marketing purposes and conducting customer satisfaction and feedback surveys. Notwithstanding the foregoing, Franchise Member further acknowledges that AFB is not obligated to monitor Franchise Member's or its employees' activity. Beyond support and training, and the aforementioned marketing and customer survey purposes, AFB's current policy is to access the Services only: a) for technical support purposes; b) as required by law; c) to enforce your Franchise Agreement; and/or d) to protect the rights and/or property of AFB; however, that policy is subject to change by AFB at any time without advance notice to Franchise Member.
10. Franchise Member acknowledges their obligation under the Franchise Agreement to obtain and maintain in force cyber and privacy liability policies at Franchise Member's sole expense. It is Franchise Member's sole responsibility to obtain insurance coverage for their Center that Franchise Member deems appropriate, based on their own independent investigation.
11. Franchise Member may not use the Services, or information gathered utilizing the Services, in violation of applicable law, including without limitation the CAN-SPAM act and any other anti-spam laws. Franchise Member further acknowledges their obligation to implement administrative, physical and technical safeguards to protect information processed through the Services in accordance with the Franchise Agreement and all applicable laws, including without limitation those relating to data privacy. Franchise Member shall indemnify and hold harmless AFB and its parents, subsidiaries, affiliates, successors and assigns (and its and their owners, officers, directors, employees, licensees and representatives) (collectively, the "Indemnified Parties") from and against any and all claims, fines, penalties, demands, suits, actions, judgments, damages, costs, losses, expenses (including reasonable attorneys' fees and expenses), settlement amounts and other liabilities which may be claimed by a third party or otherwise incurred directly by AFB arising from (i) any action by Franchise Member that causes an Indemnified Party to be in violation of its agreement with a third party provider; (ii) any allegation of a breach or actual breach of law in connection with Franchise Member's use of the platform or the Services; (iii) Franchise Member's breach of these Terms and Conditions; (iv) any failure by Franchise Member or any employee, or affiliate of the party to comply with the terms of this Form; (v) any failure to comply with the privacy policy set forth on the Website; (vi) any negligent act, fraud or willful misconduct of the other party or its subcontractors, sales agents or employees; or (vii) any failure by Franchise Member or its subcontractors, employees, or sales agent to comply with any state or federal laws or regulations.
12. To the fullest extent permitted by applicable law, AFB and its affiliates disclaim all warranties, express or implied,

including, but not limited to, implied warranties of merchantability and fitness for a particular purpose of the Services. Neither AFB nor its affiliates warrant that the Services are free of viruses or other harmful components. The Indemnified Parties will not be liable to Franchise Member or to any other person under any circumstances and under no legal or equitable theory, in tort (including negligence), contract, strict liability, or otherwise, for any direct, indirect, incidental, special, punitive, consequential or exemplary damages arising out of or in any way related to these Terms and Conditions or the use of or any aspect of the Services, including, without limitation, damages for loss of profits, goodwill, use, data, work stoppage, accuracy of results, computer failure or malfunction, or other intangible losses (even if the Indemnified Parties have been advised or should have known of the possibility of such damages). The liability, if any, of AFB under this Form for any claims, costs, damages, losses and expenses for which it is or may be legally liable, whether arising in negligence or other tort, contract, or otherwise, will not exceed in the aggregate the amount of any fees Franchise Member paid to AFB for the preceding 3-month period, measured from the date the liability accrues.

13. Upon cancellation of Franchise Member's enrollment in any of the Services for any reason, or termination or expiration of Franchise Member's franchise agreement, Franchise Member will no longer have any rights to use the designated Services or access such Services. Additionally, if Franchise Member is in default under its franchise agreement with AFB or an affiliate or is not compliant with the mandatory system standards periodically established by AFB, then AFB may suspend the Services until such time as Franchise Member has cured all defaults under the franchise agreement and is compliant with the mandatory system standards.
14. For quality assurance, AFB or certain of its third-party software licensors (including AT Integrated, Inc. and Enterprise Online, LLC) (the "Software Providers") may record and/or monitor calls and e-mails between you, your Center, or your Center's agents, employees, and/or affiliates and (i) the Software Providers, and the employees, agents and affiliates of the Software Providers, and/or (ii) people who contact your Center through the tracking telephone numbers or contact forms provided by such Software Providers (together, "Call Recording and Monitoring"). You hereby consent to any and all Call Recording and Monitoring performed by any Software Providers.
15. Some of the Services may be provided through third-party websites. Such websites are not under AFB's control and AFB and its affiliates explicitly disclaims any responsibility for the accuracy, content or availability of the information, products, and/or services found on or through such websites. AFB and its affiliates cannot guarantee that such websites will be available or operate in an uninterrupted, delay or error-free manner. AFB and its affiliates do not endorse and have not taken any steps to confirm the accuracy or reliability of any of the information, products or services, or the Services contained on or through such websites. AFB and its affiliates do not make any representations or warranties as to the security or use of any information Franchise Member might provide on or through any such websites. Franchise Member should review the third parties' terms of use and privacy policies before using their services.
16. If Franchise Member fails to timely make payments when due as provided in the Form, including as a result of insufficient funds in the account Franchise Member designated for EFT or denial of payment from the credit card Franchise Member authorized, Franchise Member will pay interest on such late payments at the rate of one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. The interest shall be calculated from the date payment is originally due until the payment is paid in full. If AFB incurs any costs from a third party related to collecting overdue fees, Franchise Member agrees to pay such costs. In addition to the foregoing, failure to timely make payments may result in the termination of the Services.
17. Franchise Member acknowledges that if Franchise Member is an entity, the individual signing on behalf of Franchise Member has all necessary power and authority to execute and deliver this Form on behalf of Franchise Member.



**EXHIBIT I**

**SAMPLE GENERAL RELEASE**

**ALLIANCE FRANCHISE BRANDS LLC**

**GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE**

**Alliance Franchise Brands LLC** (“we,” “us,” or “our”) and the undersigned franchisee, \_\_\_\_\_ (“you” or “your”), currently are parties to a certain Franchise Agreement (the “Franchise Agreement”) dated \_\_\_\_\_. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation] \_\_\_\_\_

\_\_\_\_\_. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your affiliated entities, and each such foregoing person’s or entity’s successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, and employees (collectively, the "Releasing Parties"), hereby forever release and discharge us and our current and former affiliated entities, and each such entity’s officers, directors, owners, principals, employees, agents, representatives, successors, and assigns (collectively, the "AFB Parties") of and from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the AFB Parties, including without limitation, Claims (1) arising out of or related to the AFB Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the AFB Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the AFB Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

IF THE CENTER YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**SECTION 1542 ACKNOWLEDGMENT.** IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE AFB PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE AFB PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, 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.”**

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Signs By Tomorrow Center or Signs Now Center is located in Maryland or if you are a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the Signs By Tomorrow Center or Signs Now Center is located in Washington or if you are a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this release on the date stated on the first page hereof.

**ALLIANCE FRANCHISE BRANDS LLC**

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

**GUARANTOR**

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT J**

**LIST OF FRANCHISEES**

**LIST OF SIGNS BY TOMORROW CENTER LOCATIONS**

**As of December 31, 2022**

## SIGNS BY TOMORROW CENTERS

Brand	Current Franchisee	Owner	Address 1	Address 2	City	State	Zip	Phone
SBT	The B.A.D. LLC	Barry & Deborah Bowerman	1035 A Putman Drive		Huntsville	AL	35816	(256) 722-8522
SBT	Signboy7 Corporation	Todd Curry	218 W. Hampton Ave.	Suite 12	Mesa	AZ	85210	(480) 649-7444
SBT	Madill Enterprises, Inc.	Edward & Jayne Madill	9700 N. 91st Avenue	Suite 102	Peoria	AZ	85345	(602) 564-7525
SBT	AV Graphics, LLC	Arzu & Vedat Simsek	17777 Main Street	Suite B	Irvine	CA	92614	(949) 679-8969
SBT	Randall Management Group, LLC	Keith & Diana Randall	26440 Jefferson Ave.	Suite B	Murrieta	CA	92562	(951) 600-8500
SBT	The JB Hare Corporation	James & Rebecca Hare	1791 Tribute Road	Suite E	Sacramento	CA	95815	(916) 487-6772
SBT	RRH Ventures, Inc.	Roderick & Rebecca Hargrave	28302 Constellation Road	Unit B5	Santa Clarita	CA	91355	(661) 295-3925
SBT	Honr Inc.	Hans Greis	13900 E. Florida Avenue	Unit B	Aurora	CO	80012	(303) 337-9737
SBT	MR Enterprises, Inc.	Matthew Rezek	1150 Speer Blvd.		Denver	CO	80204	(303) 893-2001
SBT	Two Sisters, Inc.	Shawna Eckstein & Tara Rogers	3525 S. Mason Street		Fort Collins	CO	80525	(970) 282-0460
SBT	AMDACA, Inc.	David & Carol Vanchina	9068 Marshall Court		Westminster	CO	80031	(303) 650-6269
SBT	Tylaur, Inc.	Sharon Rizzo	2659 Kirkwood Hwy		Newark	DE	19711	(302) 894-9330
SBT	Wildcat Graphics, Inc.	David & Dawn Ferris	5019 Ulmerton Road		Clearwater	FL	33760	(727) 561-7446
SBT	Thomas United, Inc.	Michael & Deborah Thomas	12700 Metro Pkwy.	Unit 3	Fort Myers	FL	33966	(239) 561-7446
SBT	Double Eagle Graphics, L.C.	Eric Whittemore	210 NW 10th Ave.		Gainesville	FL	32601	(352) 367-4645
SBT	Henshaw Marketing Enterprises, Inc.	Edward Henshaw	8110 Cypress Plaza Drive	Suite 305	Jacksonville	FL	32256	(904) 332-0778
SBT	JSEvans, LLC	Timothy Jason & Sheila Evans	3959 Sawyer Rd.		Sarasota	FL	34233	(941) 925-2605

## SIGNS BY TOMORROW CENTERS

Brand	Current Franchisee	Owner	Address 1	Address 2	City	State	Zip	Phone
SBT	SB Signs, Inc.	Scott & Mary Lou Bedford	1300 N. Florida Mango Rd.	Suite 20	West Palm Beach	FL	33409	(561) 688-9100
SBT	J4J Family Enterprises, LLC	Michael & Eve Johnson	4227 Pleasant Hill Road	Building 13, Suite 100	Duluth	GA	30096	(770) 495-8882
SBT	The Kelly Group, LLC	Jay, Janet, & Michael Kelly	2550 Atlanta Hwy	Suite 500	Gainesville	GA	30504	(770) 534-6616
SBT	Signs By Tomorrow of Cedar Falls, Inc.	Michael Betts, Jr. & Mark Neese	2915 McClain Dr.		Cedar Falls	IA	50613	(319) 268-0001
SBT	Signs By Tomorrow of Siouxland, Inc.	Joan Fickler	4717 Southern Hills Drive		Sioux City	IA	51106	(712) 276-2104
SBT	Big Bear Solutions Inc.	Keith & Diane Bevan	3413 North Cole Road		Boise	ID	83704	(208) 345-9900
SBT	G & J Associates, Inc.	Gerd & Jill Loeff	1315 E. Davis Street		Arlington Heights	IL	60005	(847) 255-0123
SBT	Signs in Chicago, LLC	Jonathan Pendexter	2834 N. Halsted Street		Chicago	IL	60657	(773) 404-7446
SBT	Signs in Dundee, Inc.	Jonathan Pendexter	1028 Dundee Avenue		Elgin	IL	60120	(847) 742-9530
SBT	JEM Solutions Inc.	James & Jodi Murray	16200 S. Lincoln Hwy.	Unit 102	Plainfield	IL	60544	(815) 436-0880
SBT	R.L. Prescott Inc.	Robert & Linda Prescott	101 W. 78th Place		Merrillville	IN	46410	(219) 736-7804
SBT	The Corona Group, Inc.	Albert & Cecelia Corona	8853 Lenexa Drive		Overland Park	KS	66214	(913) 541-1331
SBT	A S P Enterprises, Inc.	Nicholas Papakyrikos	227 California Street		Newton	MA	02458	(617) 244-2762
SBT	JAD, Inc.	David Quinn & James Quinn	400 Old Colony Road Route 123		Norton	MA	02766	(508) 222-1900
SBT	Bekita Brands LLC	John Lewis Jr. & Rebecca Lewis	65 Belmont St.		South Easton	MA	02375	(508) 230-8901
SBT	JSTR, Inc.	Jeffrey Potts	913 Commerce Road		Annapolis	MD	21401	(410) 266-3341
SBT	A & R Enterprises, Inc.	Anita Kraft & Richard Kraft, Jr.	11608 Baltimore Ave.		Beltsville	MD	20705	(301) 595-7580



