

FRANCHISE DISCLOSURE DOCUMENT



Mold Medics Franchising LLC
A Pennsylvania Limited Liability Company
811 Washington Ave
Carnegie, PA 15106
Telephone: (412) 447-5582
www.moldmedics.com
info@moldmedicsfranchising.com

Mold Medics Franchising LLC is offering franchises for the operation under the Mold Medics name and logo of a business offering mold testing and remediation services, duct and vent cleaning, water damage dry-outs, restoration services, dust control, encapsulation, demolition, ozone and odor treatments, radon testing and mitigation services, attic insulation and sealing, and other services and products within a specific geographic area.

The total investment necessary to begin operation of a Mold Medics franchise is \$104,450 to \$180,400. This includes \$49,900 that must be paid to the Franchisor or its affiliate(s).

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

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 our corporate office at 811 Washington Ave., Carnegie, PA 15106, or via telephone at (412) 447-5582.

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

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

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

Issuance Date: September 5, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Mold Medics business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Mold Medics franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

- 1. Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Pennsylvania. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Pennsylvania than in your own state.
- 2. Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
- 3. 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.
- 4. Mandatory Minimum Payments.** You must make minimum royalty and advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if:
 - (i) the term of the franchise is less than 5 years and
 - (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchises 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 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 franchise unless provision has been made for providing the required contractual services.

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

Any questions regarding the notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn: Franchise, 525 West Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48909, (517) 373-7117.

TABLE OF CONTENTS

ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	9
ITEM 2: BUSINESS EXPERIENCE	11
ITEM 3: LITIGATION	14
ITEM 4: BANKRUPTCY	14
ITEM 5: INITIAL FEES	14
ITEM 6: OTHER FEES	15
ITEM 7: ESTIMATED INITIAL INVESTMENT	19
ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	21
ITEM 9: FRANCHISEE’S OBLIGATIONS	23
ITEM 10: FINANCING	24
ITEM 11: FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	25
ITEM 12: TERRITORY	30
ITEM 13: TRADEMARKS	32
ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	33
ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	34
ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	34
ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	35
ITEM 18: PUBLIC FIGURES	39
ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS	39
ITEM 20: OUTLETS AND FRANCHISEE INFORMATION	42
ITEM 23: FINANCIAL STATEMENTS	44
ITEM 22: CONTRACTS	44
ITEM 23: RECEIPTS	45

TABLE OF EXHIBITS

- A List of State Agencies/Agents for Service of Process
- B Franchise Agreement and Exhibits:
 - 1 – Personal Guaranty
 - 2 – Statement of Ownership
 - 3 – Spousal Consent
 - 4 – Compliance Certification Addendum
 - 5 –Franchise Option Amendment
 - 6 – Promissory Note
 - 7 – EFT Authorization
- C Operations Manual Table of Contents
- D List of Franchisees and List of Franchisees Who Have Left the System
- E Financial Statements/Guarantee
- F Transfer and Release Agreement
- G General Release
- H State Addenda

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

The Franchisor

The Franchisor is Mold Medics Franchising LLC. In this Franchise Disclosure Document, the Franchisor will be referred to as “we,” “us,” or “Mold Medics” and the person who buys the franchise will be referred to as “you.” If the prospective franchisee is a corporation, partnership, limited liability company, or other entity, “you” will mean the entity and the owners of the entity. Your owners must sign a personal guaranty agreeing to comply with all provisions of the Franchise Agreement

We are a Pennsylvania limited liability company formed on September 16, 2019. We began offering franchises in December 2020. As of December 31, 2022 we had one franchisee. We currently do business under our corporate name and under the trade name “Mold Medics.” Our principal business address is 811 Washington Ave., Carnegie, PA 15106. Our agents for service of process are disclosed in Exhibit A.

We are not engaged in any other business. We have never offered franchises for any other type of business.

Parents, Predecessors, and Affiliates

On May 3, 2023 all of our membership interests were acquired by Threshold Brands, LLC (“Threshold Brands”). Threshold Brands maintains its principal place of business at 77 North Washington Street, Boston, MA, 02114. Threshold Brands is a wholly owned subsidiary of HS Group Holding Company, LLC (“HSGH”). HSGH maintains its principal place of business at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111.

Our predecessor, Mold Medics LLC, a Pennsylvania limited liability company with a principal business address of 811 Washington Ave., Carnegie, PA 15106 (“MMC”), was formed on January 31, 2018. From January 2018 to present, MMC operated and continues to operate a business of the type offered in this disclosure document. MMC has never offered franchises in this or any other line of business. In September 2019, MMC contributed the Mold Medics business system to us.

Our affiliate Maid Pro Franchise, LLC (“MaidPro”) is a franchisor of home cleaning services businesses for residential and commercial customers. MaidPro’s principal place of business is 77 North Washington Street, Boston, Massachusetts 02114. MaidPro began offering franchises on February 1, 1997 and as of December 31, 2022 had 242 franchises in the United States and 16 in Canada.

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

Our affiliate Men In Kilts US, LLC (“MIK”), is a franchisor of businesses providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services. MIK’s principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK began offering franchises in March, 2019 and as of December 31, 2022 had 18 franchises.

Our affiliate Men In Kilts Canada Inc. (“MIK Canada”), is the franchisor of the Men In Kilts brand in

Canada. Its principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK Canada through its predecessor has been offering Men In Kilts franchises in Canada since 2011 and as of December 31, 2022 had 21 Men In Kilts franchises in Canada.

Our affiliate Pestmaster Franchise Network, LLC ("Pestmaster"), is a franchisor of businesses providing structural and agricultural pest control and related services. Pestmaster's principal business address is 9716 South Virginia Street, Suite E, Reno, Nevada 89511. Pestmaster through its predecessor has been offering franchises since June 1991 and as of December 31, 2022 had 51 franchises.

Our affiliate USA Insulation Franchise, LLC ("USA Insulation") is a franchisor of businesses providing residential insulation services. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. It has been offering franchises since March 2006 and as of December 31, 2022 had 98 franchises.

Our affiliate PHP Franchise, LLC ("PHP"), is a franchisor of businesses providing residential plumbing and related services under the Plumbing Paramedics mark and businesses providing residential heating and air conditioning installation, repair, replacement and maintenance services under the Heating & Air Paramedics mark. Its principal place of business is 9750 E. 150th Street, Noblesville, IN 46060. In November 2021 PHP began offering Plumbing Paramedics and Heating & Air Paramedics franchises and as of December 31, 2022 it had 1 Plumbing Paramedics franchise and 3 Heating & Air Paramedics franchises.

Our affiliate Sir Grout Franchising, LLC ("Sir Grout") is a franchisor of businesses providing grout and tile cleaning, sealing, caulking and restoration services and other services. Its principal business address is 77 North Washington Street, Boston, MA 02114. Sir Grout has been offering franchises since August 2007 and as of December 31, 2022 had 52 franchises.

Our affiliate Granite Garage Floors Franchising, LLC is a franchisor of businesses that market, sell and install residential garage floor coating systems. Its principal business address is 110 Mansell Circle, Suite 375, Roswell, GA 30075. It has been offering franchises since June 2013 and as of December 31, 2022 had 14 franchises.

Except as disclosed above, neither we, nor our parent, nor our affiliates, currently operates any other types of businesses which offer franchises or provide products or services to our franchisees. Except as disclosed above, we have no parent, predecessors or affiliates required to be disclosed in this Item. Neither we nor any of our affiliates disclosed above have offered franchises in any line of business except as disclosed above. Except as disclosed above, none of our affiliates has ever conducted the type of business a Mold Medics franchisee will operate.

The Franchise

We offer franchises for the establishment and operation of a business (the "Business") providing services, products, and solutions for air quality and other environmental issues, including mold testing, mold remediation, duct and vent cleaning, water damage dry-outs, restoration services (including drywall repair, painting, and drainage), dust control, encapsulation, demolition, ozone and odor treatments, radon testing and mitigation, attic insulation and sealing, and other services, products, or solutions that we authorize from time to time (each a "Service" or "Product," and collectively the "Services and Products" or "Services or Products") to customer locations within a specified geographic area ("Customers"). We license the Business to use our proprietary business methods, software, templates, systems, and techniques we may provide from time-to-time ("System").

We also grant the Business a license to use our service mark, "Mold Medics," and other trademarks, service

marks, and commercial symbols (“Marks”) that are or may become a part of the System, but only as and when we designate. The Business will be operated out of a designated business office, which may be at your home if permitted by applicable law (“Office”).

Applicable Laws and Regulations

The Business is subject to numerous laws, regulations, and rules relating to water restoration, mold remediation, and related services at the federal, state, and local level. You may be required to obtain licensing and/or permits to operate a Business and/or to provide specific Services or Products through a Business, including for restoration and mold inspection and remediation. You will be solely responsible for obtaining all licenses and permits required by your federal, state, or local governments and for abiding by all applicable laws, regulations, and rules. In addition, you must comply with laws and regulations that apply generally to all small businesses, including zoning regulations, labor regulations, and minimum age and minimum wage laws, among others.

Market and Competition

The market for the Services and Products consists of Customers needing Services or Products. We encourage you to study potential markets and competition that may already exist. You will experience competition for Services and Products from our corporate locations, other franchisees, other franchise systems, national companies, and independent companies providing similar services and products in the air quality, environmental testing and remediation, and related industries.

ITEM 2: BUSINESS EXPERIENCE

Chairman of the Board of Managers – Tom Silk

Mr. Silk joined us as the Chairman of our Board of Managers in May 2023. Mr. Silk is the Chairman of the Board of Managers for our parent company Threshold Brands, LLC and its parent company, HS Group Holding Company, LLC. Mr. Silk is also the Chairman of the Board of Managers for all of our affiliate companies listed in Item 1. From September 2019 to August 2022 Mr. Silk was the CEO of Corporate Rewards d/b/a WorkStride in New York, NY. From January 2013 to September 2019 Mr. Silk served as WorkStride’s Chief Customer Officer.

Vice President and Manager – Caroline Peck

Since May 2023, Ms. Peck has served as our Vice President and Manager. Since August 2021, Ms. Peck has been the Vice President and a Manger of our parent, Threshold Brands, LLC, and since August 2020 Ms. Peck has been the Vice President and a Manager of Threshold Brands’ parent, HS Group Holding Company, LLC. Ms. Peck is also a Vice President and Manager for all of our affiliate companies listed in Item 1. Since January 2023 Ms. Peck has been an Assistant Vice President with The Riverside Company in Santa Monica, CA. From July 2021 to December 2022 Ms. Peck was a Senior Associate with The Riverside Company in Santa Monica, CA. From July 2019 to June 2021 Ms. Peck was an Associate with The Riverside Company in Santa Monica, CA. From June 2017 to June 2019 Ms. Peck was an Analyst with The Riverside Company in Santa Monica, CA.

Vice President, Secretary and Manager – Stephen Rice

Mr. Rice has been our Vice President and Secretary and a member of our Board of Managers since May 2023. Since August 2021 Mr. Rice has been the Vice President, Secretary and a Manager of our parent,

Threshold Brands, LLC, and since August 2020 Mr. Rice has been the Vice President, Secretary and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Rice is also the Vice President, Secretary and a Manager of all of our affiliate companies disclosed in Item 1. Since October 2010, Mr. Rice has been a Principal of The Riverside Company, located in Cleveland, Ohio.

Manager – Ryan Farris

Mr. Farris joined us as a member of our Board of Managers in May 2023. Since November 2021 Mr. Farris has served as a Manager of our parent, Threshold Brands, LLC, and its parent, HS Group Holding Company, LLC. Mr. Farris is also a Manager of all of our affiliate companies disclosed in Item 1. Mr. Farris has been the President and COO of AlphaGraphics since October 2017 and, since August 2020 he has also served as the President and COO of PostNet International Franchise Corp., both located in Lakewood, Colorado.

Manager – Steven Siegel

Mr. Siegel has been a member of our Board of Managers since May 2023. Since August 2021 Mr. Siegel has served as a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Siegel has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Siegel is also a Manager of all of our affiliate companies disclosed in Item 1. Since January 2005, Mr. Siegel has served as a Managing Partner at Brookside Consulting located in Thornton, New Hampshire.

Manager– Mark Kushinsky

Mr. Kushinsky has been a member of our Board of Managers since May 2023. Since August 2021 Mr. Kushinsky has served as a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Kushinsky has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Kushinsky is also a Manager of all of our affiliate companies disclosed in Item 1. From April 2008 to July 2020, Mr. Kushinsky was Chief Executive Officer of MaidPro Franchise Corporation and its successors, located in Boston, MA, and from August 2020 to April 2021 Mr. Kushinsky was Chief Executive Officer of HS Group Holding Company, LLC, based in Boston, MA.

Chief Executive Officer – Theodore DeMarino

Mr. DeMarino has served as our Chief Executive Officer (“CEO”) since June 2023. Mr. DeMarino is also the CEO and a Manager of our parent, Threshold Brands, LLC and of its parent, HS Group Holding Company, LLC. He also serves as the CEO and a Manager of our affiliates listed in Item 1. From October 2019 to May 2023, Mr. DeMarino was the President of Liberty Tax in Hurst, TX. From September 2016 to October 2019 Mr. DeMarino was an Operating Partner with Vintage Capital Management in Frisco, TX.

Chief Financial Officer – Scott Fink

Mr. Fink has served as our Chief Financial Officer (“CFO”) since June 2023. Mr. Fink is also the CFO of our parent company, Threshold Brands, LLC, its parent company, HS Group Holding Company, LLC and all of our affiliate companies disclosed in Item 1. From October 2020 to June 2023, Mr. Fink was the CFO for The Bazaar, Inc. in River Grove, IL. From April 2017 to October 2020, Mr. Fink was the CFO for Aakash Chemicals, Inc. in Glendale Heights, IL.