## SIGNS BY TOMORROW CENTERS

Brand	Current Franchisee	Owner	Address 1	Address 2	City	State	Zip	Phone
SBT	Hunt Graphics, Inc., Glenn Goehrung, and Scott Goehrung	Mary Lou, Scott, & Glenn Goehrung	7676 Standish Place		Derwood	MD	20855	(301) 881-7446
SBT	Truelove Enterprises, LLC	Deborah Truelove	7313-E Grove Road		Frederick	MD	21704	(301) 696-8800
SBT	EMCO, Inc.	Edward Brinton	2105B Greenspring Drive		Lutherville Timonium	MD	21093	(410) 252-8235
SBT	Chardon, Inc.; Charles E. Winkelman; Donna R. Winkelman	Charles & Donna Winkelman	11-J Gwynns Mill Court		Owings Mills	MD	21117	(410) 363-4990
SBT	Ball Four, LLC	Gerald & Kara McClymont	1607 Northwood Drive	Unit 102	Salisbury	MD	21801	(410) 860-0033
SBT	Marketing Equity Associates, Inc.	Christopher Keck	3965 Varsity Drive		Ann Arbor	MI	48108	(734) 822-0537
SBT	Shorecrest Enterprises, Inc.	Bruce Slezak	33251 Gratiot Avenue		Clinton Township	MI	48035	(586) 948-9226
SBT	ERIC ASH ENTERPRISES, LLC	Eric Ash	494 Lincoln Ave.		Holland	MI	49423	(616) 392-7055
SBT	Sign Craftsmen LLC	Marcus Gray	33611 Plymouth Road		Livonia	MI	48150	(734) 522-8440
SBT	Diana M. Hemp and Jack Hemp	Diana Hemp & Jack Hemp	31930 Woodward Ave.		Royal Oak	MI	48073	(248) 549-0095
SBT	Aaronson Management, Inc.	Bruce Aaronson	24460 Telegraph Road		Southfield	MI	48033	(248) 355-3320
SBT	WCC Enterprises, Inc.	Christopher Aldred	2440 Whitehall Park Drive	Suite 100	Charlotte	NC	28273	(704) 527-6100
SBT	S. S. Allen, Inc.	Susan Allen	4533 W. Market Street		Greensboro	NC	27407	(336) 855-9595
SBT	RDB of Jacksonville, Inc.	Ryan Blacher & Richard Blacher	345-E Western Blvd.		Jacksonville	NC	28546	(910) 353-8109
SBT	Pouges Enterprises, LLC	Byron & Monique Pouges	2326 A Matthews Township Pkwy.	Suite A	Matthews	NC	28105	(704) 847-7281

## SIGNS BY TOMORROW CENTERS

Brand	Current Franchisee	Owner	Address 1	Address 2	City	State	Zip	Phone
SBT	Roy & Rose, Inc.	Rose Morgan	112 Cardinal Drive	Suite 108	Wilmington	NC	28405	(910) 799-1111
SBT	Rajesh Patel and Chintal Patel	Rajesh & Chintal Patel	326 Highway 22 West	Unit 8B	Green Brook Township	NJ	08812	(732) 424-9785
SBT	Sojo Graphics, LLC	Joseph Sevean	1108 A Goffle Road		Hawthorne	NJ	07506	(973) 423-4600
SBT	SSP Enterprises, Inc.	Rajeev Krishna	825 Highway 1 South		Iselin	NJ	08830	(732) 602-7878
SBT	The Peer Partnership, LLC	Leroy Peer	1605 Juan Tabo N.E.	Suite B	Albuquerque	NM	87112	(505) 275-9090
SBT	Best Signs and Images, LLC	Samuel & Marlene Sheppard	3595 Airway Drive	Suite 403	Reno	NV	89511	(775) 853-6990
SBT	RPF Associates, Inc.	Ronald Facchiano	175 Commerce Drive, Unit C		Hauppauge	NY	11788	(631) 462-7446
SBT	Vinyls Incorporated.	Jacob & Jane Boles	8433 South Avenue	Building 4, Suite 1	Boardman Township	OH	44514	(330) 726-9134
SBT	Greco Enterprises, LLC	Gregory Girard	10126 Princeton Glendale Rd.		Cincinnati	OH	45246	(513) 942-5494
SBT	J2CM Signs, LLC	Jeffrey Brockman	9220 SW Barbur Blvd.	Unit 111	Portland	OR	97219	(503) 244-0980
SBT	13 Big Bears, Inc.	Stephen Cunic	5925 Tilghman Street	Suite 400	Allentown	PA	18104	(610) 437-6123
SBT	Heath A. Davis	Heath Davis	422 E. Pittsburgh St.		Greensburg	PA	15601	(724) 838-9060
SBT	Davis Sign Service, LLC	Jeffrey Davis	4112 Monroeville Blvd.		Monroeville	PA	15146	(412) 856-5535
SBT	Surf & Turf Enterprises, Inc.	Joyce Carpenter; Leo & Heather DeMarco	1 Kedron Avenue	Suite K3	Morton	PA	19070	(610) 338-0301
SBT	KBM 2000 Graphics, Inc.	J. Kevin Moore	3387 Evergreen Road		Pittsburgh	PA	15237	(412) 366-8400
SBT	PJJP, Inc.	Pamela Kammerer	333 S. Front Street		Wormleysburg	PA	17043	(717) 975-2456
SBT	JT & Coop LLC	Frank Molfenter	413 N. Pleasantburg Drive		Greenville	SC	29607	(864) 250-0548
SBT	Two Step Designs, LLC	Ronald & Rebecca Feeney	1930-A Cherry Road		Rock Hill	SC	29732	(803) 981-9400

## SIGNS BY TOMORROW CENTERS

Brand	Current Franchisee	Owner	Address 1	Address 2	City	State	Zip	Phone
SBT	All About Signs, Inc.	David Hudgins	9108 Warren H. Abernathy Hwy.		Spartanburg	SC	29301	(864) 574-3689
SBT	PhilandAndy Enterprises LLC	Philip Fox & Anderson Levingston	3509 NW Loop 820		Fort Worth	TX	76106	(817) 626-7446
SBT	Joco Ventures Two, LLC	Barbara Joe	2835 Antoine Drive	Suite D	Houston	TX	77092	(713) 622-4888
SBT	Mott Ventures Incorporated	Richard & Maria Mott	1101 Ohio Drive	Suite 117	Plano	TX	75093	(972) 612-6220
SBT	HNDY Enterprises LLC	Al-Houmam Al-Shalchi & Nasmah Alsalihi	1202 N. Flores St.		San Antonio	TX	78212	(210) 892-0203
SBT	Babek Systems, LLC	Bruce Simon	35 South Main Street		Pleasant Grove	UT	84062	(801) 375-3177
SBT	High Hat, Inc.	David & Jacqueline Gimbel	380 S. Pickett St.		Alexandria	VA	22304	(703) 212-7446
SBT	CDRS, LLC	Scott & Cameron Curtis; Robert & Dayna Blumel	8241 Backlick Road	Suite I	Lorton	VA	22079	(703) 451-7546
SBT	Atomic Properties LLC	David & Sarah Koehler	4655 Meridian St.		Bellingham	WA	98226	(360) 676-7117
SBT	Darrel Stanley Oliver and Pamela Dean Oliver	Darrel & Pamela Oliver	22005 68th Ave South		Kent	WA	98032	(253) 872-7844
SBT	C&S Golden Gs, Inc.	Christian Mork	4707 Lien Rd		Madison	WI	53704	(608) 246-9663

**LIST OF SIGNS NOW CENTER LOCATIONS  
As of December 31, 2022**

## SIGNS NOW CENTERS

Brand	Current Franchisee	Owner	Address 1	Address 2	City	State	Zip	Phone
Signs Now	Signs Now of Anchorage, Inc.	Assia & Daad Jilwan	5445 Old Seward Highway	Suite 3	Anchorage	AK	99518	(907) 562-7672
Signs Now	J & J Hardware Company, Inc.	Kenneth Murer	1919 Hoover Court		Birmingham	AL	35226	(205) 824-2449
Signs Now	Capital Signs Group, LLC	Kippy Paige Jr.	1113-B Perry Hill Road		Montgomery	AL	36109	(334) 395-6586
Signs Now	RT Gonzalez, Inc.	Roy & Teresa Gonzalez	1860 Fulton Avenue		Sacramento	CA	95825	(916) 487-9914
Signs Now	RT Gonzalez, Inc.	Roy & Teresa Gonzalez	1821 J Street		Sacramento	CA	95811	(916) 441-2995
Signs Now	Kevin DeCoite and Kelly DeCoite	Kevin & Kelly DeCoite	1450 Koll Circle	Suite 102	San Jose	CA	95112	(408) 288-9008
Signs Now	Signs Now of Brandon, Inc.	Christine Britt	1947 West Brandon Blvd.		Brandon	FL	33511	(813) 684-0047
Signs Now	Visio Signs LLC	Fugang Zhou & Chenwei Yang	3435 Enterprise Ave.	Suite 29	Naples	FL	34104	(239) 261-8970
Signs Now	CSMC, Inc.	Donald Snyder; Kenneth & Lorraine Stoecker	4498 South Vineland Road		Orlando	FL	32811	(407) 856-3635
Signs Now	Signs Now of St. Augustine, Inc.	Bradley Brown	1711 Lakeside Avenue	Unit 1	St Augustine	FL	32084	(904) 810-5838
Signs Now	Packer Investment, Inc.	Robert Packer	4606 N. Hiatus Road		Sunrise	FL	33351	(954) 749-9722
Signs Now	CG Shockley Enterprises, LLC	Charles & Ann Shockley	1551 Capital Circle SE	Suite 6	Tallahassee	FL	32301	(850) 383-6500
Signs Now	Xackly Corp.	Christopher Johnson	3632 West Cypress St.		Tampa	FL	33607	(813) 878-2225
Signs Now	J & M Signs, Inc.	Juan & Michelle Gonzalez	1003 S. Orlando Avenue	Highway 17-92	Winter Park	FL	32789	(407) 628-2410
Signs Now	Mary Jane Lessley and Mason Lessley III	Mary Jane Lessley & Mason Lessley III	3305 Breckinridge Blvd.	Suite 108	Duluth	GA	30096	(770) 622-0096
Signs Now	SND, LLC	Jeremy Collins	933 E. 53rd Street		Davenport	IA	52807	(563) 391-5632