Chief Operating Officer – Cory Hughes

Mr. Hughes has served as our Chief Operating Officer (“COO”) since August 2023. Mr. Hughes is also the COO of our parent company, Threshold Brands, LLC, and is the COO of all of our affiliate companies

disclosed in Item 1. From March 2018 to August 2023 Mr. Hughes was the Executive Vice President – Operations of Liberty Tax Service in Leawood, KS.

Chief Legal Officer – Robert G. Huelin

Mr. Huelin has served as our Chief Legal Officer (“CLO”) since May 2023. Since August 2021 Mr. Huelin has served as the CLO of our parent, Threshold Brands, LLC, located in Boston, MA. Since May 2021 Mr. Huelin has served as the CLO of all of our affiliate companies listed in Item 1. From December 2014 to May 2021 Mr. Huelin was the Vice President, Legal and Compliance for Wireless Zone, LLC and its predecessor in Rocky Hill, CT.

Chief Revenue Officer – Juliet Diiorio

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

Vice President, Human Resources – Somerset Buchanan

Ms. Buchanan has been our Vice President of Human Resources since May 2023. Ms. Buchanan has been the Vice President, Human Resources for our parent, Threshold Brands, LLC since November 2022. Ms. Buchanan serves as the Vice President, Human Resources for each of our affiliate companies listed in Item 1. From March 2022 until November 2022, Ms. Buchanan was the Senior Director of Central Coaching for Threshold Brands, LLC in Boston, MA. From December 2020 until March 2022, Ms. Buchanan was the Director of Central Coaching for Threshold Brands. Ms. Buchanan was Director of Field and New Franchisee Learning for Dunkin Brands in Canton, MA from February 2019 to June 2020. Ms. Buchanan was previously the Senior Learning Manager of New Franchisee Learning for Dunkin Brands from January 2017 to February 2019.

Senior Director of Franchise Development – Ron Bender

Mr. Bender has been our Senior Director of Franchise Development since May 2023. Since August 2021 Mr. Bender has been the Senior Director of Franchise Development for our parent, Threshold Brands, LLC. Mr. Bender serves as the Senior Director of Franchise Development for each of our affiliate companies listed in Item 1. From February 2019 until August 2021 Mr. Bender was the Vice President of Franchising for EnviroLogik in Bradenton, FL. From January 2015 to January 2019 Mr. Bender was the Vice President of Franchise Development for Big Frog Custom T-Shirts in Dunedin, FL.

Brand Leader – Bryan McMurray

Since August 2023 Mr. McMurray has served as our Brand Leader. From September 2022 to August 2023 Mr. McMurray was Operations Manager for our affiliate Men In Kilts in Boston, MA. From October 2021 to September 2022 Mr. McMurray was Director of Operations for Wellbiz Brands in Denver, CO. From November 2016 to October 2021 Mr. McMurray was Franchise Business Coach for Self Esteem Brands in

Woodbury, MN.

Brand Manager - Tim Swackhammer

Since May 2023 Tim Swackhammer has served as our Brand Manager. Mr. Swackhammer is the co-founder of Mold Medics, and from January 2018 to May 2023 Mr. Swackhammer was our CEO and a Member of our Board of Managers in Carnegie, PA.

**ITEM 3:
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4:
BANKRUPTCY**

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

**ITEM 5:
INITIAL FEES**

Initial Franchise Fee and Initial Location Fee

You must pay an initial franchise fee of \$49,900 (“Initial Franchise Fee”). You will pay the Initial Franchise Fees in full at the time you sign your Franchise Agreement(s) unless we offer to finance a portion of the Initial Franchise Fee. We may offer to prospects who meet our qualifications, including creditworthiness financing of up to the full amount of the Initial Franchise Fee. See Item 10 for additional information. The Initial Franchise Fee is nonrefundable and is deemed fully earned upon signing the Franchise Agreement.

We may offer you the option of waiving the Initial Franchise Fee in exchange for an increase to the Royalty Fee rate by an additional 2.5% of Gross Consumer Sales for the term of the Franchise Agreement and the first renewal term, if the franchise is renewed. Any decision to offer this discount to a first-time franchisee will be granted in our sole discretion and we have the right to evaluate each first-time franchisee on an individual basis and can terminate this practice at any time. See Franchise Agreement, Exhibit 5. We refer to this program as our “Franchise Option Program”. See Item 6 for additional information.

If you are a current member of the United States Armed Forces or you received an honorable discharge from the United States Armed Forces you may be eligible for a 20% reduction of the Initial Franchise Fee on your first Franchised Business. We also offer a “First Responders” discount. If you are a police officer, firefighter, or paramedic/emergency medical technician (EMT) you may be eligible for a 20% reduction of the Initial Franchise Fee on your First Franchised Business. We currently offer a multi-territory discount. If you purchase 3 or more territories at the same time, you may be eligible to receive a 25% reduction of the Initial Franchise Fee off the second and any additional territories you purchase.

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

**ITEM 6:
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Base Royalty	Greater of 7% of Gross Sales (“Gross Sales Royalty”) and the applicable Minimum Royalty per month. Minimum Royalty is \$500 per month for first 12 months after opening, \$1,000 per month for months 13-24 and \$1,500 per month for the remainder of the term of the Franchise Agreement.	10 th day of the month for Base Royalty accruing in prior month	See Notes 1 and 2.
Extraterritorial Royalty	7% of Gross Sales in addition to Base Royalty.	10 th day of the month for Extraterritorial Royalty accruing in prior month	Payable at the same time and in the same manner as Base Royalty. Applies to all Gross Sales generated by you for services and/or products sold outside of your Territory (only as permitted by the Franchise Agreement). See Note 3.
Relationship Fee	15% of Gross Sales for Relationship Work performed in another franchisee’s territory.	10 th day of the month	Payable at the same time and in the same manner as Base Royalty. Applies to all Relationship Work performed in another franchisee’s territory, as permitted by us. See Note 4.
Call Center Fee	\$500 per month.	10 th day of the month	If we create a Call Center this fee will be payable at the same time and in the same manner as Base Royalty. See Note 5.
Brand Fund Fee	2% of Gross Sales.	10 th day of the month	Payable at the same time and in the same manner as Base Royalty. See Note 6.
Technology Fee	\$500 per month.	10 th day of the month	Payable at the same time and in the same manner as Base Royalty. See Note 7.

Type of Fee	Amount	Due Date	Remarks
Convention Fee	Up to \$1,500 depending upon costs.	Due at registration.	See Note 8.
Transfer Fee	\$5,000	Before transfer occurs.	Payable before your transfer of the Franchise Agreement or other interest in the franchise, except in the case of a transfer by you to a corporation that you wholly own.
Renewal Fee	10% of our then-current Initial Franchise Fee.	When you sign our then-current Franchise Agreement	Payable if you opt for and qualify to remain as a franchise at the end of the initial term of the Franchise Agreement.
Interest and Late Charges	Late charge of \$200 on all amounts not received by us when due, plus interest at 1.5% per month, capitalized monthly.	Payable if you fail to pay us on time.	See Note 9
Additional Training and Onsite Assistance	Published rates; currently, additional training at our site is \$500 per day and onsite assistance is \$1,000 per day plus the cost of all of our travel, meals, and accommodations.	As incurred, before assistance.	See Note 10
Attorney Fees and Costs	Will vary depending on circumstances.	When incurred by us.	See Note 11.
Service, Product, or Vendor Approval Fee	Our then-current evaluation fee; currently \$500.	As incurred, upon your request	See Note 12.
Indemnification	Varies	As incurred	See Note 13.
Inspections and Audits	Varies	As incurred	See Note 14.
Insurance Acquisition	Cost we incur to obtain insurance for you if you fail to obtain the insurance we require.	On demand	Only payable if you fail to obtain insurance we require and we obtain it on your behalf.
Marks Recovery	Cost we incur to recover all property containing our Marks.	On demand	Only payable if you fail to stop after termination to stop using any property that contains our Marks.

Type of Fee	Amount	Due Date	Remarks
Management Fee	\$500 per day.	On demand	Only payable if we manage your Business, which we can do upon the occurrence of a default or under your Franchise Agreement, you die or become disabled.
Liquidated Damages	Amount equal to average Royalty Fee owed during 12 month period preceding date of termination (or, if 12 months have not elapsed, such shorter period), multiplied by the number of months remaining in the term of the Franchise Agreement.	On demand	Only payable if the Franchise Agreement is terminated before the expiration of the term.

Explanatory Notes

1. **Non-Refundable.** Unless otherwise indicated, all of the fees listed in this Item 6 are uniformly imposed by, payable to, and collected by us, and are non-refundable. You must use the payment methods we designate. We currently require electronic funds transfer. You must sign and deliver to us an irrevocable EFT Authorization attached as Exhibit 7 to the Franchise Agreement to enable our financial institution to debit your primary bank account at your bank in order to pay us all amounts you owe us. You must maintain enough funds in the account to cover all amounts payable to us. If funds in the Account are not enough to cover the amounts payable to us the outstanding amount will be considered overdue and you must pay us the overdue amount plus interest, any related bank fees. If you do not timely report your Gross Sales, we may estimate the amount of fees due and make a withdrawal from your bank account based on our estimate, plus 10%. If we underestimate any fees due, you must pay the total amount of fees due. If we overestimate any fees due, we will credit the fees paid against fees due in the next payment period after we receive accurate records regarding your Gross Sales. You must reimburse us for all sales taxes, use taxes, personal property taxes and similar taxes required to be paid by us on account of services or goods furnished by us to you, or on account of payments made by you to us.

2. **Royalty Fees, Minimum Royalty, and Funds Account.** Royalty Fees are based on “Gross Sales,” which are defined as “all revenues derived from all sales of services and/or products of every kind or nature sold from, at, or in connection with the operation of the Business or otherwise arising out of the operation of the Business, including sales made at or away from the Business, whether for cash, credit, or any other form of remuneration, less returns for which refunds are made, provided that the refund shall not exceed the sales price.” “Gross Sales” does not include the amount of any tax imposed by any federal, state, municipal, or other governmental authority.

If you have accepted our offer to waive the Initial Franchise Fee under our Franchise Option Program your Base Royalty will be 9.5% of Gross Sales.

The Minimum Royalty per month is disclosed in the chart below:

Time Period	Minimum Royalty
Opening through Month 12 after opening	\$500
Months 13-24	\$1,000
Months 25-end of term of Franchise Agreement	\$1,500

3. **Extraterritorial Royalty.** If we permit you (which we may do in our sole discretion) in writing to provide Products or Services to locations outside of your Territory (and not within the territory of another franchisee), you must pay the Extraterritorial Royalty (7% of all Gross Sales generated outside of your Territory) in addition to the Base Royalty.

4. **Relationship Fee.** Relationship Work is work performed by a franchisee for existing customers and/or referral sources within the territory of another franchisee only if and as permitted by us. Relationship Work is permitted on a case-by-case basis and is intended only to permit franchisees to maintain relationships that extend beyond their territory. The franchisee performing the Relationship Work must pay an additional fee (the Relationship Fee) of fifteen percent (15%) to us, which we then remit to the franchisee in whose territory the Relationship Work was performed, so long as that franchisee is in compliance with the Franchise Agreement and Operations Manual.

5. **Call Center Fee.** If we operate, facilitate, administer, or are otherwise involved in a Call Center, answering service, and/or other similar centralized communication system(s) (e.g. online orders, scheduling, or sales sites, applications, or portals), we may charge a Call Center Fee. You will be required to participate in the Call Center and pay us at the time we specify the Call Center Fee we charge from time-to-time. This fee is currently \$500 per month but is subject to change upon ten (10) days written notice to you.

6. **Brand Fund.** We have established the Brand Fund for the benefit of the System. All franchisees are required to contribute 2% of Gross Sales. See Item 11 for more information on the Brand Fund.

7. **Technology Fee.** You must pay us a Technology Fee of \$500 per month. In exchange for which we will create and maintain a website for your Business grant you a license for the use of our SERVYCER management software as a service (“SERVYCER”). You will receive one Primary User License for you or the Business Manager. You will pay \$10 for each Additional User License for each additional customer-facing employee or contractor of the Business. You must sign a license agreement with us and/or third parties with whom we have developed SERVYCER and agree to be bound by the terms of all third-party platforms and integrations that we use in SERVYCER. Your license subscriptions will begin when your business opens, which is immediately upon completion of your initial training.

8. **Convention Fee.** We may from time-to-time conduct conventions or host meetings of some or all of our franchisees. (“Conventions”). You must attend our Conventions, and pay all of your expenses incurred in connection with attending the Conventions, including registration, transportation, meals, lodging and living expenses. We determine the duration, curriculum and location of the Conventions. You must pay the applicable registration fee for each Convention at the time of registration. This fee is not refundable and will be collected even if you do not attend any Convention(s). If you own and operate more than one Mold Medics franchise, you will only be obligated to pay a single Convention registration fee.

9. **Interest and Late Fees.** If you fail to pay any Base Royalty, Extraterritorial Royalty, Call Center Fee, Brand Fund Fee, Technology Fee, or any other amount due to us or our affiliates, you will owe, in addition to the amount you owe us, a penalty of \$200 plus interest after the due date equal to 1.5% per month of the late payment until such amount is paid in full; provided, however, in no event will you be

required to pay interest at a rate greater than the maximum interest rate permitted by applicable law. Late charges are and will accrue monthly. We have the right to immediately debit any amounts you owe us from your bank account.