## SIGNS NOW CENTERS

Brand	Current Franchisee	Owner	Address 1	Address 2	City	State	Zip	Phone
Signs Now	RT Gonzalez, Inc.	Roy & Teresa Gonzalez	708 N. Orchard Street		Boise	ID	83706	(208) 342-3223
Signs Now	Krick Enterprises, Inc.	Marlene Krick	1548 Ogden Avenue		Downers Grove	IL	60515	(630) 515-1085
Signs Now	Kelsey Graphic Communications, Inc.	Gregory & Barbara Kelsey	25727 Hillview Court		Mundelein	IL	60060	(847) 566-9020
Signs Now	Sadannah Group LLC	David Groth & John Kelsheimer	426 W. 5th Ave.		Naperville	IL	60563	(630) 357-2300
Signs Now	Joseph D. Palazzolo	Joseph Palazzolo	10804 S. Cicero Ave.		Oak Lawn	IL	60453	(708) 425-5252
Signs Now	Timothy Anderson	Timothy Anderson	700 20th Street		Rockford	IL	61104	(815) 398-8371
Signs Now	Signs Magic, LLC	Mark Daily	716 N. Weinbach		Evansville	IN	47711	(812) 473-5155
Signs Now	Creative Concept Ventures Inc.	Michael Rich, Denise Freville, Carlitta Simpson	590 Missouri Ave.	Suite 102	Jeffersonville	IN	47130	(812) 282-2440
Signs Now	Withers Enterprises, Inc.	Matthew & Nancy Withers	11018 East Central		Wichita	KS	67206	(316) 686-7446
Signs Now	Seaton Springs, Inc.	Greg Hoskinson	1700 Research Drive		Louisville	KY	40299	(502) 491-8180
Signs Now	Justin Millar & Laurie Millar	Justin & Laurie Millar	1512 Louisville Avenue		Monroe	LA	71201	(318) 398-8990
Signs Now	Kriley Investments, LLC	Cynthia Riley	8939 Jewella	Suite 128	Shreveport	LA	71118	(318) 688-8706
Signs Now	G Gerard Enterprises, Inc.	Glenn Martin	832 Productions Place		Holland	MI	49423	(616) 392-1159
Signs Now	5 Pyn, Inc.	Mark Pynnonen	363 East U.S. Highway 41		Negaunee	MI	49866	(906) 228-2828
Signs Now	Bobwhite & Fox, Inc.	Thomas & Elizabeth Kiihr	5425 Perry Drive	Suite 110	Waterford	MI	48329	(248) 623-4966
Signs Now	Salewski Diversified LLC	Alisa Salewski	1451 91st Avenue NE	Suite 100	Blaine	MN	55449	(763) 717-0140

## SIGNS NOW CENTERS

Brand	Current Franchisee	Owner	Address 1	Address 2	City	State	Zip	Phone
Signs Now	Minnesota Design Systems Corporation	Belle Hu	2600 Fernbrook Lane North	Suite 101	Plymouth	MN	55447	(763) 746-0020
Signs Now	Achterberg Enterprises, Inc.	Joyce Achterberg & Karl Achterberg	670 Branson Landing Blvd.	Suite 4	Branson	MO	65616	(417) 337-7541
Signs Now	Pruett Enterprises, Inc.	Debra Pruett	303 NE 72nd Street		Kansas City	MO	64118	(816) 436-8999
Signs Now	BnC, LLC	John Skinner	214 S. Glenstone Ave.		Springfield	MO	65802	(417) 881-1536
Signs Now	Visualeyes, Inc.	Trevor Parrish	323 North Last Chance Gulch		Helena	MT	59601	(406) 422-1065
Signs Now	Jenna Hoffman and James Hoffman	James & Jenna Hoffman	164-7th Avenue W N		Kalispell	MT	59901	(406) 257-9774
Signs Now	Stokes, Inc.	John & Tamsy Stokes	1322 Fordham Blvd.	Suite 5	Chapel Hill	NC	27514	(919) 929-0702
Signs Now	K & K Holdings, Inc.	Randy & Kathryn Habluetzel	1310 South Church Street		Charlotte	NC	28203	(704) 343-9619
Signs Now	Phoenix Designs II, Inc.	Christopher Newsome	745 Concord Parkway North		Concord	NC	28027	(704) 785-8058
Signs Now	Matt Habit, LLC	Matthew Habit	3121 Bismarck St.		Greenville	NC	27834	(252) 355-0768
Signs Now	Creative Photo Graphic, Inc.	Lawrence & Heidi Rose	1606 E. Roosevelt Blvd.	Suite 104	Monroe	NC	28112	(704) 225-8200
Signs Now	Thomas H. Byrd and Lisa W. Byrd	Thomas & Lisa Byrd	10404 Chapel Hill Road	Suite 110	Morrisville	NC	27560	(919) 463-0400
Signs Now	Mooring, Inc.	John, Phillip, & Avis Mooring	106 Zebulon Court		Rocky Mount	NC	27804	(252) 446-9777
Signs Now	Signs Now Lincoln, LLC	John Hoppe, Jr.	5555 South 48th Street	Suite B	Lincoln	NE	68516	(402) 441-9383
Signs Now	Signs Now Omaha, LLC	John Hoppe, Jr.	4505 S. 119th Circle		Omaha	NE	68137	(402) 330-8411
Signs Now	Charles Raz & Rosemary Raz	Charles & Rosemary Raz	71 Bridge Street	P.O. Box 184	Pelham	NH	03076	(603) 635-2292
Signs Now	Doxie, Inc.	James & Carol Jackson	3197 Beaver Vu Drive		Beavercreek	OH	45434	(937) 427-3431

## SIGNS NOW CENTERS

Brand	Current Franchisee	Owner	Address 1	Address 2	City	State	Zip	Phone
Signs Now	Unique Synergies LLC	Tina Valverde & Douglas Wilson	951 D. Buckeye Ave.		Newark	OH	43055	(740) 344-3695
Signs Now	C. L. & L., Inc.	Timothy & Jennifer Lovelace	7920 N. Rockwell Ave.		Oklahoma City	OK	73132	(405) 722-9427
Signs Now	Hays & Hays Companies, Inc.	Larry & Carolyn Hays	504 W. 6th Ave.		Stillwater	OK	74074	(405) 624-2999
Signs Now	Jerry Swanson Sales Co., Inc.	Jerry & Ann Swanson	3229 South Harvard Avenue		Tulsa	OK	74135	(918) 712-7446
Signs Now	Signs Now Northwest, Inc.; Daniel Trevino; Kristin Trevino	Daniel & Kristin Trevino	Do not mail 15967 SW 72nd Ave. Bldg. A		Do not mail Tigard	OR	97224	(503) 624-0709
Signs Now	Oberholte LLC	Steve Oberholte	1590 West 7th Avenue		Eugene	OR	97402	(541) 485-0290
Signs Now	JGD, Inc.	Greg & Jonnette Darnell	607 S. Riverside Ave.		Medford	OR	97501	(541) 608-6800
Signs Now	Signs Now Northwest, Inc., Dan Trevino & Kristin Trevino	Daniel & Kristin Trevino	11521 NE Sandy Blvd.		Portland	OR	97220	(503) 252-0650
Signs Now	Signs Now 335, Inc.	Susan Hawley	2232 West 23rd Street		Erie	PA	16506	(814) 453-6564
Signs Now	Woodbine Capital Corporation	Mikell Barker	1110 Pickpocket Plantation Dr.	Suite B	Beaufort	SC	29902	(843) 524-7446
Signs Now	Powers, Inc.	David Powers	2349-41 Cherry Road		Rock Hill	SC	29732	(803) 327-7488
Signs Now	Lout Design, Inc.	Curtis & Sarah Lout	1161 Deadwood Avenue N	Suite 7	Rapid City	SD	57702	(605) 721-6465
Signs Now	James & Cheri Bruce	James & Cheri Bruce	231 West Mount Road		Kodak	TN	37764	(865) 428-2301
Signs Now	Mary Jane Lessley	Mary Jane Lessley	4945 American Way	Suite 8	Memphis	TN	38118	(901) 368-0784
Signs Now	Eddie W. McCullar and Laura T. McCullar	Eddie & Laura McCullar	435 Donelson Pike		Nashville	TN	37214	(615) 391-9978



## SIGNS NOW CENTERS

<b>Brand</b>	<b>Current Franchisee</b>	<b>Owner</b>	<b>Address 1</b>	<b>Address 2</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Signs Now	Freeman Signs, LLC	Christopher Freeman & Michael Freeman	1711 S. I-35		Carrollton	TX	75006	(972) 243-5030
Signs Now	Arnaldo Ramos	Arnaldo Ramos	700 Veterans Boulevard		Del Rio	TX	78840	(830) 774-4033
Signs Now	R&J Graphics LLC	Richard Easley & Jean Bui	25275 Budde Road	Suite 8	Spring	TX	77380	(281) 292-9098
Signs Now	Christy Goshorn	Christy Goshorn	433 E. State Road	Suite C	American Fork	UT	84003	(801) 756-7893
Signs Now	A&W Farris LLC	Walter & Amber Farris	710 East Broadway		Moses Lake	WA	98837	(509) 765-8955

**LIST OF CENTER LOCATIONS NOT YET OPENED**  
**As of December 31, 2022**

**SIGNS BY TOMORROW CENTER LOCATIONS NOT YET OPENED**

**NONE.**

**SIGNS NOW CENTER LOCATIONS NOT YET OPENED**

**NONE.**

**EXHIBIT K**

**FRANCHISEES CEASING TO OPERATE IN 2022**

**SIGNS BY TOMORROW FRANCHISEES THAT CEASED OPERATIONS IN 2022**

<b>Former Franchisee</b>	<b>City</b>	<b>State</b>	<b>Phone</b>	<b>Reason</b>
Philip Burkhalter	Chicago	IL	(224) 319-5058	Resale
James Haluch	South Easton	MA	(508) 944-1150	Resale
Marc Sorkin	Shrewsbury	NJ	(732) 544-1555	Conversion
Marsha Poust & Martin Werkheiser	Norristown	PA	(610) 635-4000	Consolidation
Rachel Fuentes	San Antonio	TX	(210) 885-4674	Resale
Arthur Pike	Lynchburg	VA	(434) 385-8070	Conversion

**SIGNS NOW FRANCHISEES THAT CEASED OPERATIONS IN 2022**

<b>Former Franchisee</b>	<b>City</b>	<b>State</b>	<b>Phone</b>	<b>Reason</b>
Norman & Michelle Gobert	Slidell	LA	(985) 781-6800	Consolidation

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

**EXHIBIT L**  
**FINANCIAL STATEMENTS**

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# Alliance Franchise Brands LLC and Subsidiaries

(a wholly owned subsidiary of Alliance Franchise Holdings LLC)

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## **Consolidated Financial Report**

**December 31, 2022**

## Alliance Franchise Brands LLC and Subsidiaries

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## Contents

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## **Independent Auditor's Report**

To the Member  
Alliance Franchise Brands LLC  
and Subsidiaries

### **Opinion**

We have audited the consolidated financial statements of Alliance Franchise Brands LLC and Subsidiaries (the "Company"), a wholly owned subsidiary of Alliance Franchise Holdings LLC, which comprise the consolidated balance sheet as of December 31, 2022 and 2021 and the related consolidated statements of operations and comprehensive income, member's interest, and cash flows for the years ended December 31, 2022, 2021, and 2020, 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 ended December 31, 2022, 2021, and 2020 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 Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As described in Note 3 to the consolidated financial statements, the Company adopted Accounting Standards Codification (ASC) Topic 842, *Leases*, using the modified retrospective adoption method. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 Audits of the Consolidated Financial Statements**

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

To the Member  
Alliance Franchise Brands LLC  
and Subsidiaries

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Plante & Moran, PLLC*

March 20, 2023

## Alliance Franchise Brands LLC and Subsidiaries

### Consolidated Balance Sheet

December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,057,545	\$ 6,671,263
Restricted cash - Marketing funds	2,500,096	2,167,046
Investments	983,860	-
Accounts receivable:		
Trade	2,582,872	2,365,997
Related parties (Note 13)	334,106	1,578,261
Contract costs - Deferred broker fees and renewals	155,446	167,596
Current portion of notes receivable	57,312	181,947
Prepaid expenses and other current assets	288,181	476,164
Total current assets	12,959,418	13,608,274
<b>Property and Equipment - Net (Note 6)</b>	4,113,644	4,271,142
<b>Leased Asset - Operating lease - Net (Note 10)</b>	583,626	-
<b>Goodwill - Net (Note 7)</b>	375,950	465,723
<b>Franchise Rights - Net (Note 7)</b>	1,791,688	2,179,367
<b>Other Assets</b>		
Contract costs - Deferred broker fees and renewals - Net of current portion	1,248,908	1,423,037
Notes receivable - Net of current portion	15,315	16,501
Deposits	22,097	22,097
Related party receivable - Net of current portion (Note 13)	800,000	-
Total assets	<b>\$ 21,910,646</b>	<b>\$ 21,986,141</b>

## Alliance Franchise Brands LLC and Subsidiaries

### Consolidated Balance Sheet (Continued)

	December 31, 2022 and 2021	
	2022	2021
<b>Liabilities and Member's Interest</b>		
<b>Current Liabilities</b>		
Accounts payable:		
Accounts payable	\$ 817,483	\$ 623,670
Accounts payable to related parties (Note 13)	-	469
Current portion of notes payable (Note 9)	632,947	605,378
Current portion of lease liability - Operating (Note 10)	293,437	-
Current portion of financing lease obligation	13,750	13,179
Contract liabilities - Deferred revenue	224,106	256,267
Accrued and other current liabilities (Note 12)	2,549,099	2,532,593
Total current liabilities	4,530,822	4,031,556
<b>Notes Payable</b> - Net of current portion (Note 9)	4,892,279	5,524,235
<b>Lease Liability</b> - Operating - Net of current portion (Note 10)	355,193	-
<b>Financing Lease Obligation</b> - Net of current portion	19,514	33,264
<b>Contract Liabilities</b> - Deferred revenue - Net of current portion	2,550,102	2,621,242
Total liabilities	12,347,910	12,210,297
<b>Member's Interest</b>	9,562,736	9,775,844
Total liabilities and member's interest	<u>\$ 21,910,646</u>	<u>\$ 21,986,141</u>

## Alliance Franchise Brands LLC and Subsidiaries

# Consolidated Statement of Operations and Comprehensive Income

Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
<b>Revenue</b>			
Royalty fees	\$ 18,946,464	\$ 17,350,498	\$ 15,770,534
Franchise, technology, and marketing fees	3,738,562	3,653,783	4,068,136
Marketing fund revenue	4,406,842	4,392,336	3,799,641
Other operating revenue	1,413,433	744,544	400,539
Total net revenue	28,505,301	26,141,161	24,038,850
<b>Operating Expenses</b>			
General and administrative	16,983,977	15,116,464	14,723,145
Marketing funds	4,080,619	3,411,270	3,551,434
Costs of goods and supplies sold	2,284,846	2,200,600	2,226,054
Amortization of intangibles and goodwill	477,452	835,788	852,772
Total operating expenses	23,826,894	21,564,122	21,353,405
<b>Operating Income</b>	4,678,407	4,577,039	2,685,445
<b>Nonoperating Income (Expense)</b>			
Interest income	66,116	70,110	64,802
Loss on foreign exchange	(32,890)	(31,751)	(28,984)
Other income	339,178	314,160	134,007
Interest expense	(265,810)	(330,699)	(400,875)
PPP loan forgiveness (Note 4)	-	2,000,000	2,061,794
Total nonoperating income	106,594	2,021,820	1,830,744
<b>Consolidated Net Income</b>	4,785,001	6,598,859	4,516,189
<b>Foreign Currency Translation</b>	(19,967)	(2,888)	10,977
<b>Comprehensive Income</b>	<b>\$ 4,765,034</b>	<b>\$ 6,595,971</b>	<b>\$ 4,527,166</b>

## Alliance Franchise Brands LLC and Subsidiaries

### Consolidated Statement of Member's Interest

Years Ended December 31, 2022, 2021, and 2020

	Member's Interest and Retained Earnings	Accumulated Other Comprehensive Loss	Total
<b>Balance</b> - January 1, 2020	\$ 5,771,111	\$ (166,512)	\$ 5,604,599
Consolidated net income	4,516,189	-	4,516,189
Foreign currency translation adjustment	-	10,977	10,977
Distributions	<u>(3,390,708)</u>	<u>-</u>	<u>(3,390,708)</u>
<b>Balance</b> - December 31, 2020	6,896,592	(155,535)	6,741,057
Consolidated net income	6,598,859	-	6,598,859
Foreign currency translation adjustment	-	(2,888)	(2,888)
Distributions	<u>(3,561,184)</u>	<u>-</u>	<u>(3,561,184)</u>
<b>Balance</b> - December 31, 2021	9,934,267	(158,423)	9,775,844
Consolidated net income	4,785,001	-	4,785,001
Foreign currency translation adjustment	-	(19,967)	(19,967)
Distributions	<u>(4,978,142)</u>	<u>-</u>	<u>(4,978,142)</u>
<b>Balance</b> - December 31, 2022	<u>\$ 9,741,126</u>	<u>\$ (178,390)</u>	<u>\$ 9,562,736</u>

## Alliance Franchise Brands LLC and Subsidiaries

# Consolidated Statement of Cash Flows

Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
<b>Cash Flows from Operating Activities</b>			
Consolidated net income	\$ 4,785,001	\$ 6,598,859	\$ 4,516,189
Adjustments to reconcile consolidated net income to net cash, cash equivalents, and restricted cash from operating activities:			
Depreciation and amortization	842,408	1,262,471	1,342,938
Bad debt expense (recovery)	7,784	(136,843)	378,174
(Gain) loss on disposal - Property and equipment	(2,166)	4,065	7,670
PPP loan forgiveness	-	(2,000,000)	(2,061,794)
Amortization of leased asset - Operating lease	264,559	-	-
Changes in operating assets and liabilities that provided (used) cash, cash equivalents, and restricted cash:			
Accounts receivable	34,071	(264,245)	(634,548)
Deferred broker fees and renewals	186,279	121,182	161,470
Prepaid expenses and other assets	187,983	30,897	236,286
Accounts payable	193,344	330,279	(329,898)
Accrued and other liabilities	100,106	1,250,046	(1,511,029)
Deferred revenue	(103,301)	(125,390)	(139,135)
Lease liability	(283,155)	-	-
Net cash, cash equivalents, and restricted cash provided by operating activities	6,212,913	7,071,321	1,966,323
<b>Cash Flows from Investing Activities</b>			
Purchase of property and equipment	(205,292)	(234,388)	(93,910)
Purchases of investments	(983,860)	-	-
Issuance of notes receivable	(416,387)	(531,625)	(254,615)
Collections on notes receivable	727,633	447,613	689,557
Purchase of intangible asset	-	(40,000)	-
Net cash, cash equivalents, and restricted cash (used in) provided by investing activities	(877,906)	(358,400)	341,032
<b>Cash Flows from Financing Activities</b>			
Proceeds from debt	-	-	4,755,597
Proceeds from PPP loan	-	2,000,000	2,061,794
Payments on debt	(604,387)	(1,657,371)	(5,843,621)
Distributions	(4,978,142)	(3,561,184)	(3,148,750)
Repayment of financing lease obligations	(13,179)	(21,989)	(12,574)
Net cash, cash equivalents, and restricted cash used in financing activities	(5,595,708)	(3,240,544)	(2,187,554)
<b>Effect of Exchange Rate Changes on Cash, Cash Equivalents, and Restricted Cash</b>	(19,967)	(4,894)	(41,812)
<b>Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash</b>	(280,668)	3,467,483	77,989
<b>Cash, Cash Equivalents, and Restricted Cash - Beginning of year</b>	8,838,309	5,370,826	5,292,837
<b>Cash, Cash Equivalents, and Restricted Cash - End of year</b>	<b>\$ 8,557,641</b>	<b>\$ 8,838,309</b>	<b>\$ 5,370,826</b>
<b>Classification of Cash, Cash Equivalents, and Restricted Cash</b>			
Cash and cash equivalents	\$ 6,057,545	\$ 6,671,263	\$ 3,965,027
Restricted cash	2,500,096	2,167,046	1,405,799
Total cash, cash equivalents, and restricted cash	<b>\$ 8,557,641</b>	<b>\$ 8,838,309</b>	<b>\$ 5,370,826</b>
<b>Supplemental Cash Flow Information - Cash paid for interest</b>	\$ 266,507	\$ 333,631	\$ 398,247
<b>Significant Noncash Transactions</b>			
Conversion of accounts receivable to notes receivable	\$ 164,629	\$ 93,400	\$ 369,819
Assumption of related party note payable	-	-	241,958
Assets acquired under capital leases	-	54,713	-

## Alliance Franchise Brands LLC and Subsidiaries

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# Notes to Consolidated Financial Statements

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December 31, 2022, 2021, and 2020

### Note 1 - Nature of Business

Alliance Franchise Brands LLC (the "Company") is a wholly owned subsidiary of Alliance Franchise Holdings LLC.

Alliance Franchise Brands LLC is engaged in the business of franchising printing and marketing, sign and graphic communications, and direct-mail services centers. At December 31, 2022, the Company had 574 franchised centers and 5 corporate-owned centers. At December 31, 2021, the Company had 584 franchised centers and 5 corporate-owned centers. Effective December 31, 2021, the Company's subsidiary, KK Printing Canada ULC, was amalgamated into Alliance Franchise Brands Canada ULC. Due to the common ownership of KK Printing Canada ULC and Alliance Franchise Brands Canada ULC, the transaction has been accounted for in the accompanying consolidated financial statements at historical cost in a manner similar to a pooling of interests. The franchise agreements of KK Printing Canada ULC were transferred to Alliance Franchise Brands LLC.

Allegra Real Estate Holdings LLC is a wholly owned subsidiary of Alliance Franchise Brands LLC. The purpose of the entity is to lease space to the Company and outside tenants.

### Note 2 - Significant Accounting Policies

#### *Principles of Consolidation*

The consolidated financial statements include the accounts of Alliance Franchise Brands LLC and its wholly owned subsidiaries, Allegra Real Estate Holdings LLC and Alliance Franchise Brands Canada ULC. All material intercompany accounts and transactions have been eliminated in consolidation.

#### *Basis of Accounting*

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Company has elected to adopt certain accounting alternatives for private companies developed by the Private Company Council, including the accounting alternatives for goodwill and intangibles.

#### *Cash Equivalents*

The Company considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

#### *Restricted Cash*

The Company has restricted cash equal to the amount of unspent marketing funds on deposit. At December 31, 2022 and 2021, \$2,500,096 and \$2,167,046, respectively, of cash is restricted for this purpose.