10. **Additional Training and Onsite Assistance.** If you request and we agree to provide additional training to you, or if we require you or any of your employees or managers to undergo additional training, you will pay our then-current rates for such training.

11. **Attorney Fees and Costs.** Payable if we incur legal fees or costs as a result of your breach of the Franchise Agreement (including any failure to timely pay any money owing to us or our affiliates when due) or violation of any Operations Manual provision or other policy or procedure that we adopt. You are responsible for payment of all such fees described whether or not they are incurred in litigation, mediation, arbitration, or any other proceeding.

12. **Service, Product, or Vendor Approval Fee.** If you wish to purchase, sell, or use a service or product that is not at the time a Designated or Approved Service or Product (as defined by the Franchise Agreement), or to purchase, sell, or use products or services from, to, or through a person or entity which is not a Designated Entity or Approved Entity (as defined by the Franchise Agreement), you must follow the procedures (including, without limitation, payment of all charges) we establish from time to time in our Operations Manual for seeking approval of such product, service, person, or entity. We are under no obligation to approve any such product, service, person, or entity and we reserve the right to refuse to consider any or all requests. We may also establish conditions to our approval.

13. **Indemnification.** You must indemnify and hold us harmless from all liabilities arising from the operation of the Business including any matter in which we are deemed to be a joint employer and any liabilities arising out of misuse or disclosure of our Confidential Information.

14. **Inspections and Audits.** We have the right to audit your Gross Sales, company books and records, accounting software, and all reports and information you are required to submit to us under the Franchise Agreement. We may access records of your Gross Sales, company books and records, and other information about your Business through your Technologies, which access you agree to provide. You also agree to install and maintain any software and execute any documents necessary to permit such access locally and remotely, all at your sole expense. We also have the right to audit your Business prior to any transfer or change of ownership of your Business. If at any time (whether in connection with an audit or not) we determine that you have understated your Royalty Fees or any other figures resulting in Royalty Fees being undercalculated, or that you have underpaid any Royalty Fees or any other amounts due under Franchise Agreement or otherwise, we are authorized to immediately initiate a debit to your account in the appropriate amount plus the reasonable cost of our audit and/or inspection, including the cost of outside auditors and attorneys (to the extent we incur such costs), and all late fees and interest as permitted by the Franchise Agreement.

**ITEM 7:
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount ¹	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ²	\$49,900	Wire transfer	When you sign the Franchise Agreement	Us

Type of expenditure	Amount ¹	Method of payment	When due	To whom payment is to be made
Travel and Living Expenses While Training ³	\$1,000 - \$2,500	As agreed	As incurred during training	Third parties
Vehicle ⁴	\$3,500 - \$5,500	As agreed	Before the Business opens	Third parties
Vehicle Upfitting ⁵	\$2,500 - \$5,000	As agreed	As agreed	Third parties
Initial Equipment & Supplies ⁶	\$15,000 - \$20,000	As agreed	Before the Business opens	Third parties
Business Licenses ⁷	\$50 - \$1,500	As agreed	As agreed	Third parties
Computer, POS & Software ⁸	\$2,000 - \$3,000	As agreed	Before the Business opens	Us and third parties
Initial Marketing ⁹	\$12,000 - \$20,000	As agreed	Before the Business opens	Third parties
Insurance ¹⁰	\$3,000 - \$11,000	As agreed	Before the Business opens	Third parties
Professional Fees ¹¹	\$500 - \$2,000	As agreed	As agreed	Attorneys, accountants, and business consultants
Additional Funds – Initial 3 Months ¹²	\$15,000 - \$60,000	As agreed	Ongoing	Your employees and vendors
TOTAL (single location)	\$104,450 - \$180,400			

Explanatory Notes

1. **Non-Refundable; Basis of Estimates.** All fees and payments are non-refundable unless otherwise stated or permitted by the payee. Except as otherwise described in the notes below, the preceding table provides an estimate of your initial investment and the costs necessary to begin operating a Business. Actual costs will vary for each franchise and location depending on a number of factors, including market conditions and the geographic location of your Business(es).
2. **Initial Franchise Fee.** The initial franchise fee is payable in full when you sign the Franchise Agreement. Except as discussed in Item 10, we do not finance any part of your initial investment.
3. **Travel and Living Expenses While Training.** Before you open your Business, you must attend our initial training program as provided in Item 11. The initial training program is provided tuition-free for up to two individuals who attend at the same time. However, you will pay all transportation, meals, and lodging expenses that are incurred by your personnel in connection with attendance at the training program at our offices in Carnegie, PA and field training locations in the Pittsburgh, PA area, or such other place as we designate. Out-of-pocket travel expenses vary depending on your proximity to our office or the designated training center. This estimate assumes two persons in training for one week, commuting daily to our Carnegie, PA office (low end) to two persons in training for one week while staying at a local business class hotel (two rooms) with rental car.

4. **Vehicle.** You must own or lease a vehicle for the operation of your Business. We recommend a Ford 250 or comparable vehicle. The estimated amounts in the table above assume three months of a lease or monthly payment with no down payment. Registration fees and taxes are not included in this estimate. The vehicle you acquire for use in the Business must be no more than 3 years old and in good mechanical and cosmetic condition. We must approve the type of vehicle you intend to use in your Business.
5. **Vehicle Upfitting.** Your vehicle must be white and must be wrapped and upfitted according to our specifications, including installation of vehicle graphics and interior upfitting.
6. **Initial Equipment and Supplies.** The estimate includes the initial equipment and supplies required to operate your Business. We will provide you with a list of specific equipment and supplies we recommend, which includes tools, fittings, sprayers, chemicals, PPE, ladder, vacuum and cleaning materials.
7. **Business licenses.** This is the cost of business and other licenses and/or certifications necessary for you to operate a Business in your state. Business license requirements and fees vary drastically from state to state. You should investigate the specific requirements in the states in which you intend to operate.
8. **Computer Equipment, POS, and Software.** The estimate includes the cost of a basic Windows laptop, cell phone, QuickBooks software license, and our Technology Fee for three months (see Item 6).
9. **Initial Marketing.** Under your Franchise Agreement, you must spend a minimum of \$3,000 per month for the first six months that your Business is in operation. For the first three months, this amounts to \$9,000. We strongly encourage you to invest additional amounts to establish yourself in your Territory. The estimate includes membership fees for realtor marketing groups, marketing vendor initiation fees, and similar groups and listings targeted to generate business.
10. **Insurance.** The estimate includes the cost for property insurance, general liability insurance, and automobile insurance for vehicles used in a Business. The estimate does not include the cost of unemployment insurance, which varies significantly from state to state.
11. **Professional Fees.** You may incur certain attorney, accountant, and advisor fees in setting up your franchise.
12. **Additional Funds – Initial 3 Months.** This item estimates your initial start-up expenses for the first three months of operations, not including those expenses identified separately in the table. It includes payroll costs for one employee, office supplies (but no office location), and other general business expenses. The estimate of additional funds does not include an owner’s salary or draw, but does assume that an owner will be working full-time in the Business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the Business. They are drawn from our affiliate’s experience in operating a business similar to the Business in the Pittsburgh area since 2018.

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

You must establish, maintain, and operate your Business in accordance with our standards, specifications, and operating procedures, which are described in the Franchise Agreement and in our confidential operations manual, which is in the form of one or more manuals, bulletins, or other written materials (“Operations Manual”), which we make available to you through our online portal or drive share.

We do not provide our standards and specifications to vendors or other third parties. We have the unlimited

right, under the Franchise Agreement, to change the operating procedures, standards, and specifications applicable to the operation of the Business by written notice to you or through changes in the Operations Manual or otherwise in writing. You may incur additional costs to comply with these changes at your own expense.

Required and Approved Products, Services, and Vendors

You must purchase certain products, services, equipment, inventory, supplies, furnishings, fixtures, and other items from us or approved vendors. We may also require you to purchase specific products and services for use in your Business. We or our affiliate may be the sole supplier of a product or service. We are the sole supplier of SERVYCER, a software you must use in the operation of your Business.

If you want to use suppliers, to obtain products or services other than those previously approved by us, you must provide us with the proposed supplier's name, address and telephone number, a description of the item(s) you wish to purchase and the purchase price, if known, as well as an evaluation fee, which is presently \$500. At our request, you must provide us with a sample of the supplier's product or service for testing purposes. If we incur any costs in connection with evaluating a supplier at your request, you must reimburse us our reasonable testing costs regardless of whether the supplier is subsequently approved. We have the right to revoke our approval of particular suppliers when we determine, in our sole discretion, that the suppliers no longer meet our standards. You must stop purchasing from these suppliers immediately upon receiving notice of our revocation of approval. We will generally approve or deny your request within 10 business days after we receive all information we have requested from the supplier. All approvals, denials, and revocations will be sent via email or as we provide otherwise. We do not make our criteria for approving suppliers available to franchisees.

We may periodically negotiate purchase arrangements with suppliers for the benefit of franchisees, but we do not do so at this time. We do not give you any material benefits based on your use of designated or approved sources or suppliers.

We and our affiliates may derive revenue and other consideration from your and other franchisees' purchases of products, services or other items from us or our affiliates. We and our affiliates may also receive rebates, other amounts or other benefits based on your purchase and the purchases of other franchisees of products, services or other items from suppliers. In our last fiscal year ended December 31, 2022, we received revenues of \$6,930, or approximately 18.8% of our total revenues of \$36,734.56 from all required purchases and leases of products and services by our franchisees.

We do not have any officers who own an interest in any of our suppliers to the System except us.

Upfitting and Initial Equipment and Supplies

You must use the supplier we designate for vehicle upfitting and your initial equipment and supplies order.

Marketing and Advertising

We must approve all marketing and advertising before first publication, use, or campaign. See Item 11 of this Franchise Disclosure Document for more information regarding our marketing and advertising requirements.

Computer Hardware and Software

You must purchase and use in the operation of your Business only the computer hardware and software we designate, including our proprietary software and accounting software.

Insurance

You must maintain in force at your expense the following insurance: (a) property insurance on a replacement cost basis at a minimum limit based on the total value of your assets (including, fire, extended coverage, vandalism and malicious mischief); (b) comprehensive general liability insurance with a minimum limit of \$1,000,000 per occurrence and \$3,000,000 aggregate (including coverage for personal injury, products and contractual liability); (c) automobile insurance for all vehicles used in the Business consistent with state law; and (d) worker's compensation insurance with a broad form all states endorsement coverage sufficient to meet the requirements of applicable state law, and (e) errors and omissions insurance in the amounts we specify. You must provide us with proof of coverage and name us, any subsidiary or third party which we designate as additional insureds.

We estimate that the costs of your purchases from designated or approved sources, or according to our standards and specifications, may range from 65% to 95% of the total cost of establishing your Business and approximately 60% to 95% of the total cost of operating your Business after that time.

ITEM 9: FRANCHISEE'S OBLIGATIONS

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	III.A, B	11
b. Pre-opening purchases/leases	IV.A, I;	5, 7
c. Site development and other pre-opening requirements	VI.I	11, 12
d. Initial and ongoing training	V	11, 15
e. Opening	VI.A	11
f. Fees	IV; V.B; VI.D, E; X.B, C, D; XVII.F, L; XXII.C	5, 6, 7
g. Compliance with standards and policies/ Operations Manual	VI; VII; VIII	8, 11, 14
h. Trademarks and proprietary information	IX; XI	13, 14
i. Restrictions on products/services offered	VI.C, D, E	8, 11, 16
j. Warranty and customer service requirements	VI.C	8, 12
k. Territorial development	III.B	12
l. On-going product/service purchases	VI.D, E	8
m. Maintenance, appearance and remodeling requirements	VI.E, F; VIII	11
n. Insurance	XV	7, 8

Obligation	Section in Franchise Agreement	Disclosure Document Item
o. Advertising	X	11
p. Indemnification	XIV	6
q. Owner's participation/management/ staffing	VI.B	15
r. Records and reports	VII	6, 8
s. Inspections and audits	VI.G; VII.D; XVII	6
t. Transfer	XVI	6, 17
u. Renewal	II.B	6, 17
v. Post-termination obligations	XVIII	17
w. Non-competition covenants	XII	17
x. Dispute resolution	XIX	17
y. Guaranty by owners and/or other individuals	XXII.V and Exhibit 1 to Franchise Agreement	15

**ITEM 10:
FINANCING**

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

We may offer financing of up to the full amount of the Initial Franchise Fee as disclosed in Item 5 to prospects who meet our qualifications, including creditworthiness. If you qualify and accept financing from us, you must sign the Promissory Note attached as Exhibit 6 to the Franchise Agreement. Your owners must guaranty the payment of all amounts you owe under the Promissory Note.

The Promissory Note will provide for payment by electronic funds transfer (EFT) in scheduled monthly installments of up to 24 months. We will charge interest at an annual rate of twelve percent (12%). (Section 1). The Promissory Note may be prepaid at any time without penalty.

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

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

incur in connection with the enforcement of the Note, collection of amounts due and sale or other disposition of any collateral.

A default under the Franchise Agreement or any other agreement with us constitutes a default under the Promissory Note (Section 4). A default under the Promissory Note constitutes a default under the Franchise Agreement, which gives us the right, among other remedies, to terminate the Franchise Agreement.

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

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

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

Pre-Opening Obligations

Before you open your Business we or our designee will:

1. Review and approve or disapprove your Business Location. We do not require you to maintain a business office separate from your home and expect most franchisees will operate from their homes (as permitted by local law) (Franchise Agreement Section VI.I).
2. Provide our initial training program for you and up to two other individuals concurrently at our offices in Carnegie, Pennsylvania and/or at another location we designate. You must complete training to our satisfaction. You are responsible for all travel and lodging expenses you and your personnel incur during the initial training program. (Franchise Agreement Section VI.I).
3. Provide the names of required or approved vendors, suppliers, and service providers (which may include us or our affiliates). (Franchise Agreement Section VI.I).
4. Give you access to our online portal or drive share containing the Operations Manual covering the operating techniques of the Business, and updates and revisions to the Operations Manual. (Franchise Agreement Section VI.I).

We estimate that the typical length of time between signing the Franchise Agreement and beginning to operate your Business will be 1-6 months depending upon numerous factors, including the time for required state licensure and permits and your ability to hire employees and complete the initial training program. You must begin offering Services and Products for your Business within 180 days after signing the Franchise Agreement. (Franchise Agreement - Section VI. A.). If you do not meet this timeline, we may terminate the Franchise Agreement and we will retain any amounts you paid to us or our affiliates.

Ongoing Assistance

During your operation of the Business, we or our designee will:

1. At your reasonable request and for a reasonable period of time that we determine, consult with you by telephone or email, or facsimile regarding the continued operation and management of your Business and advise you regarding services, sales techniques, customer relations and/or similar topics, all in accordance with our policies and procedures, all as we deem appropriate (Franchise Agreement Section

VI.I). We have no obligation to develop products or services that you will offer to customers, improve or develop your Franchised Business, establish administrative, bookkeeping and inventory control procedures for your use or except as disclosed above, resolve operating problems you encounter. Although we may provide you with suggestions for pricing of your Services and Products we have no obligation to do so and you are solely responsible for setting these prices.

2. Provide you with ongoing updates of information and programs regarding your Business and the System in forms that we determine (including e-blasts, online webinars, conference calls, etc.) (Franchise Agreement Section VI.I).

3. Provide training for replacement or additional employees during the term of the Franchise Agreement. The availability of the training program to replacement or additional personnel is subject to our scheduling and prior commitments to new and existing franchisees and must be scheduled on a space-available basis (Franchise Agreement Section VI.I).

4. Make our employees or designated agents available to you, at our sole discretion, for advice and assistance in connection with the ongoing operation of your Business according to our Operations Manual and any relevant policies and procedures. If you request additional assistance and we agree to provide it, we may charge you for all travel, lodging, meals, telephone charges, and other identifiable expenses associated with such assistance, plus an onsite assistance fee, which fee will be charged in accordance with our then-current hourly rates for assistance (Franchise Agreement Section VI.I).

5. We may from time-to-time conduct conventions or host meetings at a location to be selected by us. You must attend these events and pay our then-current registration fees. All expenses, including you and your employee's transportation to and from these events, and lodging, meals, and salaries during the events, are your sole responsibility (Franchise Agreement Section VI.I).

Site Selection

Although we do not select a site for your Business we do have the right to approve this location. When reviewing a site we review various factors including whether the site is zoned appropriately and whether it is located in your Territory. We have 30 days to approve or disapprove a site after you provide us with all information we request regarding the site. If we do not approve a site with 120 days after you sign the Franchise Agreement we can terminate your Franchise Agreement and retain all amounts you have paid to us. Franchise Agreement Sections III.A. and XVII. B.)

Advertising/Marketing

We have no obligation to advertise your Business.

Brand Fund

We have established a fund for the marketing and promotion of the Mold Medics brand (the "Brand Fund"). You must contribute 2% of your Gross Sales to the Brand Fund ("Brand Fund Fee") in the manner we prescribe. (Franchise Agreement Section X.C). We intend that all franchisees participating in the Brand Fund will be required to contribute to such Fund at the same rate. Outlets owned by us or an affiliate are not required to contribute to the Brand Fund.

We may use Fees in our sole discretion, to market and promote the Mold Medics brand or any other names or marks we use in the System, including to develop, produce, and/or distribute national, regional, or local advertising and public relations materials which promote the brand; to pay for agency costs and

commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. We may also use money in the Fund to pay for coaching and training for the franchisees in marketing, advertising, recruiting and sales. It is our responsibility to determine how monies in the Brand Fund are spent. We are not required to spend Brand Fund Fees in any specific media. We anticipate using our in-house marketing department to source and place marketing and advertising, but we may source some or all of our marketing in-house or by contracting with marketing consultants or firms. We do not use any portion of the Brand Fund Fees to solicit new franchise sales although we may use funds to improve our website which may contain franchise solicitation materials on it and we may include a notation in any marketing or advertising indicating “Franchises Available.”

Any Brand Fund Fees not spent in the year collected will be carried over to the next fiscal year. We are not required under the Franchise Agreement to spend any amount of Brand Fund Fees in your Territory and System franchisees may not benefit directly or on a pro rata basis from our expenditures. We have the right to reimbursement from Brand Fund Fees for the costs and overhead we incur in activities related to administering the Brand Fund and directing and implementing advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs. We do not have an advertising council composed of franchisees. There is no requirement that the Brand Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Brand Fund income and expenditures for the year immediately prior to the year in which your request was made.

We did not collect or expend funds through the Brand Fund in 2022.

Advertising Council/Cooperatives

There is no advertising council composed of franchisees. However, we may establish an advisory council of franchisees (“Franchisee Advisory Council”) to advise us on various issues and strategies. The Franchisee Advisory Council will have an advisory role, but no operational or decision-making power. We may change the structure and process of the Franchise Advisory Council or dissolve the Franchisee Advisory Council at any time.

You are not responsible for participating in any local or regional advertising cooperative. If we do require participation, any money spent with the cooperative will go toward your local marketing requirement. The area of any cooperative will be determined by us based on geographical and advertising market factors at the time. Any franchisor or affiliate owned units within a cooperative must participate on the same basis as any Businesses. The cooperative will be administered as determined by its members, but subject to our right to veto any decisions of the cooperative. We have the power to require cooperatives to be formed, changed, dissolved or merged. Any cooperative must prepare annual financial statements which will be available for review by its members. Any cooperative will be governed based on written documents which will be available for your review.

Internet Advertising

You may not create, maintain or have created or maintained your own website, social media site, or other internet presence except as we permit. We may require you to establish, maintain, and/or provide content

for one or more websites, social media accounts, and/or other internet presence. At all times, we own all websites, domain names, social media pages, and all other internet content related to your franchise. You must execute documents that we require evidencing our ownership of such content (including documents evidencing a transfer of ownership of such content, as necessary). (Franchise Agreement, Section X.E).

Local Advertising

You must spend \$3,000 per month for the first six months that your Business is in operation and \$1,000 per month (or such other amount we establish) thereafter on marketing in your Territory. This requirement is in addition to your Brand Fund obligations.

You must submit to us, at least 21 business days prior to your use (or such other timeframe that we establish in the Operations Manual), samples of all marketing, advertising, and promotional materials you desire to use. (Franchise Agreement, Section X.A). Our failure to approve or disapprove the materials within 21 business days of receipt will be deemed disapproval. You may not use any marketing, advertising, or promotional materials for which we have not given our prior written approval. You may not market, advertise, or sell the Business or any Services or Products offered by the Business via the Internet without our prior written consent, which may be given or withheld in our sole discretion.

Computer Systems

You must obtain, install, and use, at your expense, the computer hardware and software we may require from time to time. You must upgrade your computer hardware and software as we specify. There are no limitations on the frequency with which we may require upgrades or the cost to you to make those upgrades.

We currently do not have any required computer hardware requirements, except that you must own a personal computer with a high-speed internet connection to the Internet and must have a dedicated digital business telephone number that is listed in telephone directories that we prescribe. If you do not already own a personal computer, we estimate that it may cost you up to \$2,000 to purchase the necessary hardware. Each of your customer-facing employees must also have a device through which they can access and use our proprietary software. You will store customer and prospect information along with information regarding projects in your computer system.

You must obtain our proprietary software and the accounting software we designate. Although there is no cost to obtain our proprietary software you must pay us a Technology Fee of \$500 per month. You must also use the accounting software we designate. The cost to obtain this software is up to \$100 and the cost to maintain it is approximately \$20 per month.

Neither we nor any third party has an obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer systems or software described above. We are not aware of any annual costs of optional or required maintenance, updating, upgrading or support contracts related to the hardware or software specified above.

We will have independent access to the information that will be generated or stored in your computer systems. No contractual limitation exists on our right to access the data and information generated or stored on your computer systems.

You must maintain a telephone number dedicated to the Business,. We will own all rights to all telephone numbers, websites, domain names, social media pages, and all other internet content associated with your Business, and you must terminate or transfer all such listings, content, and information to us, as we direct, upon request or upon termination or expiration of the Franchise Agreement.

Operations Manual

The Table of Contents of our Operations Manual is attached to this Franchise Disclosure Document at Exhibit C. As of December 31, 2022 the Operations Manual contained 105 pages.

Training

We will provide our initial training program to one individual who must be responsible for the daily management of the Business. This individual must successfully complete the initial training program within 120 days after you sign the Franchise Agreement. Otherwise, we may terminate your Franchise Agreement and retain all amounts you have paid to us and our affiliates. We schedule our initial training program as often as we deem necessary. The initial training program will consist of up to 20 hours of classroom training at our designated training location and up to 20 hours of on-the-job training at our offices in Carnegie, Pennsylvania, as we determine necessary. We may waive all or a portion of the training program if you or your employees have sufficient prior experience or training, in our sole determination. We use the Operations Manual as the basis for our initial training program.

Up to two individuals from your organization may participate in our initial training program without charge of tuition or fee, but both must attend the same session(s). You must pay all transportation, meals, salary, and lodging expenses that are incurred by your personnel in connection with attendance at the training program.

We will make the initial training program available to replacement or additional employees during the term of the Franchise Agreement. We charge a tuition or fee, payable in advance, commensurate with our then-current published prices for such replacement training. This fee is currently \$500 per day. You must pay all travel, meals, salary, and lodging expenses that are incurred by your personnel when they attend our initial training program or replacement training. The availability of the training program to replacement or additional employees will be subject to prior commitments to new or existing franchisees and is scheduled on a space- and time-available basis.

We may provide additional training. If we do, and we permit you to participate, you must pay for this training at our then-current rates (\$500 per day) and you must also pay all travel and lodging expenses associated with this training.

We may occasionally present seminars and continuing development programs, or conduct meetings for the benefit of our System. You must attend certain seminars, conventions, programs, or meetings offered by us during the term of your Franchise Agreement, when we announce them as being mandatory. We will give you at least 30 days written notice before any seminar, convention, program, or meeting at which we will require your attendance. You must pay all tuition and fees associated with mandatory training, as well as all travel and lodging expenses that are associated with attendance at such programs.

Our initial training program is conducted under the direction of Tim Swackhammer, who is one of our founders and has more than 6 years of experience in the industry. A description of our initial training program as of the issuance date of this Franchise Disclosure Document is set forth below.

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Introduction and Orientation	2	-	Carnegie, Pennsylvania
Franchisor/Franchisee Relations	1	-	Carnegie, Pennsylvania

Start-up and Daily Operations	4	-	Carnegie, Pennsylvania
Testing	2	1	Carnegie, Pennsylvania
Mold Remediation	2	6	Carnegie, Pennsylvania & Surrounding Area
Air Duct Training	2	4	Carnegie, Pennsylvania & Surrounding Area
Sales & Assessments	2	4	Carnegie, Pennsylvania & Surrounding Area
Software and Point of Sale Use	2	-	Carnegie, Pennsylvania
Digital Marketing & Reputation Management	1	-	Carnegie, Pennsylvania
Local Marketing	2	5	Carnegie, Pennsylvania & Surrounding Area
TOTAL	20	20	

We may modify the subjects, content, and time devoted to the training described in this table for specific individual trainees as we deem appropriate.

You may not open your Business until after you're the initial training program is completed to our satisfaction and you have obtained all licenses and certifications required by applicable law. You must open your Business within 180 days after you sign the Franchise Agreement. If you fail to open the Business within this time period we may terminate your Franchise Agreement and retain all amounts you have paid to us or our affiliates.

ITEM 12: TERRITORY

We will grant you a designated non-exclusive area ("Territory") with the following provisions, which will be identified on the Data Sheet to your Franchise Agreement, within which to offer Services and Products to Customers through your Business. Your Territory will comprise an area that includes approximately 300,000 people at the time the Territory is defined, based on data from the most recent U.S. Census. A Territory will be defined by city or county limits, Zip Code areas, street boundaries, or other boundaries. You may not change your Territory without our prior written approval. You may operate your Business out of a home office (so long as it is permitted by local law) or you may lease space for your Business. We expect most franchisees will operate from a home-based office. Your office will be identified as the "Business Location" in the Franchise Agreement. We must approve any relocation of your Business Location. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We are under no obligation to provide you with a right to purchase any additional territories or a right of first refusal to acquire additional franchises in contiguous territories or otherwise.