#### *Investments*

Debt securities purchased where the Company has both the positive intent and ability to hold to maturity are classified as held to maturity and are recorded at cost, adjusted for any amortization of premiums and discounts, which are recognized in interest income using the interest method over the period to maturity.

#### *Accounts Receivable*

Accounts receivable consist of amounts due from franchisees and customers and are stated at invoice amounts. The carrying amount of the accounts receivable is reduced by an allowance for doubtful accounts for all balances greater than 90 days past due. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The recorded allowance for doubtful accounts receivable was \$416,080 and \$415,487 as of December 31, 2022 and 2021, respectively. Total trade and related party accounts receivable at January 1, 2021 was \$3,647,866.



# Notes to Consolidated Financial Statements

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December 31, 2022, 2021, and 2020

## Note 2 - Significant Accounting Policies (Continued)

### ***Property and Equipment***

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives. The cost of leasehold improvements is depreciated over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

### ***Goodwill***

The recorded amount of goodwill from prior year acquisitions is based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition.

The Company has elected to apply the private company accounting alternative for goodwill developed by the Private Company Council. Under the accounting alternative, goodwill is amortized on a straight-line basis over a 10-year period. Additionally, goodwill is assessed for potential impairment if events occur or circumstances change that indicate the fair value of the Company may be less than its carrying value. No impairment charge was recognized during the years ended December 31, 2022, 2021, or 2020.

### ***Franchise Rights***

Franchise rights are amortized over the estimated average remaining life of the franchise contracts.

The Company has elected to apply the private company accounting alternative for intangible assets acquired in a business combination developed by the Private Company Council. Under the accounting alternative, certain acquired customer-related intangible assets and noncompetition agreements are not separately recognized apart from goodwill.

### ***Notes Receivable***

During the normal course of business, the Company may provide financing to franchisees in the form of notes.

Notes receivable are reported at original issue amount plus accrued interest, less principal repaid. Interest is recognized according to terms of the specific notes. An allowance for loan losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. All amounts deemed to be uncollectible are charged against the allowance for loan losses in the period that determination is made. The Company has recorded an allowance for loan losses of \$1,192,337 and \$1,538,615 as of December 31, 2022 and 2021, respectively.

Notes receivable consist of various loans, with the majority of the loans bearing interest at 5.25 percent. The notes are generally personally guaranteed by the franchisee. Notes receivable generally require monthly payments of principal and interest. The notes are classified as current or long term on the accompanying consolidated balance sheet depending on their maturity dates.

### ***Leases***

The Company has an operating lease for a facility in Middle River, Maryland disclosed in Note 10.

The Company recognizes expense for the operating lease on a straight-line basis over the lease term. The Company made a policy election not to separate lease and nonlease components for all leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Company elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for all leases. As such, the Company considers the U.S. Daily Treasury Par Yield Curve issued by the U.S. Department of the Treasury to be a risk-free rate.

The Company also receives rental revenue from related party leases disclosed in Notes 11 and 13.

**Notes to Consolidated Financial Statements**

**December 31, 2022, 2021, and 2020**

**Note 2 - Significant Accounting Policies (Continued)**

***Revenue Recognition***

The Company's revenue mainly consists of franchise fees, royalties, technology fees, and advertising fees. The Company sells individual franchisees the right to operate a center within a defined territory using the franchise name. The initial term of franchise agreements is typically 20 years, with an option to renew or transfer the franchise agreement to a new or existing franchisee.

The Company has obligations to provide franchisees with the franchise rights to operate a center, training, and site selection, as well as to provide technology and advertising for which fees are charged. The Company has concluded that the franchise right, training, and site selection obligations represent a single performance obligation. Therefore, initial franchise fees for each agreement are allocated to each individual franchise and recognized over the term of the respective franchise agreement beginning on the date a franchise agreement is signed. Income for royalties, technology fees, and advertising fees is recognized over the term of the respective franchise agreement as the underlying services are provided.

***Payment Terms***

Initial franchise fees are due and typically paid when a franchise agreement is entered into and are nonrefundable. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Technology fees are paid on a monthly basis based upon a fixed amount. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue contract liabilities. Amounts that are expected to be recognized as revenue within one year are classified as current deferred revenue in the accompanying consolidated balance sheet. Total deferred revenue at January 1, 2021 was \$3,002,899.

***Allocating the Transaction Price***

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to operate a center. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties and advertising fees, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month. Certain franchisees of the Company are contractually eligible to receive a rebate on the royalties paid to the Company. These rebates are based on volume and compliance with contractual provisions, including timely payment of amounts owed to the Company. Royalty fees are shown net of royalty rebates in the accompanying consolidated statement of operations and comprehensive income.

***Costs to Obtain a Franchise Agreement***

The Company frequently incurs broker commission expenses paid to third parties to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue, which is recognized over time. As a result, the commissions are capitalized as deferred broker fees and are expensed over the term of the respective franchise agreement. Total deferred broker fees at January 1, 2021 were \$1,220,633. For the years ended December 31, 2022, 2021, and 2020, the amounts expensed related to costs to obtain a franchise agreement were approximately \$202,000, \$193,000, and \$178,000, respectively.

December 31, 2022, 2021, and 2020

### Note 2 - Significant Accounting Policies (Continued)

In some instances the Company provides renewal incentives to franchisees. The renewals are related to franchise fee and royalty revenue, which is recognized over time. As a result, the renewal payments are capitalized as contract assets. The asset is amortized over the term of the renewal agreement and included in franchise, technology, and marketing fees. Total deferred renewals at January 1, 2021 were \$491,182. For the years ended December 31, 2022, 2021, and 2020, the amounts recorded as contra revenue were approximately \$100,000, \$96,000, and \$72,000, respectively.

#### **Advertising Expense**

In accordance with the franchise agreement, franchisees pay a percentage of monthly sales to marketing funds to be used for advertising, marketing, and other promotional purposes. The contribution received from franchisees for the marketing funds is segregated into separate bank accounts maintained by the Company. The Company's marketing fund fees are accounted for on a gross basis in the accompanying consolidated statement of operations and comprehensive income as revenue from the franchisees.

Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2022, 2021, and 2020 is reported as a component of operating expenses in the accompanying consolidated statement of operations and comprehensive income.

#### **Foreign Currency Exchange**

The expression of assets and liabilities in a foreign currency amount gives rise to exchange gains and losses when such obligations are paid in United States dollars. Foreign currency exchange rate adjustments (i.e., differences between amounts recorded and actual amounts owed or paid) are reported in the consolidated statement of operations and comprehensive income as the foreign currency fluctuations occur. Foreign currency exchange rate adjustments are reported in the consolidated statement of cash flows using the exchange rates in effect at the time of the cash flows. To the extent there is a fluctuation in the exchange rate, the amount of U.S. dollars to be paid to satisfy this foreign currency obligation in the following year may increase or decrease.

#### **Foreign Currency Translation**

Consolidated balance sheet items of foreign operations are translated to U.S. dollars at the exchange rate in effect at year end. Income and expense items and cash flows are translated at the average exchange rate for each year.

#### **Other Comprehensive Income (Loss)**

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in assets and liabilities, however, such as foreign currency translation adjustments, are reported as a direct adjustment to the equity section of the consolidated balance sheet. Such items, along with net income (loss), are considered components of comprehensive income (loss).

#### **Income Taxes**

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. The Company's ultimate parent company files income tax returns in U.S. federal and various state jurisdictions.

#### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The allowance for doubtful accounts and loan losses is a significant estimate.

**Note 2 - Significant Accounting Policies (Continued)**

***Government Grants***

The Company has elected to account for loan funds received under the Paycheck Protection Program (PPP) as in-substance government grants. Accounting principles generally accepted in the United States of America (U.S. GAAP) do not include guidance on the accounting for government grants by for-profit entities. As a result, the Company has elected to analogize the guidance in International Accounting Standards (IAS) Statement 20, *Accounting for Government Grants and Disclosure of Government Assistance* (IAS 20). While IAS 20 does not represent authoritative guidance for entities preparing U.S. GAAP financial statements, use of this guidance by analogy is permitted.

Under IAS 20, government grants, including forgivable government loans, are recognized as income when it is probable that the Company will comply with the conditions of the grant and that the grant will be received. The Company recognizes proceeds under grant programs on a systematic basis over the period in which the Company recognizes as expenses the related costs for which the grant is intended to compensate. The Company has further elected to record the grant income separately from the related expenses in nonoperating income.

***Upcoming Accounting Pronouncement***

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets including the Company's accounts receivable and held-to-maturity debt securities by requiring the Company to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. The ASU also changes the way credit losses are recognized for available-for-sale debt securities. Credit losses are recognized through the recording of an allowance rather than as a write-down of the carrying value. The new guidance will be effective for the Company's year ending December 31, 2023. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the earliest period presented. A prospective transition approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date. Early adoption for all institutions is permitted for fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact this standard will have on the consolidated financial statements.

***Subsequent Events***

The consolidated financial statements and related disclosures include evaluation of events up through and including March 20, 2023, which is the date the consolidated financial statements were available to be issued.

**Note 3 - Adoption of New Accounting Pronouncement**

As of January 1, 2022, the Company adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases*. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. The Company elected to adopt the ASU using the modified retrospective method as of January 1, 2022 and applied the following practical expedients:

- The Company did not reassess if expired or existing contracts are or contain a lease.
- The Company did not reassess the lease classification for expired or existing leases.
- The Company did not reassess initial direct costs for any existing leases.

# Notes to Consolidated Financial Statements

December 31, 2022, 2021, and 2020

### Note 3 - Adoption of New Accounting Pronouncement (Continued)

As a result of the adoption of the ASU, the Company recorded a right-of-use asset of \$848,184 and a lease liability of \$931,785 as of January 1, 2022 for an existing operating lease. There was no impact on retained earnings as a result of adopting the new ASU.

### Note 4 - Paycheck Protection Program Loans

During the year ended December 31, 2020, the Company received a Paycheck Protection Program loan in the amount of \$2,061,794. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Company may use the funds on qualifying expenses over a covered period of up to 24 weeks.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels. In addition, because the Company's loan exceeds \$2,000,000, the SBA will review the Company's loan file, which will include review of the Company's eligibility for the program and the good-faith certification of the necessity of the loan.

Prior to December 31, 2020, the Company submitted a request for forgiveness. The Company believed that forgiveness of the loan was probable. The PPP loan was fully forgiven during 2021, and the Company recognized \$2,061,794 received under the PPP loan program as other income in 2020.

On February 16, 2021, the Company received a second PPP loan in the amount of \$2,000,000. The note structure required management to certify certain statements that permitted the Company to qualify for the loan and provides loan forgiveness for a portion up to all of the borrowed amount if the Company uses the loan proceeds for the permitted loan purpose described in the note agreement.

Prior to December 31, 2021, the Company applied for and received notification of forgiveness of the loan from the SBA. Loan forgiveness in the amount of \$2,000,000 was recognized as other income during 2021.

### Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Company has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals. All of the Company's investments are in treasury bills and are valued using Level 2 inputs. Treasury bills with a three-month maturity or less are classified as cash equivalents on the consolidated balance sheet, and treasury bills with a greater than three-month maturity are classified as short-term investments on the consolidated balance sheet.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

## Alliance Franchise Brands LLC and Subsidiaries

# Notes to Consolidated Financial Statements

December 31, 2022, 2021, and 2020

### Note 5 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

### Note 6 - Property and Equipment

Property and equipment as of December 31 are summarized as follows:

	2022	2021	Depreciable Life - Years
Land	\$ 250,000	\$ 250,000	-
Land improvements	561,357	561,357	10-15
Buildings	4,147,136	4,147,136	39
Building improvements	545,301	545,301	3-10
Machinery and equipment	346,161	476,668	2-10
Transportation equipment	16,474	16,474	5
Furniture and fixtures	1,367,268	1,366,758	3-5
Computer equipment and software	1,503,583	1,779,599	3-5
Leasehold improvements	274,960	274,960	3-6
Total cost	9,012,240	9,418,253	
Accumulated depreciation	4,898,596	5,147,111	
Net property and equipment	<u>\$ 4,113,644</u>	<u>\$ 4,271,142</u>	

Depreciation expense for 2022, 2021, and 2020 was \$364,956, \$426,683, and \$490,166, respectively.

### Note 7 - Acquired Intangible Assets and Goodwill

Intangible assets of the Company at December 31, 2022 and 2021 are summarized as follows:

	2022		2021	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Franchise rights	<u>\$ 20,691,131</u>	<u>\$ 18,899,443</u>	<u>\$ 20,691,131</u>	<u>\$ 18,511,764</u>

Amortization expense for intangible assets totaled \$387,679, \$744,010, and \$752,305 for the years ended December 31, 2022, 2021, and 2020, respectively.

Estimated amortization expense for the years ending December 31 is as follows:

Years Ending	Amount
2023	\$ 377,237
2024	377,237
2025	377,237
2026	340,797
2027	172,400
Thereafter	146,780
Total	<u>\$ 1,791,688</u>



## Alliance Franchise Brands LLC and Subsidiaries

# Notes to Consolidated Financial Statements

December 31, 2022, 2021, and 2020

### Note 7 - Acquired Intangible Assets and Goodwill (Continued)

Goodwill amortization totaled \$89,773, \$91,778, and \$100,467 for the years ended December 31, 2022, 2021, and 2020, respectively.

	2022	2021
Gross amount of goodwill recorded	\$ 897,720	\$ 897,720
Accumulated amortization	(521,770)	(431,997)
Net carrying value	<u>\$ 375,950</u>	<u>\$ 465,723</u>

### Note 8 - Line of Credit

The Company refinanced all debt on December 16, 2020. As part of this refinance, the Company entered into a line of credit agreement with a bank totaling \$1,500,000, which matures on September 12, 2024, with interest payable monthly at the prime rate (an effective rate of 7.50 and 3.25 percent at December 31, 2022 and 2021, respectively). There were no outstanding borrowings on the line of credit at December 31, 2022 or 2021.

The line of credit is under a master agreement with the bank. Under the agreement with the bank, the Company's ultimate parent was subject to various financial covenants, including a funded debt to earnings before interest, taxes, depreciation, and amortization (EBITDA) ratio and a debt service coverage ratio. The line of credit is collateralized by substantially all assets and has a limited guarantee by the majority owner.

### Note 9 - Long-term Debt

Long-term debt at December 31, 2022 and 2021 is as follows:

	2022	2021
Note payable to a bank in monthly installments of \$21,373, including interest at 4.50 percent. The note is collateralized by all of the Company's assets, as well as a limited personal guarantee by the majority owner, and is due on September 5, 2030	\$ 2,784,412	\$ 2,910,713
Note payable to a bank in monthly installments of \$30,423, including interest at 4.50 percent. The note is collateralized by all of the Company's assets, as well as a limited personal guarantee by the majority owner, and is due on December 16, 2027	1,629,260	1,911,954
Note payable to a third party in monthly installments of \$10,310, including interest at 4.25 percent. The note is due in full on December 16, 2027. This note is not collateralized	556,409	654,215
Note payable to a third party in monthly installments of \$10,287, including interest at 4.25 percent. The note is due in full on December 16, 2027. This note is not collateralized	<u>555,145</u>	<u>652,731</u>
Total	5,525,226	6,129,613
Less current portion	<u>632,947</u>	<u>605,378</u>
Long-term portion	<u>\$ 4,892,279</u>	<u>\$ 5,524,235</u>

## Alliance Franchise Brands LLC and Subsidiaries

# Notes to Consolidated Financial Statements

December 31, 2022, 2021, and 2020

### Note 9 - Long-term Debt (Continued)

The balance of the above debt matures as follows:

<u>Years Ending</u>	<u>Amount</u>
2023	\$ 632,947
2024	661,268
2025	691,891
2026	723,405
2027	756,356
Thereafter	<u>2,059,359</u>
Total	<u>\$ 5,525,226</u>

Interest expense for 2022, 2021, and 2020 was \$265,810, \$330,699, and \$400,875, respectively.

The Company is liable for the entire amount of the aforementioned notes payable to a bank on a joint and several basis under a master agreement with the Company's ultimate parent and the bank. As of December 31, 2022 and 2021, the total outstanding balance of the debt was \$4,413,672 and \$4,822,667, respectively, and the Company has recognized a liability for its agreed-upon portion for the same amounts. Under the agreement with the bank, the Company's ultimate parent is subject to various financial covenants, including a funded debt to earnings before interest, taxes, depreciation, and amortization ratio and a debt service coverage ratio. The notes payable are collateralized by substantially all assets and have a limited guarantee by the majority owner. In the event the Company is required to make payments on the debt in excess of the agreed-upon amount, the Company could seek to recover those amounts from the ultimate parent; however, the Company does not hold specific recourse or collateral rights in connection with the agreement.

### Note 10 - Leases

The Company is obligated under an operating lease for its facility in Middle River, Maryland for a term of seven years expiring in February 2025. Monthly rent escalates over the term of the lease from \$22,097 to \$25,626. The lease also requires monthly payments for a portion of the building's operating costs. The lease can be renewed for one term of five years.

The right-of-use asset and related lease liability have been calculated using a discount rate of 1.04 percent. Total rent expense under this lease was \$272,907 for 2022, 2021, and 2020.



## Alliance Franchise Brands LLC and Subsidiaries

# Notes to Consolidated Financial Statements

December 31, 2022, 2021, and 2020

### Note 10 - Leases (Continued)

Future minimum annual commitments under the operating lease are as follows:

Years Ending December 31	Amount
2023	\$ 298,791
2024	306,261
2025	<u>51,253</u>
Total	656,305
Less amount representing interest	<u>7,675</u>
Present value of net minimum lease payments	648,630
Less current obligations	<u>293,437</u>
Long-term obligations under operating leases	<u>\$ 355,193</u>

### Note 11 - Leased Assets

The Company leases its building to various related parties and one non-related party under operating lease agreements for shared corporate office space and printing services. The building is owned by the Company and recorded in property and equipment on the consolidated balance sheet. See Note 13 for disclosure of rent revenue from related parties. The operating lease asset consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Operating lease building	\$ 4,147,136	\$ 4,147,136
Accumulated depreciation	<u>1,311,478</u>	<u>1,205,125</u>
Total	<u>\$ 2,835,658</u>	<u>\$ 2,942,011</u>

Future minimum lease rental payments to be received on noncancelable operating leases are as follows:

Years Ending December 31	Operating Leases
2023	\$ 235,403
2024	240,117
2025	228,925
2026	<u>14,214</u>
Total	<u>\$ 718,659</u>

## Alliance Franchise Brands LLC and Subsidiaries

# Notes to Consolidated Financial Statements

December 31, 2022, 2021, and 2020

### Note 12 - Accrued Liabilities

The following is the detail of accrued liabilities:

	2022	2021
Accrued compensation expense	\$ 1,767,217	\$ 1,334,573
Customer deposits	171,233	364,628
Accrued interest	13,628	14,325
Master royalties payable	38,785	43,564
Taxes payable	61,746	48,034
Accrued legal fees	36,581	12,106
Accrued convention expense	-	162,450
Accrued advertising rebates	10,009	32,945
Deferred occupancy	-	83,601
Other accrued liabilities	449,900	436,367
Total accrued and other liabilities	<u>\$ 2,549,099</u>	<u>\$ 2,532,593</u>

### Note 13 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

#### **Accounts Receivable**

At December 31, 2022 and 2021, the Company had accounts receivable from companies related through common management and ownership totaling \$1,134,106 and \$1,578,261, respectively.

#### **Accounts Payable**

At December 31, 2022 and 2021, the Company had accounts payable to companies related through common management and ownership totaling \$0 and \$469, respectively.

#### **Shared Services**

The Company entered into a shared services agreement with an affiliate related through common ownership. The Company provided the affiliate with support in the form of executive management, financial reporting and budgeting, accounting, risk management, human resources, technology, and other services in exchange for \$20,833 per month in 2022, 2021, and 2020. The Company's revenue related to this agreement was \$250,000 for the years ended December 31, 2022, 2021, and 2020.

The Company entered into a second shared services agreement with an affiliate related through common ownership. The Company provided the affiliate with support in the form of executive management, payroll and benefits, accounting, and other services in exchange for \$1,250, \$1,250, and \$3,333 per month in 2022, 2021, and 2020, respectively. The Company's revenue related to this agreement was \$15,000, \$15,000, and \$40,000 for the years ended December 31, 2022, 2021, and 2020, respectively.

The Company's shared service revenue and expenses are included in operating expenses on the accompanying consolidated statement of operations and comprehensive income.

#### **Revenue**

For the years ended December 31, 2022, 2021, and 2020, the Company had revenue from affiliates totaling \$470,461, \$389,675, and \$318,046, respectively, related to royalties; production sales; and franchise, technology, and marketing fees. For the years ended December 31, 2022, 2021, and 2020, the Company had rent revenue from related parties totaling \$212,802, \$208,802, and \$204,700, respectively.

#### **Purchases**

For the years ended December 31, 2022, 2021, and 2020, the Company had purchases from affiliates totaling \$36,500, \$21,146, and \$0, respectively.

**Notes to Consolidated Financial Statements**

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**December 31, 2022, 2021, and 2020**

**Note 14 - Retirement Plans**

The Company sponsors a 401(k) plan, which includes a profit-sharing feature, for substantially all employees. The plan provides for the Company to make a matching contribution. Contributions to the plan totaled \$261,052, \$153,132, and \$95,615 for the years ended December 31, 2022, 2021, and 2020, respectively.

**EXHIBIT M**

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**EXHIBIT N**

**STATE ADDENDA AND AGREEMENT RIDERS**

**ADDITIONAL DISCLOSURES FOR THE  
FRANCHISE DISCLOSURE DOCUMENT OF  
ALLIANCE FRANCHISE BRANDS LLC**

The following are additional disclosures for the Franchise Disclosure Document of ALLIANCE FRANCHISE BRANDS LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

**FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

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

**ILLINOIS**

1. The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety.
2. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Except for U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the state of Illinois apply.

4. The following paragraph is added to the end of Item 17 and supersedes any contradictory statement:

Your rights upon termination and non-renewal of the Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

**MARYLAND**

1. The following is added to the end of Item 5 and Item 7:

Pursuant to an order of the Maryland Securities Commissioner, we have posted a Surety Bond in the amount of \$28,000 from Travelers Casualty and Surety Company of America. The terms of the Surety Bond will remain in effect until we have completed all of our initial obligations to you under the Franchise Agreement and you have opened your Center. A copy of the Surety Bond is on file with the Maryland Securities Commissioner.