We will not establish and operate, nor license anyone else to establish and operate, a Mold Medics Business offering Services and Products to Customers within your Territory. Except as described in the prior sentence, we and our affiliates may engage in any business activities, under any name or mark, in any geographic area, and at any location, regardless of the proximity to or effect on your Territory or Business. For example, we may: (1) use, and to license others to use, the Marks and System for the operation of Businesses at any location outside your Territory; (2) advertise or authorize others to advertise anywhere, using the Marks; (2) acquire, be acquired by, merge or affiliate with or engage in any transaction with other businesses (whether or not these businesses are competitive), including competing franchise systems with units operating in your Territory and we may continue to operate any such competitive business(es) in your

Territory under a different trademark; (3) contract with and provide services and products to National Accounts at any location, whether or not located within your Territory; (4) permit others to provide services and products in your Territory, but only for certain customers with whom they have a pre-existing relationship based in their own territory, as discussed below; (5) if a natural disaster or similar event occurs in your Territory or a weather event or series of events causes damage to more than 20 buildings in your Territory, we may permit others to provide services and products in your Territory on a temporary response basis; and (6) distribute, or license others to distribute products, whether now existing or developed in the future, identified by our Marks or other marks we own or license through other channels of distribution such as the internet, catalog sales, telemarketing, or other direct marketing within your Territory. We do not pay you any compensation for soliciting or accepting orders from inside your Territory.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Unless we otherwise agree, you are prohibited from soliciting or accepting orders from customers located outside of your Territory, and you have no right to use other channels of distribution such as the internet, catalog sales, telemarketing, or other direct marketing to make sales outside your Territory.

We may also permit other franchisees to provide Services and Products in your Territory, but only for certain customers with whom they have a pre-existing relationship based in their own territory (meaning that the franchisee has provided Services or Products to or for a customer within the franchisee's own territory within the past 12 months) ("Relationship Work").

If a natural disaster or similar event occurs in your Territory or a weather event or series of events causes damage to more than 20 buildings in your Territory, we may permit other franchisees to provide Services and Products in your Territory on a temporary response basis.

We have the exclusive right, under the Franchise Agreement, to contract with "National Account" customers to provide Services and Products inside and outside of your Territory. A "National Account" means any Customer: (1) that conducts its business for its own account or through agents, affiliates, independent contractors, or franchisees in 2 or more states; (2) that is a regional or national chain with 5 or more locations; or (3) which owns, manages, controls, or otherwise has responsibility for businesses in more than one location and whose presence is not confined within any one particular franchisee's territory.

You must notify us if you wish to solicit, engage in any arrangement with, pursue a relationship with, or provide any Services or Products to a National Account and provide all information we request relating to the proposed solicitation, arrangement, relationship, or provision of Services or Products. If any Customer to whom you are providing Services or Products is or becomes a National Account, you must promptly notify us and you must receive our written consent to pursue and/or continue such work.

We may elect to give eligible franchisees the opportunity to provide Products or Services under one or more National Accounts ("National Account Work"). You are eligible for National Account Work ("National Work- Eligible") only if you: (i) are not in default under your Franchise Agreement or any other agreement with us, our affiliates, or your suppliers or vendors, (ii) have not previously violated any terms or conditions of any contract for servicing a National Account ("National Account Contract") or violated any directive relating to National Accounts, and (iii) demonstrate, to our satisfaction, that you are capable of providing the National Account Work and that it will not adversely affect our relationship or standing with any National Account ("National Account Prerequisites").

If any National Account Work that we make available to franchisees is in your Territory and you are National Work-Eligible, we will notify you in writing that we are making this National Account Work available to

franchisees (“First Right Notice”). If you desire to provide the National Account Work, you must: (i) notify us in writing within 10 days, and (ii) return, fully executed, all agreements and documents relating to the National Account Work at the time you notify us that you intend to provide the National Account Work, but in no event later than 5 days after we provide such agreements and documents to you for execution. If you are not National Work-Eligible or you fail to notify us that you desire to provide any National Account Work within your Territory, we may permit another franchisee or third party to perform the National Account Work. If you are National Work-Eligible, we may still determine that the National Account is better served by having another franchisee provide the National Account Work and permit that franchisee to perform such National Account Work.

In order to provide National Account Work, you must at all times abide by all policies and procedures for National Accounts and National Account Work. If you choose to provide National Account Work on the terms and conditions negotiated by us, we will pay you a fee for such National Account Work as specified in the contract, after the deduction of amounts owed to us under your Franchise Agreement and any charges or expenses we incur in connection with the contract and its administration, within 30 days after we receive payment from the National Account Work. You are not entitled to any payment for National Account Work unless and until the National Account has accepted the Services and/or Products and has paid the National Account contract fee to us.

We may require you to stop providing National Account Work if: (i) you are not, at any point, National Work- Eligible, (ii) we deem it in our best interest for purposes of maintaining the National Account relationship or otherwise, or (iii) we decide to perform the National Account Work ourselves or through our affiliates. Other than as described above, you have no right to any National Account Work or remuneration under any National Account, whether inside or outside of your Territory.

You are only permitted to operate your Business and provide Services and Products within your Territory unless we, in writing, permit you to:

1. perform work outside of your Territory at locations that are not in the territory of another franchisee (“Extraterritorial Work”);
2. perform Relationship Work outside of your Territory;
3. perform National Account Work outside of your Territory; or
4. perform work resulting from a significant weather event.

We may revoke these permissions at any time.

ITEM 13: TRADEMARKS

We grant you the right to use the trademarks, service marks, trade names, logos, symbols and indicia of origin that we specify from time to time, including, the mark Mold Medics®, distinctive trade dress and such other trade names, trademarks and service marks as we now designate or may hereinafter designate in writing (the “Marks”) in the operation of your Business, in accordance with the terms of your Franchise Agreement. You may use the Marks only in conjunction with your operation of your Business.

All of the Marks are owned by our affiliate, MMC and licensed to us under an IP License Agreement. The IP License Agreement has an indefinite term and may be terminated by MMC only upon a material breach of the IP License Agreement. Upon termination or expiration of the IP License Agreement, we must immediately discontinue the use of the Marks and assign to MMC or its assignee all of our franchise agreements licensing the use of the Marks, and MMC or its assignee has agreed to assume all obligations under our franchise agreements arising from and after their assignment.

MMC registered the “Mold Medics” service mark on the Principal Register of the United States Patent and Trademark Office (“USPTO”) (#88066969) on October 15, 2019. We consider this to be our principal trademark. MMC has filed all required affidavits, renewals, and documents to maintain this mark.

There are currently no effective material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation, or any pending material litigation regarding the Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the principal trademark described above.

You may not use the words “Mold Medics” in the legal name of your corporation, partnership, or any other business entity. You may not use the Marks in connection with the sale of unauthorized products or services or in a manner not authorized by us. You may not use any of the Marks as part of an electronic mail address or on any sites on the Internet or World Wide Web and you may not use or register any of the Marks as a domain name on the Internet.

You must notify us immediately when you learn about an infringement of or challenge to your use of any of the Marks. We are not contractually obligated by the Franchise Agreement to protect you against claims of infringement or unfair competition with respect to your use of the Marks. However, if we do, we will pay all costs, including attorneys’ fees and court costs, associated with any litigation required to defend or protect your authorized use of the Marks. You must cooperate with us in any such litigation. We do not know of any person claiming or having superior rights to any of the Marks or of any infringing uses of the Marks that could materially affect your use of the Marks.

You must use the Marks in conjunction with the symbol “SM”, “TM” or “®”, as we specify. You may not use any of the Marks in connection with the offer or sale of any unauthorized services or products or in any other manner that we have not explicitly authorized in writing.

You acknowledge that we shall have the exclusive right to add, modify, discontinue and/or substitute any or all of the Marks. Within 10 days from receiving our written notification, you must, at your sole cost and expense, discontinue using all Marks which we have modified or discontinued and begin using all additional, modified or substituted Marks, as we specify. We will control any litigation regarding the marks.

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

We do not own any patents or copyrights which are material to the franchise; however, our Operations Manual and System are our proprietary and confidential property. There are no pending patent applications that are material to the franchise. You may use our Operations Manual and System, and any other trade secrets and proprietary information that belong to us (“Confidential Information”) only as described in the Franchise Agreement or as we permit in writing. You must maintain the confidentiality of our Confidential Information. Although we have not applied for a copyright registration, we claim a copyright in our Operations Manual and System. We have the right to modify the Operations Manual and System, and you must comply with any changes that we require you to make.

You must notify us immediately if you learn about any infringement of or challenge to your use of our Confidential Information. We are not contractually obligated by the Franchise Agreement to protect you against claims of infringement or unfair competition with respect to your use of our proprietary Confidential Information. If we do, we have the right to control any litigation regarding our patents, copyrights and proprietary Information. You must cooperate with us in any litigation.

You agree to use the Confidential Information only for the purposes and in the manner we authorize in writing. You may not directly or indirectly contest our ownership of any Confidential Information or contest our right to register, use, or license others to use any of such Confidential Information. You may divulge such Confidential Information only to such of your employees as must have access to it in order to operate the Business. Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed Confidential Information. You and your owners, officers and directors and your employees may not use or disclose any Confidential Information in any manner other than as we permit in writing.

All copyrightable works created by you or any of your owners, officers, or employees in connection with the Business shall be our sole property. You assign all proprietary rights, including copyrights, in these works to us without additional consideration. You also assign and are required to execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights, and trade secrets developed in part or in whole in relation to the Business, during the term of your Franchise Agreement, as we require. You must promptly disclose to us all inventions, discoveries, improvements, creations, patents, copyrights, trademarks, and confidential information relating to the Business and the System which you or any of your owners, officers, or employees has made or may make.

At our request, you must require your Manager and any personnel having access to any of our Confidential Information to execute covenants acceptable to us that they will maintain the confidentiality of information they receive in connection with their employment by you.

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

You, or, if you are a corporation, limited liability company, or partnership, a person designated by you and acceptable to us, must participate personally in the direction operation of the Business (“Manager”). This person must successfully complete our initial training program as a condition to granting a franchise to you. The Manager is not required to have an equity interest in the franchise.

You, your spouse and, if you are a business entity, all owners of the business entity and their spouses, must sign a personal guaranty of your performance under the Franchise Agreement.

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

You may offer and sell through the Business only those products and services that we have approved for the System, and you must offer and sell those products and services that we specify. We have the right to change the types of authorized and required products and services, and there are no limits on our right to do so. You may not offer or sell any products or offer or perform any services that we have not approved, nor can you engage in any other business enterprise through the entity that you use to operate the Business without our prior written consent. (See Items 8 and 11). Without our consent you may not provide Services or Products to locations outside of your Territory nor may you market or advertise outside of your Territory. We may also limit the customers to whom you may provide Services and Products. For example, we have the exclusive right to contract with “National Account” customers to provide Services and Products.

You must obtain our consent in writing before you distribute materials or offer any type of products or services using our Marks or System which we have not previously authorized in writing. You are not permitted to create or maintain an internet presence except as we permit. You must receive our approval before publishing or posting content related to your Business on the internet. All social media and online

marketing, if permitted by us, must comply with the Operations Manual.

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

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	II.A	7 years
b. Renewal or extension of the term	II.B	One additional 7-year term
c. Requirements for you to renew or extend	II.B	Notify us of intent to renew in writing at least 6 months, but not more than 12 months, before the expiration of the initial term; demonstrate to our satisfaction that you have the right to operate the Business at its location for the duration of the renewal term, or secure a substitute location that we approve; complete, to our satisfaction, no later than 90 days before the expiration of the term of the Franchise Agreement, all upgrades to the Business and your systems, operations, and equipment to conform with our then-current System standards and specifications; not be in breach of any provision of any agreement with us or our affiliates, or Approved Vendors (as defined in the Franchise Agreement), and have substantially complied with all of these agreements; execute our then-current form of franchise agreement, the terms of which may vary materially from the terms of the Franchise Agreement and may include, without limitation, increased or additional royalty fees, advertising obligations, and other fees; pay us a renewal fee equal to 10% of the then-current initial franchise fee, which is due and payable upon signing our then-current franchise agreement and is nonrefundable ; satisfy our then-current training and compliance requirements for renewing franchisees as of the date of such renewal, if any, at your expense; and sign a general release, in the form we prescribe.
d. Termination by you	None (subject to state law)	Not applicable (except on grounds permitted by applicable law)
e. Termination by us without cause	None	Not applicable
f. Termination by us with cause	XVII	We can terminate you if you commit any one of several listed breaches or violations.
g. “Cause” defined – curable defaults	XVII.C, D	Nonpayment or late payment to us, our affiliates, or Approved Vendors (as defined in the Franchise Agreement);

Provision	Section in Franchise Agreement	Summary
		failure to employ at least one person maintaining licenses necessary to operate in your Territory; failure to operate the Business and be available to service Customers during the times prescribed by us; failure by you or your Manager to supervise the day- to-day operation of the Business or failure to adequately staff the Business; failure to maintain current operating procedures and standards; conduct that reflects adversely on the System, Marks, or products or services offered by the System; provision of Services or Products outside of your Territory, except as we permit in writing; and failure to perform or comply with any of the other terms or conditions in the Franchise Agreement or any agreement with us or our affiliates Cure periods range from 10-30 days depending upon the default.
h. “Cause” defined – non-curable defaults	XVII.A, B	Failure to obtain our approval of your business location or to complete training within 120 days of signing the Franchise Agreement; failure to open your Business within 180 days of signing the Franchise Agreement; bankruptcy; unauthorized transfer; unauthorized disclosure of confidential information; abandonment of Business; insolvency; liens; criminal acts; misuse of Marks; three notices of default within any 12-month period or two notices of default regarding the same matter in any 13-month period; violation of restrictive covenants; fraud or misrepresentation, including in the franchise application; understating or misrepresenting Gross Sales or royalties; breach or threatened breach of any other agreement with us or our affiliates or Approved Vendors (as defined in the Franchise Agreement), and failure to cure as provided in the Franchise Agreement; offer, sale, order, or purchase of any unauthorized or unapproved product or service.
i. Your obligations on termination/nonrenewal	XVIII	Cease operating; pay us and our affiliates all amounts due; cease identifying yourself with us and our Marks; surrender all materials bearing our Marks or identified with our System; discontinue all use of the Operations Manual and all other confidential information loaned or made available to you; cease using all telephone and fax numbers, listings, and social media and internet sites and listings associated with the Business, and disconnect or transfer them to us as we direct; within 10 days, deliver to us all vendor, supplier, and customer lists and information; notify all vendors, suppliers, and customers that you are no longer associated with the System; immediately cease contact with all customers or prospective customers and provide us with all information relating to such customers; within 5 days, provide all documents and information for all scheduled and ongoing work in your Business and execute all documents and make all communications that we request or that are necessary to