2. The following is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

However, under COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The following is added to the end of the "Summary" section of Item 17(h), entitled **"Cause" defined – non-curable defaults**:

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

4. The "Summary" sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**, are amended to add the following:

, except that you may bring suit in Maryland for 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:

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

## **MINNESOTA**

1. **Renewal, Termination, Transfer and Dispute Resolution**. The following is added to the end of the chart in Item 17:

Minnesota law provides you with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J 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 Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release as a condition of renewal and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

## **NEW YORK**

1. The following paragraphs are added to the state cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR 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, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005.**

**WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, WE 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 disclosed above, with regard to us, our parent, predecessor or affiliates, the persons identified in Item 2, or an affiliate offering franchises under our 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 us, our affiliate, our predecessor, officers, or general partners 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), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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), entitled **Assignment of contract by franchisor:**

However, no assignment will be made except to an assignee who in our good faith and judgment, is willing and financially able to assume our obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum**, and Item 17(w), entitled **Choice of law:**

The foregoing choice of law and choice of forum should not be considered a waiver of any right conferred upon us or upon you by Article 33 of the General Business Law of the State of New York.

## **NORTH DAKOTA**

1. The following is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer:**

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), entitled **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 and you will enforce the covenants to the maximum extent the law allows.

3. The following is added to the end of the "Summary" section of Item 17(u), entitled **Dispute resolution by arbitration or mediation:**

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is 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), entitled **Choice of forum**, is deleted and replaced with the following:

Litigation must be exclusively in the state or federal court which is closest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Plymouth, Michigan), except that, subject to your arbitration obligation, and to the extent required by North Dakota Franchise Investment Law you may bring an action in North Dakota.

5. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Except as otherwise required by North Dakota law, the laws of the State of Michigan will apply.

### **RHODE ISLAND**

1. The following language is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**:

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."

### **VIRGINIA**

1. The following language is added to the end of the "Summary" section of Item 17(e), entitled **Termination by franchisor without cause**:

Under 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 does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

### **WASHINGTON**

1. The following matter is added at the end of Item 3:

*In re: Franchise No Poaching Provisions (Allegra Network LLC)* (Case No. 19-2-28279-7 SEA; State of Washington, King County Superior Court); *In re: Franchise No Poaching Provisions (Sign & Graphics Operations LLC)* (Case No. 19-2-28296-7 SEA; State of Washington, King County Superior Court). Beginning in January 2018, the Washington Attorney General launched a sweeping investigation into the use of non-solicitation and no-hire provisions in franchise agreements, with the stated goal of "eliminating no-poach clauses nationwide." The Washington Attorney General asserted that such no-poach provisions violated the Washington Consumer Protection Act. We and SGO each elected, on October 28, 2019, to enter into an Assurance of Discontinuance ("AOD") to avoid the time and expense of a protracted court action. Other than as a mechanism for the court to approve and enter the AOD, no court proceeding was initiated. Under the terms of the AOD, we and SGO agreed to: notify all franchisees that we entered into the AOD, not include no-poach provisions in our future agreements, not enforce such provisions in our existing franchise agreements, exercise reasonable commercial efforts to amend all existing franchise agreements with entities in Washington to remove any no-poach provisions in their existing agreement, and remove those provisions from existing agreements as they came up for renewal or renegotiation. Under its express terms, the AOD is not to be

construed as an admission of law, fact, liability, misconduct, or wrongdoing on our or SGO's part.

2. The following statement is added to Item 5 at the end of the paragraph under the section heading **Referral Fee**:

Persons who receive financial incentives to refer franchise prospects to us may be required to register as franchise brokers under the laws of some states.

3. The following paragraphs are added at the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the "Act"), Chapter 19.100 RCW, shall prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which supersede the Franchise 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 the Franchise Agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.

A release or waiver of rights executed by you may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise 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, might not be enforceable.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
FRANCHISE AGREEMENT**

**RIDER TO THE ALLIANCE FRANCHISE BRANDS LLC  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is by and between **ALLIANCE FRANCHISE BRANDS LLC**, a Michigan limited liability company with its principal business address at 47585 Galleon Drive, Plymouth, Michigan 48170-2466 ("we," "us," or "our"), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (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 Signs By Tomorrow or Signs Now Center that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **GOVERNING LAW.** Section 17.H of the Franchise Agreement is deleted and replaced with the following:

**H. GOVERNING LAW. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT AND ANY OTHER AGREEMENT BETWEEN YOU (OR ANY OF YOUR OWNERS) AND US (OR ANY OF OUR AFFILIATES), AND ALL CONTROVERSIES, DISPUTES, AND CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES.**

3. **CONSENT TO JURISDICTION.** Section 17.I of the Franchise Agreement is deleted in its entirety.

4. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** The following language is added to the end of Section 17.J of the Franchise Agreement:

**HOWEVER, THIS SECTION SHALL NOT ACT AS A CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE ILLINOIS FRANCHISE DISCLOSURE ACT AT SECTION 705/41 OR ILLINOIS REGULATIONS AT SECTION 200.609.**

5. **CONSTRUCTION.** The first paragraph of Section 17.O of the Franchise Agreement is deleted and replaced with the following:

**O. CONSTRUCTION. The preambles and exhibits are a part of this Agreement which, together with the System Standards (which may be periodically modified, as provided in Sections 4.C., 8.G., and 17.M. above), constitutes our and your entire**

agreement. Other than our representations in the Franchise Disclosure Document you received from us, there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Center (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in Sections 16.D. and 17.G., nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

6. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as Section 17.O of the Franchise Agreement:

P. **ILLINOIS FRANCHISE DISCLOSURE ACT.** Section 41 of the Illinois Franchise Disclosure Act states that 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.

**[The remainder of this page is intentionally left blank.]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise Agreement.

**ALLIANCE FRANCHISE BRANDS LLC**, a  
Michigan limited liability company

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]



**RIDER TO THE ALLIANCE FRANCHISE BRANDS LLC  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is by and between **ALLIANCE FRANCHISE BRANDS LLC**, a Michigan limited liability company with its principal office at 47585 Galleon Drive, Plymouth, Michigan 48170-2466 ("we," "us," or "our"), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (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) you are domiciled in Maryland, and/or (b) the Signs By Tomorrow or Signs Now Center that you will operate under the Franchise Agreement will be located in Maryland.

2. **ACKNOWLEDGMENTS.** Section 1.B.(1) and Section 1.B.(4) are hereby deleted in their entirety. Additionally, the following is added to the end of Section 1.B of the Franchise Agreement:

To the extent required by applicable law, these acknowledgments are not intended to act, nor shall they act, as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. **INITIAL FRANCHISE FEE.** The following is added to the end of Section 3.A of the Franchise Agreement:

Pursuant to an order of the Maryland Securities Commissioner, we have posted a Surety Bond in the amount of \$28,000 from Travelers Casualty and Surety Company of America. The terms of the Surety Bond will remain in effect until we have completed all of our initial obligations to you under the Franchise Agreement and you have opened your Center. A copy of the Surety Bond is on file with the Maryland Securities Commissioner.

4. **RELEASES.** The following is added to the end of Sections 12.C(12), 12.D, 13.C and 15.E of the Franchise Agreement:

Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **INSOLVENCY.** The following is added to the end of Sections 14.B(16) and 14.B(17) of the Franchise Agreement:

; however, we and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

6. **GOVERNING LAW.** Section 17.H of the Franchise Agreement is deleted and replaced with the following:

**H. GOVERNING LAW. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT AND ANY OTHER AGREEMENT BETWEEN YOU (OR ANY OF YOUR OWNERS) AND US (OR ANY OF OUR AFFILIATES), AND ALL CONTROVERSIES, DISPUTES, AND CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF MICHIGAN WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT (1) ANY STATE LAW REGULATING THE OFFER OR 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 PARAGRAPH, AND (2) TO THE EXTENT REQUIRED BY APPLICABLE LAW, MARYLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.**

7. **CONSENT TO JURISDICTION.** Section 17.I of the Franchise Agreement is deleted and replaced with the following:

**I. CONSENT TO JURISDICTION. SUBJECT TO SUBSECTION 17.G. ABOVE AND THE PROVISIONS BELOW, YOU (AND YOUR OWNERS) AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN THE STATE OR FEDERAL COURT WHICH IS CLOSEST TO OUR OR, AS APPLICABLE, OUR SUCCESSOR'S OR ASSIGN'S THEN CURRENT PRINCIPAL PLACE OF BUSINESS (CURRENTLY, PLYMOUTH, MICHIGAN), AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NOTWITHSTANDING THE FOREGOING, YOU MAY BRING AN ACTION IN MARYLAND FOR CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.**

8. **CLASS ACTION BAR AND LIMITATIONS OF CLAIMS.** The following is added to the end of Section 17.N of the Franchise Agreement:

**; PROVIDED, HOWEVER, THAT THIS LIMITATION OF CLAIMS SHALL NOT ACT TO REDUCE THE 3 YEAR STATUTE OF LIMITATIONS AFFORDED YOU FOR BRINGING A CLAIM UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.**

**[The remainder of this page is intentionally left blank.]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise Agreement.

**ALLIANCE FRANCHISE BRANDS LLC**, a  
Michigan limited liability company

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**RIDER TO THE ALLIANCE FRANCHISE BRANDS LLC  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is by and between **ALLIANCE FRANCHISE BRANDS LLC**, a Michigan limited liability company with its principal business address at 47585 Galleon Drive, Plymouth, Michigan 48170-2466 ("we," "us," or "our"), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (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 Signs By Tomorrow or Signs Now Center that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 12.C(12), 12.D, 13.C and 15.E of the Franchise Agreement:

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. **RENEWAL AND TERMINATION.** The following is added to the end of Sections 13 and 14.B of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. **GOVERNING LAW.** Section 17.H of the Franchise Agreement is deleted and replaced with the following:

**H. GOVERNING LAW. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT AND ANY OTHER AGREEMENT BETWEEN YOU (OR ANY OF YOUR OWNERS) AND US (OR ANY OF OUR AFFILIATES), AND ALL CONTROVERSIES, DISPUTES, AND CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF MICHIGAN WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT (1) ANY STATE LAW REGULATING THE OFFER OR 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 PARAGRAPH, AND (2) NOTHING IN THIS AGREEMENT WILL**

**ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.**

5. **CONSENT TO JURISDICTION.** Section 17.I of the Franchise Agreement is deleted and replaced with the following:

**I. CONSENT TO JURISDICTION. SUBJECT TO SUBSECTION 17.G. ABOVE AND THE PROVISIONS BELOW, YOU AND YOUR OWNERS AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN THE STATE OR FEDERAL COURT WHICH IS CLOSEST TO OUR OR, AS APPLICABLE, OUR SUCCESSOR'S OR ASSIGN'S THEN CURRENT PRINCIPAL PLACE OF BUSINESS (CURRENTLY, PLYMOUTH, MICHIGAN), AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. NOTHING IN THIS AGREEMENT SHALL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.**

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** If and then only to the extent required by the Minnesota Franchises Law, Section 17.J of the Franchise Agreement is deleted.

7. **DAMAGES.** The following language is added to the end of Section 17.K of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

8. **INJUNCTIVE RELIEF.** Section 17.L of the Franchise Agreement is deleted and replaced with the following:

**L. INJUNCTIVE RELIEF. Nothing in this Agreement, including the provisions of Section 17.G, bars our right to seek specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks and/or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions (subject to our obligation to arbitrate the underlying claim if required by Section 17.G). You agree that we may seek such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).**

9. **CLASS ACTION BAR AND LIMITATIONS OF CLAIMS.** The following is added to the end of Section 17.N of the Franchise Agreement:

**; PROVIDED, HOWEVER, THAT MINNESOTA LAW PROVIDES THAT NO ACTION MAY BE COMMENCED UNDER MINN. STAT. SEC. 80C.17 MORE THAN 3 YEARS AFTER THE CAUSE OF ACTION ACCRUES.**

**[The remainder of this page is intentionally left blank.]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise Agreement.