Provision	Section in Franchise Agreement	Summary
		effectuate a smooth transition; if we require, sell to us the equipment and tangible assets of the Business that we request to purchase on a depreciated cost basis pursuant to the Franchise Agreement and execute all documents to effectuate transfer; comply with post-termination covenants; transfer to us or remove from the internet all sites referring to your former Business or any Marks; permit us to make a final inspection of your Business, financial records, books, and other accounting records within 6 months of the effective date of termination, expiration, or transfer.
j. Assignment of contract by us	XVI.H	No restriction on our right to assign.
k. "Transfer" by you – definition	XVI.B	Includes transfer of any interest in the Franchise Agreement, the license to use the System and the Marks, the Franchised Business or substantially all of the assets of the Franchised Business, or any interest in the ownership of you (if you are an entity).
l. Our approval of transfer by you	XVI.A	We have the right to approve all transfers, but will not unreasonably withhold our approval.
m. Conditions for our approval of transfer	XVI.C	Allow us or our designee to complete an audit of your business; payment of all amounts due and owing to us, our affiliates, Approved Vendors (as defined in the Franchise Agreement), and third parties; cure all defaults under the Franchise Agreement; transferee must complete the initial training program at transferee's expense within the timeframe we specify; transferee executes our then-current form of franchise agreement for the unexpired term of your franchise agreement, which supersedes your Franchise Agreement, and which may have terms that are materially different from your Franchise Agreement; you provide us a copy of the executed purchase agreement and all supporting documents, schedules, etc., and we approve of its terms; transferee demonstrates to our satisfaction that he/she/it meets our qualifications and has adequate financial resources and capital to meet its performance obligations under the franchise agreement; transferee is not franchising, licensing, selling, or operating a business similar to the Business; you execute a general release satisfactory to us; and you or transferee pays us the transfer fee; you and all persons subject to the covenants in the Franchise Agreement abide by them.
n. Our right of first refusal to acquire your Business	XVI.F	We have the right to purchase your business from you on the same terms and conditions as any bona fide offer you receive.
o. Our option to purchase your Business	XVII.I	Upon termination we have the option to purchase the assets of your Business at a price equal to the depreciated cost for the assets, based on a straight line 60 month amortization period,

Provision	Section in Franchise Agreement	Summary
		and the option to repurchase your inventory and supplies for your cost.
p. Your death or disability	XVI.H	Your legal representative may continue operating the Business if he/she obtains our approval, completes our initial training program, and executes a new franchise agreement and all other documents we require.
q. Non-competition covenants during the term of the franchise	XII.A	Neither you nor any of your members, managers, shareholders, directors, officers, partners, managers, or any of their immediate family members may have any interest in, perform services for, or attempt to divert business to any Competitive Business. A “Competitive Business” is any business or venture that competes with us or a Business, or that offers or sells any Services and Products or any other products or services offered by Businesses or by us, or that offers, sells, or grants franchises or licenses to others to do so.
r. Non-competition covenants after the franchise is terminated or expires	XII.B	No involvement in a Competitive Business for 2 years that is located within your Territory, including at the location of the Business, within a 25-mile radius of the Territory or any zip code you operated in within the past 2 years, or within a 25-mile radius of any of our, our affiliates’, or our franchisees’ territories for Businesses in operation or intended to begin operating within 6 months, of the time your Franchise Agreement expires or is terminated or that is offering franchises or licenses, wherever located.
s. Modification of the agreement	XXII.A	The Franchise Agreement may be modified only by written agreement of the parties, but we may modify the Operations Manual unilaterally.
t. Integration/merger clause	XXII.B	Only terms of Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	XIX.A, B, C	You must first bring all disputes to our President or CEO. Except for certain disputes, all claims must be mediated in Carnegie, Pennsylvania and arbitrated at the office of the American Arbitration Association closest to our principal executive office. (Subject to applicable state law).
v. Choice of forum	XIX.D	Litigation in Allegheny County, Pennsylvania Court of Common Pleas or the United States Federal District Court for the Western District of Pennsylvania (Subject to applicable state law).
w. Choice of law	XX	Pennsylvania law applies. (Subject to applicable 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 the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet 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.

Below we have provided certain financial information for our affiliate-owned Business and our franchised Business. We have provided this information below for the affiliate-owned Business for the calendar years ended December 31, 2020, 2021 and 2022 and for the franchised Business for the calendar year ended December 31, 2022. Our affiliate began operating in 2018 and the franchised Business began operating in 2021. The affiliate-owned Business offers substantially the same products and services that a franchised Business would offer and sell.

Table 1 below provides gross sales information for the affiliate-owned Businesses and the franchised Business broken up by Territory. These Territories were determined in the manner we currently determine Territories and are of the size of territory that we are currently granting. We have also separately included gross sales information generated from customers located outside the Territory for both the affiliate-owned Businesses and the franchised Business (the “Extraterritorial Sales”).

Table 2 provides a breakdown of gross sales and average job revenue generated by the affiliate-owned Business and the franchised Business in three categories: mold remediation, air duct cleaning, and combined mold remediation and air duct cleaning jobs.

Table 3 provides the cost of goods sold and direct labor costs as a percentage of gross sales for the affiliate-owned Business and the franchised Business.

**Table 1:
Affiliate Gross Sales**

Territory ID¹	2022 Gross Sales	2021 Gross Sales	2020 Gross Sales
PA-C01	\$333,684	\$299,676	\$199,250
PA-C02	\$347,940	\$309,156	\$212,512
PA-C03	\$236,127	\$271,684	\$193,428
MMC	\$548,613	\$369,478	\$295,867
Extraterritorial Sales			

Franchisee 2022 Gross Sales

Franchisee Gross Sales	\$145,727
Franchisee Extraterritorial Sales	\$25,488

Notes to Table 1

1. Our affiliate operates in three Territories in the Pittsburgh, Pennsylvania area, identified as PA- C01, PA-C02, and PA-C03. Each of these Territories has an approximate population between 300,000 and 315,000 based on 2020 U.S. Census data.

**Table 2:
Affiliate Gross Sales and Average and Median Job Gross Sales by Job Type¹**

	2022			2021			2020		
	<i>Mold Remediation</i>	<i>Duct Cleaning</i>	<i>Combo</i>	<i>Mold Remediation</i>	<i>Duct Cleaning</i>	<i>Combo</i>	<i>Mold Remediation</i>	<i>Duct Cleaning</i>	<i>Combo</i>
Gross Sales	\$1,005,835	\$136,850	\$251,001	\$811,614	\$113,082	\$299,759	\$513,035	\$67,599	\$290,791
Average Job Gross Sales	\$2,711	\$810	\$5,457	\$2,299	\$583	\$3,893	\$2,386	\$568	\$4,214
Median Job Gross Sales	\$2,161	\$714	\$4,170	\$2,293	\$534	\$3,028	\$1,907	\$539	\$3,446
High	\$29,000	\$4,612	\$19,452	\$16,815	\$1,712	\$14,500	\$19,600	\$2,100	\$18,500
Low	\$299	\$250	\$845	\$75	\$30	\$449	\$125	\$350	\$371
Number of Jobs	371	169	46	370	160	89	227	89	99
#/% of Jobs that met or exceeded Average	150/40.43%	54/31.95%	18/39.13%	184/49.73%	55/34.38%	24/26.97%	70/30.84%	27/30.34	25/25.25%

Franchisee Gross Sales and Average and Median Job Gross Sales by Job Type¹

	2022		
	<i>Mold Remediation</i>	<i>Duct Cleaning</i>	<i>Combo</i>
Gross Sales	\$124,402	\$6,757	\$27,933
Average Gross Sales Per Job	\$2,347	\$520	\$5,104

Median Gross Sales Per Job	\$1,375	\$519	\$3,591
High	\$20,500	\$675	\$5,525
Low	\$200	\$374	\$1,348
Number of Jobs	53	13	9
#/% of Jobs that met or exceeded Average	17/32.08%	5/38.46%	5/56.56%

Notes to Table 2

1. For purposes of this Item 19 job types have been categorized into jobs consisting primarily of mold remediation (referred to in the table as “Mold Remediation”), jobs consisting primarily of air duct cleaning (referred to in the table as “Duct Cleaning”), and jobs consisting of both mold remediation and air duct cleaning (referred to in the table as “Combo”).

Table 3:
Affiliate Gross Sales, Cost of Goods Sold, and Direct Payroll Costs

	2022	2021	2020
Gross Sales	\$1,456,365	\$1,249,994	\$901,058
% Cost of Goods Sold¹	7.56%	7.50%	7.95%
% Direct Payroll Costs²	25.90%	25.40%	31.90%

Franchisee Gross Sales, Cost of Goods Sold, and Direct Payroll Costs

	2022
Gross Sales	\$173,217
% Cost of Goods Sold¹	13.74%
% Direct Payroll Costs²	11.05%

Notes to Table 3

1. Cost of Goods Sold in this table includes the direct costs associated with services provided, including job products and materials, personal protective equipment, subcontractor costs, laboratory fees, and dumpster rentals.

2. Direct Payroll Costs in this table includes the payroll and benefits expenses of hourly technicians. It does not include the salary and wages of other personnel, such as owner, sales, marketing, and administrative staff.

Notes to All Tables

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

“Gross Sales” means all revenues derived from business operations, less refunds and sales tax. It does not include any costs or expenses associated with the operation of a Business. This is consistent with the definition of Gross Sales used in the Franchise Agreement.

Dollar amounts and percentages have been rounded to the nearest whole dollar and one-hundredth of a percent respectively.

Except for the cost of goods sold as a percentage of gross sales and direct payroll costs as a percentage of gross sales, these figures only represent Gross Sales. The Gross Sales figures do not reflect all of the expenses that must be deducted from the Gross Sales to calculate net income or profit.

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchise restaurants. 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 Business, however, we may provide you with the actual records of that Business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Mr. Bryan McMurray, Brand Leader, Mold Medics Franchising LLC, at 213-479-9992, or 811 Washington Ave., Carnegie, PA 15106, the Federal Trade Commission, and the appropriate state regulatory agencies. Written substantiation for the financial performance representations made in this Item will be made available to prospective franchisees upon reasonable request.

**ITEM 20:
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
System wide Outlet Summary For years 2020 through 2022**

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

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
for years 2020 through 2022

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets For Years 2020 through 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at the End of the Year
Pennsylvania	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total Outlets	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1

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

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Pennsylvania	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
Total Outlets	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3

**Table No. 5 Projected Openings
As of December 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Pennsylvania	0	1	0
Ohio	0	1	0
North Carolina	0	2	0
Total	0	4	0

The names, addresses and telephone numbers of our franchisees are listed in Exhibit D. A list of franchisees, if any, who had a Franchise Agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the last fiscal year, or who have not communicated with us within 10 weeks of the date of this Disclosure Document is attached as part of Exhibit D.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. We did not have any franchisees who signed confidentiality clauses with us during the last 3 fiscal years that would prevent them from speaking openly about their experiences with us.

There are no trademark-specific franchisee organizations associated with our franchise system that have been created, sponsored, or endorsed by us or that have asked to be included in our Franchise Disclosure Document.

**ITEM 21:
FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit E are the audited consolidated financial statements of our parent, HS Group Holding Company, LLC, as of December 31, 2022 and 2021 and for the years ended December 31, 2022 and 2021 and for the period from August 13, 2020 (Acquisition Date) through December 31, 2020. Our parent, HS Group Holding Company, LLC guarantees our performance under the Franchise Agreement (see Exhibit E). Also included is our audited financial statement for the year ended December 31, 2020 and the unaudited balance sheet and profit and loss statement of our parent as of and for the period ended July 31, 2023.

**ITEM 22:
CONTRACTS**

Attached to this franchise disclosure document are the following contracts:

- Exhibit B Franchise Agreement and Exhibits
- Exhibit F Transfer and Release Agreement
- Exhibit G General Release

**ITEM 23:
RECEIPTS**

Attached as the last two pages of this franchise disclosure document are copies of the Receipt. You should sign both copies of the Receipt. You should retain one signed copy for your records and you must return the other signed copy to: Mr. Ron Bender Mold Medics Franchising LLC, 811 Washington Ave., Carnegie, PA 15106.

EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICES OF PROCESS

<p><u>CALIFORNIA</u></p> <p>Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (866) 275-2677 (toll free)</p>	<p><u>NORTH DAKOTA</u></p> <p><u>Agent to Receive Process:</u> Securities Commissioner 600 East Boulevard Avenue State Capitol - Fourteenth Floor, Dept 414 Bismarck, North Dakota 58505-0510</p> <p><u>State Agency:</u> North Dakota Securities Department 600 East Boulevard Avenue State Capitol - Fourteenth Floor, Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p><u>HAWAII</u></p> <p>Commissioner of Securities Hawaii Business Registration Division Securities Compliance Branch Department of Commerce and Consumer Affairs 335 Merchant Street Honolulu, Hawaii 96813</p>	<p><u>OREGON</u></p> <p>Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industry Building Salem, Oregon 97310 (501) 378-4387</p>
<p><u>ILLINOIS</u></p> <p>Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p><u>RHODE ISLAND</u></p> <p>Department of Business Regulation 1511 Pontiac Ave., Bldg. 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p>
<p><u>INDIANA</u></p> <p><u>Agent to Receive Process:</u> Indiana Secretary of State 200 West Washington Street, Room 201 Indianapolis, Indiana 46204</p> <p><u>State Agency:</u> Indiana Secretary of State Securities Division Room E111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681</p>	<p><u>SOUTH DAKOTA</u></p> <p>Department of Labor and Relations Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>

<p><u>MARYLAND</u></p> <p><u>Agent to Receive Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p> <p><u>State Agency:</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360</p>	<p><u>VIRGINIA</u></p> <p><u>Agent to Receive Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219</p> <p><u>State Agency:</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p><u>MICHIGAN</u></p> <p>Franchise Administrator Consumer Protection Division Michigan Department of Attorney G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117</p>	<p><u>WASHINGTON</u></p> <p><u>Agent to Receive Process:</u> Department of Financial Institutions 150 Israel Rd. SW Tumwater, Washington 98501</p> <p><u>State Agency:</u> Department of Financial Institutions Securities Division PO Box 41200 Olympia, Washington 98504-1200 (360) 902-8760</p>
<p><u>MINNESOTA</u></p> <p>Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2138 (651) 539-1600</p>	<p><u>WISCONSIN</u></p> <p>Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-0448</p>
<p><u>NEW YORK</u></p> <p><u>State Agency:</u> NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, New York 10005 (212) 416-8222</p> <p><u>Agent to Receive Process :</u> New York Secretary of State 99 Washington Avenue Albany, New York 12231</p>	

EXHIBIT B

FRANCHISE AGREEMENT



MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT

DATE: _____

MDM # _____

**MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT**

DATA SHEET

Effective Date of Franchise Agreement:	
Franchisee:	
Guarantor(s):	
Business Location Address:	
Main Telephone:	
Alternate Telephone:	
Franchisee Notice Email Address:	
Franchisor Notice Email Address:	
Initial Franchise Fee:	
Territory Description: Your Territory will consist of these zip codes in the State of _____:	

The terms of this Data Sheet are incorporated into the attached Franchise Agreement. All terms used in this Data Sheet shall have the same meaning as defined in the Franchise Agreement.

**MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT**

TABLE OF CONTENTS

I. GRANT OF FRANCHISE.....	2
A. GRANT AND ACCEPTANCE.....	2
B. AUTHORIZED SERVICES AND PRODUCTS.....	2
C. SCOPE OF FRANCHISE OPERATIONS	2
II. TERM AND RENEWAL.....	2
A. TERM.....	2
B. RENEWAL	2
III. BUSINESS LOCATION AND TERRITORY.....	3
A. BUSINESS LOCATION	3
B. TERRITORY	4
C. WEATHER EVENTS WORK	5
D. NO RELOCATION	5
E. OUR RESERVATION OF RIGHTS	5
F. NATIONAL ACCOUNTS.....	5
IV. FEES AND PAYMENT	7
A. INITIAL FRANCHISE FEE.....	7
B. ROYALTY FEES.....	7
C. RIGHT TO RETAIN AMOUNTS OWNING	8
D. MANNER OF PAYMENTS.....	8
E. INTEREST AND LATE CHARGES	9
F. INSUFFICIENT FUNDS OR EFT DELAY/FAILURE	9
G. WITHHOLDING OF FUNDS	9
H. APPLICATION OF PAYMENTS AND RIGHTS OF SETOFF	9
I. TECHNOLOGY FEE	9
V. TRAINING	9
A. INITIAL TRAINING PROGRAM.....	9
B. ADDITIONAL TRAINING	10
VI. FRANCHISE OPERATION	10
A. COMMENCEMENT OF OPERATIONS.....	10
B. MANAGEMENT.....	10
C. OPERATIONS.....	11
D. QUALITY CONTROL; REQUIRED SERVICES AND PRODUCTS.....	11
E. NEW PROGRAMS, SERVICES, AND PRODUCTS.....	15
F. REMODELING.....	15
G. INSPECTIONS.....	15
H. LICENSES, CERTIFICATIONS, AND PERMITS	15
I. FRANCHISOR ASSISTANCE	16
J. SYSTEM CHANGES.....	17
VII. RECORD-KEEPING AND REPORTING OBLIGATIONS.....	17
A. ACCOUNTING.....	17
B. BOOKS AND RECORDS	17

C.	REPORTS	17
D.	AUDITS.....	18
VIII.	OPERATIONS MANUAL.....	18
IX.	MARKS.....	19
A.	OWNERSHIP.....	19
B.	PROTECTION.....	19
C.	MODIFICATION.....	19
D.	USE OF MARKS AND BUSINESS NAME.....	20
X.	ADVERTISING AND MARKETING.....	20
A.	GENERALLY	20
B.	LOCAL MARKETING.....	21
C.	BRAND FUND.....	21
D.	CALL CENTER	21
E.	SOCIAL MEDIA AND ONLINE MARKETING	22
XI.	CONFIDENTIAL INFORMATION.....	22
A.	NONDISCLOSURE	22
B.	CREATIVE OWNERSHIP	22
XII.	NONCOMPETITION	23
A.	NON-COMPETITION DURING TERM.....	23
B.	POST-TERMINATION COVENANT NOT TO COMPETE.....	23
XIII.	INDEPENDENT CONTRACTOR.....	24
XIV.	INDEMNIFICATION	24
XV.	INSURANCE	25
A.	INSURANCE COVERAGE	25
B.	ADDITIONAL INSURED PROVISIONS	25
C.	RATING CRITERIA.....	25
XVI.	SALE OR TRANSFER	26
A.	TRANSFER BY YOU	26
B.	OWNERSHIP CHANGES.....	26
C.	CONDITIONS FOR APPROVAL	27
D.	TRANSFER TO A CORPORATION OR LIMITED LIABILITY COMPANY	28
E.	OUR APPROVAL OF TRANSFER	28
F.	RIGHT OF FIRST REFUSAL.....	28
G.	DEATH OR DISABILITY.....	29
H.	OUR RIGHT TO TRANSFER	29
XVII.	BREACH AND TERMINATION	30
A.	AUTOMATIC TERMINATION	30
B.	TERMINATION WITH NOTICE AND WITHOUT OPPORTUNITY TO CURE	30
C.	TERMINATION UPON 10 DAYS' NOTICE TO CURE	31
D.	TERMINATION UPON 30 DAYS' NOTICE TO CURE	32
E.	CURE.....	32
F.	GRANT OF SECURITY INTEREST AND LIEN FOR FAILURE TO PAY SUMS DUE TO US OR OUR AFFILIATES	32
G.	RECOVERY OF MARKS AND CONFIDENTIAL INFORMATION.....	33

H.	RIGHT TO REPURCHASE FRANCHISEE ASSETS.....	33
I.	RIGHT TO WITHHOLD PRODUCTS AND SERVICES	33
J.	RIGHT TO MANAGE IN DEFAULT.....	34
K.	TERMINATION NOT EXCLUSIVE REMEDY	34
L.	FUTURE ROYALTIES	34
M.	NON-WAIVER.....	34
XVIII.	FRANCHISEE OBLIGATIONS UPON TERMINATION OR EXPIRATION	34
XIX.	DISPUTE RESOLUTION	36
A.	INTERNAL DISPUTE RESOLUTION.....	36
B.	MEDIATION	36
C.	MANDATORY ARBITRATION	37
D.	VENUE.....	37
E.	THIRD PARTY BENEFICIARIES	38
F.	PRIOR NOTICE OF CLAIMS	38
G.	NO CLASS ACTION OR CONSOLIDATION	38
XX.	GOVERNING LAW.....	38
XXI.	INJUNCTIVE RELIEF.....	38
XXII.	MISCELLANEOUS PROVISIONS.....	39
A.	MODIFICATION	39
B.	ENTIRE AGREEMENT	39
C.	REMEDIES AND ATTORNEYS' FEES	39
D.	INTERPRETATION	39
E.	DISCRETION AND APPROVAL	39
F.	DELEGATION BY US.....	40
G.	EFFECTIVE DATE	40
H.	FRANCHISOR'S CONSENT	40
I.	NO WAIVER.....	40
J.	PAYMENT OF TAXES	40
K.	INVALIDITY	40
L.	LIMITATION OF ACTIONS	40
M.	PUNITIVE DAMAGES	41
N.	CONSTRUCTION OF LANGUAGE	41
O.	SUCCESSORS.....	41
P.	ADDITIONAL DOCUMENTATION.....	41
Q.	FORCE MAJEURE	41
R.	NOTICES	41
S.	SURVIVAL OF PROVISIONS	42
T.	CUMULATIVE RIGHTS	42
U.	STATE LAW	42
V.	PERSONAL GUARANTIES; SPOUSAL GUARANTIES	42
XXIII.	REPRESENTATIONS AND ACKNOWLEDGEMENTS	43
A.	NO AUTHORITY	43
B.	RECEIPT	43
C.	EXECUTION OF AGREEMENT.....	43
D.	INDEPENDENT INVESTIGATION AND OPPORTUNITY FOR REVIEW BY ADVISORS	43
E.	NO PERSONAL LIABILITY OF FRANCHISOR	44

TABLE OF EXHIBITS

Ex. No.	Exhibit
1	Personal Guaranty
2	Statement of Ownership
3	Spousal Consent
4	Compliance Certification Addendum
5	Franchise Option Amendment
6	Promissory Note
7	EFT Authorization

MOLD MEDICS FRANCHISING LLC FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement” or “Franchise Agreement”) is effective as of the Effective Date set forth in the Franchise Agreement Data Sheet (“Data Sheet”) attached to this Agreement (“Effective Date”), by and between Mold Medics Franchising LLC, a Pennsylvania limited liability company located at 811 Washington Ave., Carnegie, PA 15106 (“Franchisor,” “we,” or “us”) and the Franchisee identified in the Data Sheet (“Franchisee” or “you”).

BACKGROUND

- A. We and our affiliates have developed unique and distinctive systems and methods for establishing, advertising marketing, promoting, and operating businesses that provide services, products, and solutions for air quality and other environmental issues, including, without limitation, mold testing, mold remediation, duct and vent cleaning, water damage dry-outs, restoration services (including drywall repair, painting, and drainage), dust control, encapsulation, demolition, ozone and odor treatments, radon testing and mitigation, attic insulation and sealing, and other services, products, or solutions that we authorize using the business formats, methods, procedures, signs, standards, and specifications that we authorize and approve (the “System”).
- B. We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the mark “Mold Medics,” distinctive trade dress, and such other service marks, symbols, word marks, trademarks, trade names, and trade dress currently designated, or as we may hereinafter designate in writing, in connection with the System (“Marks”).
- C. We award a franchise to operate a Mold Medics business using the System (the “Business”) to individuals meeting our qualifications who agree to undertake the investment and effort required to own and operate a Business.
- D. You desire to obtain a franchise to operate a Business and wish to obtain a franchise from us for that purpose,. You have submitted an application and other pertinent information, including financial statements, to us, which fully and truthfully set forth the information therein. You have also advised us of all persons who will hold an interest in the Business.

NOW, THEREFORE, in consideration of the mutual promises, commitments and understandings contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

I. GRANT OF FRANCHISE

A. Grant and Acceptance

We hereby grant to you, and you hereby accept, a nonexclusive license to use the System and those Marks as we may designate in connection with the establishment and operation of a Business in the Territory identified in the Data Sheet at the beginning of this Franchise Agreement, which is hereby incorporated into this Agreement (the “Data Sheet”). You acknowledge that the grant of this license permits your use of the System and Marks only in operation of a Business and only as we permit, from time to time, in writing. We have the right to alter, supplement, improve, and otherwise modify the System from time to time in our sole discretion, and you agree to comply with all changes (at your expense), which may include, without limitation, discontinuation of the offer and sale of any Services or Products (defined below), the offer and sale of new or different services, products, and programs, and new or different royalty fees for such services, products, and programs, as we may specify. We reserve the right to operate and grant as many other franchises for the operation of the System anywhere in the world as we elect. You acknowledge that the granting of this nonexclusive license does not confer you with the right to an exclusive or protected territory or the right to acquire any other such licenses.

B. Authorized Services and Products

Subject to the limitations described in this Agreement, you are hereby authorized to offer, sell, and provide only the services and products we specify (each a “Service” or “Product,” as the case may be, and collectively referred to as “Services and Products” or “Services or Products”) to residential, commercial, industrial, and other customers (each a “Customer”) in your Territory.

C. Scope of Franchise Operations

You agree at all times to faithfully, honestly, and diligently perform your obligations under this Agreement, and to continuously exert best efforts to promote the Business. You may only offer and sell Services and Products in the operation of your Business.

II. TERM AND RENEWAL

A. Term

The term of this Agreement is for a period of 7 years, beginning on the Effective Date (the “Term”).