**ALLIANCE FRANCHISE BRANDS LLC**, a  
Michigan limited liability company

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**RIDER TO THE  
ALLIANCE FRANCHISE BRANDS LLC  
FRANCHISE AGREEMENT FOR USE IN THE  
STATE OF NEW YORK**

**THIS RIDER** is by and between **ALLIANCE FRANCHISE BRANDS LLC**, a Michigan limited liability company with its principal business address at 47585 Galleon Drive, Plymouth, Michigan 48170-2466 ("we," "us," or "our"), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, (the "Franchise Agreement") that has been signed concurrently with this Rider. This Rider is being signed because (a) you are domiciled in the State of New York and the Signs By Tomorrow or Signs Now Center that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **TRANSFER BY US.** The following language is added to the end of Section 12.A of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith and judgment, is willing and able to assume our obligations under this Agreement.

3. **RELEASES.** The following language is added to the end of Sections 12.C(12), 12.D, 13.C and 15.E of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT - BY YOU.** The following language is added to the end of Section 14.A of the Franchise Agreement:

You also 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 AND CONSENT TO JURISDICTION.** The following statement is added at the end of Sections 17.H and 17.I of the Franchise Agreement:

**THIS SECTION SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE PROVISIONS OF ARTICLE 33 OF THE NEW YORK STATE GENERAL BUSINESS LAW, AS AMENDED, AND THE REGULATIONS ISSUED THEREUNDER.**



**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise Agreement.

**ALLIANCE FRANCHISE BRANDS LLC**, a  
Michigan limited liability company

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**RIDER TO THE ALLIANCE FRANCHISE BRANDS LLC  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** is by and between **ALLIANCE FRANCHISE BRANDS LLC**, a Michigan limited liability company with its principal business address at 47585 Galleon Drive, Plymouth, Michigan 48170-2466 ("we," "us," or "our"), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (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) you are a resident of North Dakota and the Signs By Tomorrow or Signs Now Center that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES.** The following is added to the end of Sections 12.C(12), 12.D, 13.C and 15.E of the Franchise Agreement:

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 is added to the end of Section 15.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, we will enforce the covenants to the maximum extent the law allows.

4. **ARBITRATION.** The first paragraph of Section 17.G of the Franchise Agreement is amended to read as follows:

G. **ARBITRATION.** We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, affiliates, and/or employees), on the other hand, arising out of or related to:

- (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates);
- (2) our relationship with you;
- (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or

(4) any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (“AAA”). The arbitration proceedings will be conducted by one arbitrator and, except as this Subsection otherwise provides, according to the AAA’s then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable, our successor’s or assign’s then current principal place of business (currently, Plymouth, Michigan); provided, however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator’s awards may be entered in any court of competent jurisdiction.

5. **GOVERNING LAW.** Section 17.H of the Franchise Agreement is deleted and replaced with the following:

**H. GOVERNING LAW. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT AND ANY OTHER AGREEMENT BETWEEN YOU (OR ANY OF YOUR OWNERS) AND US (OR ANY OF OUR AFFILIATES), AND ALL CONTROVERSIES, DISPUTES, AND CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF MICHIGAN WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR 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 PARAGRAPH.**

6. **CONSENT TO JURISDICTION.** Section 17.I of the Franchise Agreement is deleted and replaced with the following:

**I. CONSENT TO JURISDICTION. SUBJECT TO SUBSECTION 17.G. ABOVE AND THE PROVISIONS BELOW, YOU AND YOUR OWNERS AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN THE STATE OR FEDERAL COURT WHICH IS CLOSEST TO OUR OR, AS APPLICABLE, OUR SUCCESSOR’S OR ASSIGN’S THEN CURRENT PRINCIPAL PLACE OF BUSINESS (CURRENTLY, PLYMOUTH, MICHIGAN), AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO**

**EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO YOUR ARBITRATION OBLIGATIONS, YOU MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.**

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Section 17.J of the Franchise Agreement is deleted.

8. **DAMAGES.** The following language is added to the end of Section 17.K of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

9. **CLASS ACTION BAR AND LIMITATIONS OF CLAIMS.** The following is added to the end of Subsection 17.N of the Franchise Agreement:

**THE STATUTES OF LIMITATIONS UNDER NORTH DAKOTA LAW APPLIES WITH RESPECT TO CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.**

**[The remainder of this page is intentionally left blank.]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise Agreement.

**ALLIANCE FRANCHISE BRANDS LLC**, a  
Michigan limited liability company

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**RIDER TO THE ALLIANCE FRANCHISE BRANDS LLC  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** is by and between **ALLIANCE FRANCHISE BRANDS LLC**, a Michigan limited liability company with its principal business address at 47585 Galleon Drive, Plymouth, Michigan 48170-2466 ("we," "us," or "our"), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (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) you are domiciled in Rhode Island and the Signs By Tomorrow and Signs Now Center that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **GOVERNING LAW/CONSENT TO JURISDICTION.** The following language is added to Section 17.H and 17.I 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."**

**[The remainder of this page is intentionally left blank.]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise Agreement.

**ALLIANCE FRANCHISE BRANDS LLC**, a  
Michigan limited liability company

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**RIDER TO THE ALLIANCE FRANCHISE BRANDS LLC  
FRANCHISE AGREEMENT AND RELATED AGREEMENTS FOR USE IN WASHINGTON**

**THIS RIDER** is by and between **ALLIANCE FRANCHISE BRANDS LLC**, a Michigan limited liability company with its principal business address at 47585 Galleon Drive, Plymouth, Michigan 48170-2466 ("we," "us," or "our"), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (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) you are domiciled in the State of Washington; and/or (b) the Signs By Tomorrow or Signs Now Center that you will operate under the Franchise Agreement will be located in Washington; and/or (c) you accepted the offer for the sale of the Signs By Tomorrow or Signs Now franchise in Washington.

2. **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement:

In recognition of the requirements of the Washington Franchise Investment Protection Act (the "Act") and the rules and regulations promulgated thereunder, this Agreement shall be modified as follows:

In the event of a conflict of laws, the provisions of the Act, Chapter 19.100 RCW, shall 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 Act, in Washington.

A release or waiver of rights executed by you may not include rights under the Act, except when executed pursuant to a negotiated settlement after this 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.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition



covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in this Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in this Agreement or elsewhere are void and unenforceable in Washington.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the effective date of the Franchise Agreement.

**ALLIANCE FRANCHISE BRANDS LLC**, a  
Michigan limited liability company

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Title: \_\_\_\_\_

**(IF YOU ARE AN INDIVIDUAL AND NOT  
A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**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:

<b>State</b>	<b>Effective Date</b>
California	Exempt
Hawaii	_____
Illinois	Exempt
Indiana	Exempt
Maryland	June 23, 2023, as amended _____
Michigan	March 24, 2023, as amended September 11, 2023
Minnesota	April 6, 2023, as amended _____
New York	Exempt
North Dakota	March 30, 2023, as amended _____
Rhode Island	April 1, 2023, as amended _____
South Dakota	March 24, 2023, as amended September 11, 2023
Virginia	March 28, 2023, as amended _____
Washington	April 13, 2023, as amended _____
Wisconsin	March 24, 2023, as amended September 11, 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.

**EXHIBIT O**

**RECEIPTS**

**RECEIPT  
(OUR COPY)**

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 Alliance Franchise Brands 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, Alliance Franchise Brands LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1<sup>st</sup> personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must 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 Alliance Franchise Brands 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 A.

The franchisor is Alliance Franchise Brands LLC, 47585 Galleon Drive, Plymouth, Michigan 48170-2466. Tel: (800) 726-9050. The franchise seller for this offering is:

Michael Cline  
Alliance Franchise Brands LLC  
47585 Galleon Drive, Plymouth,  
Michigan 48170-2466  
(800) 726-9050

\_\_\_\_\_  
Alliance Franchise Brands LLC  
47585 Galleon Drive, Plymouth,  
Michigan 48170-2466  
(800) 726-9050

Name of Franchise Seller: \_\_\_\_\_  
Principal Business Address: \_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_

Issuance Date: March 24, 2023, as amended September 11, 2023. (The effective dates in the franchise registration states are noted on the page immediately preceding the Receipts cover page.)

See Exhibit A for Alliance Franchise Brands LLC's registered agents authorized to receive service of process.

I have received a disclosure document dated March 24, 2023, as amended September 11, 2023 that included the following Exhibits:

- |  |  |
|--|--|
| Exhibit A - Agencies/Agents for Service of Process         | Exhibit I - Sample General Release                     |
| Exhibit B - Franchise Agreement                            | Exhibit J - List of Franchisees                        |
| Exhibit C - CoreBridge Enrollment Form                     | Exhibit K - List of Former Franchisees                 |
| Exhibit D - Representations and Acknowledgment Statement   | Exhibit L - Financial Statements                       |
| Exhibit E - Confidential Franchise Application             | Exhibit M - Table of Contents for Operations Materials |
| Exhibit F - Guaranty and Assumption of Obligations         | Exhibit N - State Addenda and Agreement Riders         |
| Exhibit G - Confidentiality and Non-Solicitation Agreement | Exhibit O - Receipts                                   |
| Exhibit H - Local Website Enrollment Form                  |  |

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or facsimile, to Legal Department, Alliance Franchise Brands LLC, 47585 Galleon Drive, Plymouth, Michigan 48170-2466. Facsimile: (800) 669-1228.

**RECEIPT  
(YOUR COPY)**

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 Alliance Franchise Brands 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, Alliance Franchise Brands LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1<sup>st</sup> personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must 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 Alliance Franchise Brands 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 A.

The franchisor is Alliance Franchise Brands LLC, 47585 Galleon Drive, Plymouth, Michigan 48170-2466. Tel: (800) 726-9050. The franchise seller for this offering is:

<input type="checkbox"/> Michael Cline Alliance Franchise Brands LLC 47585 Galleon Drive, Plymouth, Michigan 48170-2466 (800) 726-9050	<input type="checkbox"/> _____ Alliance Franchise Brands LLC 47585 Galleon Drive, Plymouth, Michigan 48170-2466 (800) 726-9050	<input type="checkbox"/> Name of Franchise Seller: _____ Principal Business Address: _____ _____ Telephone No.: _____
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Issuance Date: March 24, 2023, as amended September 11, 2023. (The effective dates in the franchise registration states are noted on the page immediately preceding the Receipts cover page.)

See Exhibit A for Alliance Franchise Brands LLC’s registered agents authorized to receive service of process.

I have received a disclosure document dated March 24, 2023, as amended September 11, 2023 that included the following Exhibits:

- |  |  |
|--|--|
| Exhibit A - Agencies/Agents for Service of Process         | Exhibit I - Sample General Release                     |
| Exhibit B - Franchise Agreement                            | Exhibit J - List of Franchisees                        |
| Exhibit C - CoreBridge Enrollment Form                     | Exhibit K - List of Former Franchisees                 |
| Exhibit D - Representations and Acknowledgment Statement   | Exhibit L - Financial Statements                       |
| Exhibit E - Confidential Franchise Application             | Exhibit M - Table of Contents for Operations Materials |
| Exhibit F - Guaranty and Assumption of Obligations         | Exhibit N - State Addenda and Agreement Riders         |
| Exhibit G - Confidentiality and Non-Solicitation Agreement | Exhibit O - Receipts                                   |
| Exhibit H - Local Website Enrollment Form                  |  |

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.