B. Renewal

You have the right to renew this Agreement for one additional seven-year period (“Renewal Term”), provided you have met the following conditions:

- i. You have notified us of your intention to renew the franchise in writing at least 6 months, but not more than 12 months, before the expiration of the Term;
- ii. You have demonstrated to our satisfaction that you have the right to operate the

Business at the Business Location for the duration of the Renewal Term, or, if you are unable to operate the Business at the Business Location, you have secured a substitute location that we have approved in accordance with this Agreement;

- iii. You have completed, to our satisfaction, no later than 90 days before the expiration of the Term, all upgrades to your Business and its systems, operations, vehicles, uniforms, marketing materials, and equipment to conform with our then- current System standards and specifications;
- iv. You are not in breach of any provision of this Agreement or amendment or addendum hereto, or any other agreement between you and us, our affiliates, or any of our Approved Vendors, and you have substantially complied with all such agreements during their respective terms. For purposes of this Section, “substantial compliance” with this Agreement or any other agreement shall mean that you have not received any written notification from us or the other party(ies) to such other agreements of a breach under this Agreement or the respective agreement more than twice during the Term of this Agreement;
- v. You have satisfied all monetary obligations you owe us and our affiliates;
- vi. You execute our then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, increased or additional royalty fees, advertising obligations, and other fees and a different territory; provided, however, that you will not be required to pay any initial franchise fee that may be imposed under our then-current franchise agreement;
- vii. You pay us a renewal fee in the amount of ten percent (10%) of the then-current initial franchise fee, which is due and payable upon signing our then-current franchise agreement and will be nonrefundable under all circumstances once paid;
- viii. You satisfy our then-current training and compliance requirements for renewing franchisees as of the date of such renewal, if any, at your expense; and
- ix. You sign a general release, in the form we prescribe, releasing any and all claims against us, our affiliates and our respective officers, directors, employees and agents arising out of or relating to this Agreement or your relationship with us.

III. BUSINESS LOCATION AND TERRITORY

A. Business Location

You must maintain a business office (“Office”) at the Business Location Address identified on the Data Sheet (the “Business Location”). We must approve your Business Location, including any change to your Business Location. We have 30 days to approve or disapprove the Business Location after you provide us with all information we request regarding the location. If we do not approve the Business Location within 120 days after the Effective Date we can terminate this Agreement upon notice to you and retain all amounts you have paid to us. We may establish additional requirements for your Office.

B. Territory

- i. **Non-Exclusive Territory.** Except as otherwise provided in this Agreement, for so long as you are in compliance with this Agreement, we will not establish, or license another person or entity to establish, a Business using the Marks and System that is physically located within the Territory identified on the Data Sheet (“Territory”).
- ii. **Referrals.** You will refer all Customers and potential Customers seeking Services or Products located outside of your Territory: (i) if the Services or Products are sought in the territory of another Mold Medics franchisee, to that franchisee; or (ii) if the Services or Products sought are not in the territory of any franchisee of Mold Medics, to us or our affiliate, as we direct.
- iii. **Extra-Territorial Work.** With our prior written approval, you may provide Services and Products to Customer locations outside your Territory where no other Mold Medics franchisee or company-owned or affiliate-owned Business has the right to operate a Business, subject to any conditions we may, in our sole discretion, establish. You must pay the Extra-territorial Royalty for all Services and Products provided outside of your Territory. We reserve the right, in our sole discretion, to revoke our written approval at any time for any reason or no reason.
- iv. **Pre-existing Relationships.** We may, in our sole discretion, permit other franchisees to provide Services or Products in your Territory solely to service a Pre-existing Customer or a customer referred by a Pre-existing Referral Partner (“Relationship Work”) and we may, again in our sole discretion, permit you to perform Relationship Work in territories of other franchisees. If we permit a franchisee to perform Relationship Work in your Territory, we will require the franchisee to pay a fee of up to fifteen percent (15%) of the gross revenue to be generated from the Relationship Work (“Relationship Fee”) to us (in addition to all other royalties). If we receive the Relationship Fee, we will remit such Relationship Fee, to you in accordance with our Operations Manual or as we otherwise specify in writing, so long as you are not in breach of and in full compliance with the terms of this Agreement and Operations Manual. If we permit you to perform Relationship Work outside of your Territory, you must pay the Relationship Fee as provided by our Operations Manual or as we otherwise direct in writing. A “Pre-existing Customer” is a customer to whom Services or Products have been provided by a franchisee in the franchisee’s territory within the past twelve (12) months. A “Pre-existing Referral Partner” is any person or entity who has referred a bona fide customer to a franchisee for provision of Services or Products within the past twelve (12) months, but only when the customer actually received and paid for Services or Products provided by the franchisee in the franchisee’s territory within the past twelve (12) months. If you desire to perform any Relationship Work, you must complete and submit a Relationship Work Request Form and/or provide all information we request. You are not permitted to perform any Relationship Work without our specific written permission.

C. Weather Events Work

If a Significant Weather Event occurs that affects your Territory, we may, on a temporary basis lasting up to twelve (12) months, provide Services or Products or permit other franchisees to provide Services and/or Products in your Territory consistent with our Weather Events Response Policy. A “Significant Weather Event” is any event or series of events that, within a one-month period, causes damage to more than twenty (20) buildings in your Territory (including, without limitation, hurricanes, tornados, floods, civil outbreak, military attack, chemical release) or is, at any time, declared a National Disaster Area or other similar term by any federal, state, or local government.

D. No Relocation.

The rights that are granted to you under this Agreement are for the specific Business and Territory and cannot be transferred to an alternative Business or territory, or any other location, without our prior approval. The Marks and System are licensed to you for the operation of one Business only within the Territory.

E. Our Reservation of Rights.

You expressly acknowledge that, except as set forth in Section III.B.i, above, and then subject to the exceptions set forth herein, we and our affiliates may engage in any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Territory or Business. For example, we retain all rights, including, but not limited to, the right to: (1) use, and to license others to use, the Marks and System for the operation of Businesses at any location, outside of your Territory; (2) to advertise or authorize others to advertise anywhere, using the Marks; (2) acquire, be acquired by, merge with, affiliate with, or engage in any transaction with other businesses (whether or not these businesses are competitive), including competing franchise systems, with units operating in your Territory and we may continue to operate any such competitive business(es) in your Territory under a different trademark; (3) contract with and provide services and products to National Accounts at any location, whether or not located within your Territory, subject to the rights granted to you as set forth in this Agreement; (4) distribute, or license others to distribute products or services, whether now existing or developed in the future, identified by the Marks or other marks we own or license through any alternative distribution channels, including, without limitation, the Internet, catalog sales, telemarketing or other direct marketing within your Territory. (5) permit others to engage in Relationship Work (as defined above) in your Territory; (6) provide, or allow our affiliates or third parties to provide, Services and Products in your Territory in the event of a Significant Weather Event.

F. National Accounts

We have the exclusive right to negotiate and enter into agreements, approve forms of agreements, and provide (directly or through our affiliates) Services and Products to, and otherwise service, National Accounts inside and outside of your Territory, whether or not such National Accounts were Customers of you or any other franchisee. For purposes of this Agreement a “National Account” shall mean any Customer: (1) that conducts its business for its own account or through agents, affiliates, independent contractors, or franchisees in two or more States in the United States; (2) that is a regional or national chain with five or more locations that has contracted with us, our affiliates, or one or more of our franchisees to obtain Services or Products for two or more of its

locations from us, our affiliates and/or Mold Medics franchisees; or (3) which owns, manages, controls, or otherwise has responsibility for businesses in more than one location and whose presence is not confined within any one particular franchisee's territory.

You must notify us if you wish to solicit, engage in any arrangement with, pursue a relationship with, or provide any Services or Products to a National Account and provide all information we request relating to the proposed solicitation, arrangement, relationship, or provision of Services or Products. If any Customer to whom you are providing Services or Products is or becomes a National Account, you must promptly notify us. You must receive our written consent to pursue and/or continue such work as the case may be.

We may elect to give eligible franchisees the opportunity to provide Products or Services under one or more National Accounts ("National Account Work"). You are eligible for National Account Work ("National Work-Eligible") only if you: (i) are not in default under this Agreement or any other agreement with us, our affiliates, or your suppliers or vendors, (ii) have not previously violated any terms or conditions of any contract for servicing a National Account ("National Account Contract") or violated the Operations Manual or any other directive relating to National Accounts, and (iii) demonstrate, to our reasonable satisfaction, that you are capable of providing the National Account Work and will not adversely affect our relationship or standing with any National Account ("National Account Prerequisites").

If any National Account Work that we make available to franchisees is in your Territory and you are National Work-Eligible, we will notify you in writing that we are making such National Account Work available to franchisees ("First Right Notice"). If you desire to provide the National Account Work, you must: (i) notify us in writing within ten (10) days after notification to you of the National Account Work, and (ii) return, fully executed, all agreements and documents relating to the National Account Work at the time you notify us that you intend to provide the National Account Work, but in no event later than five (5) days after we provide such agreements and documents to you for execution. If you are not National Work-Eligible or you fail to notify us that you desire to provide any National Account Work within your Territory, we may permit another franchisee or third party to perform the National Account Work. If you are National Work-Eligible, we may still determine, in our sole discretion, that the National Account is better served by having another franchisee provide the National Account Work and permit that franchisee to perform such National Account Work. In such instance we may choose, but are not required, to pay you a portion of the revenue or gross profits generated from the National Account Work performed in your Territory.

You agree that you will at all times abide by all of our policies and procedures for National Accounts and National Account Work. If you choose to provide National Account Work on the terms and conditions negotiated by us, we will pay you a fee for such National Account Work as specified in the contract, after the deduction of the Royalty Fee due to us and any charges or expenses we incur in connection with the contract and its administration, within 30 days after we receive payment from the National Account Work. You acknowledge that no payments shall be made unless and until the National Account has accepted the Services and/or Products and has paid the National Account contract fee.

We may require you to stop providing National Account Work if: (i) you are not, at any point, National Work-Eligible, (ii) we deem it in our best interest for purposes of maintaining the National Account relationship or otherwise, or (iii) we decide to perform the National Account

Work ourselves or through our affiliates. Except as provided in this Section, you have no right to any National Account Work or remuneration under any National Account.

IV. FEES AND PAYMENT

A. Initial Franchise Fee

In consideration of the franchise granted under this Agreement, you agree to pay to us an initial franchise fee in the amount set forth on the Data Sheet, payable when you sign this Agreement (“Initial Franchise Fee”). The Initial Franchise Fee is due in full upon execution of this Agreement unless you are financing a portion of the Initial Franchise Fee, in which case you must execute the Promissory Note attached as Exhibit 6 to this Agreement when you sign this Agreement. The Initial Franchise Fee will be considered fully earned upon your execution of this Agreement.

B. Royalty Fees

You agree to pay us a royalty fee, consisting of the Base Royalty and Extraterritorial Royalty (“Royalty Fee”), each month, beginning with the month in which you open your Business.

- i. Base Royalty. “Base Royalty” shall be the greater of (i) seven percent (7%) of your Gross Sales (“Gross Sales Royalty”) and (ii) the Minimum Royalty per month as set forth in the chart below:

Time Period	Minimum Royalty
Opening through Month 12 after opening	\$500
Months 13-24	\$1,000
Months 25-end of Term	\$1,500

- ii. Extraterritorial Royalty. “Extraterritorial Royalty” shall be an additional seven percent (7%) of all Gross Sales (added to the Base Royalty) from or relating to operation of the Business or provision of services and/or products outside of your Territory (“Extraterritorial Operations”). Payment of the Extraterritorial Royalty does not grant permission to you to perform Extraterritorial Operations, which are permitted only as specified elsewhere in this Agreement.
- iii. Gross Sales. For purposes of this Agreement, “Gross Sales” shall mean all revenues, direct or indirect, derived from the operation of the Business, including, without limitation, all sales of services and/or products of every kind or nature sold from, at, or in connection with the operation of the Business, including sales made at or away from the Business, whether or not personally performed by you, whether for cash, credit, or any other form of remuneration, less returns for which refunds are made, provided that the refund shall not exceed the sales price. “Gross Sales” includes all revenues received by you or your members, shareholders, partners, employees, or agents for any subcontracts or referrals for Services or Products, or otherwise. “Gross Sales” does not include the amount of any tax you are required to collect by any federal, state, municipal, or other governmental law or rule; you agree

to collect and pay such amounts as and when due.

C. Right to Retain Amounts Owing

You grant to us the express and unfettered right to collect amounts owing to you from any persons or entities with whom you have contracts or arrangements, or who owe you money, related to the Business (including all National Accounts) for the specific purpose of retaining from such funds all amounts you owe to us or our affiliates, whether under this Agreement or otherwise.

D. Manner of Payments

You shall pay all amounts due to us by electronic funds transfer (“EFT”) or as we otherwise specify in the Operations Manual or otherwise. You must comply with the procedures specified by us in this Agreement and in our Operations Manual and perform such acts and deliver and execute such documents as may be necessary to accomplish payment by the methods we specify. Specifically, but without limiting the above, you must give us authorization, in the form prescribed by us, for direct debits from your business bank operating account. You must authorize us to initiate debit entries and/or credit correction entries to one or more designated checking or savings accounts for payments of Royalty Fees and any other amounts payable under this Agreement or any other agreement with us or our affiliates. You must immediately notify us of any change in your banking relationship, including changes in account numbers. We reserve the right to change the manner, form, and time of payments you must make under this Agreement. You must maintain enough funds in the account to cover all amounts payable to us. If funds in the Account are not enough to cover the amounts payable to us the outstanding amount will be considered overdue and you must pay us the overdue amount plus interest, any related bank fees. If you do not timely report your Gross Sales, we may estimate the amount of fees due and make a withdrawal from your bank account based on our estimate, plus 10%. If we underestimate any fees due, you must pay the total amount of fees due. If we overestimate any fees due, we will credit the fees paid against fees due in the next payment period after we receive accurate records regarding your Gross Sales.

- i. Manner of Royalty Fees, Brand Fund Fees, Call Center Fees and Technology Fees Payments. We will establish a period, which shall be no longer than a calendar month, that we will use for calculating Royalty Fees, Brand Fund Fees, Call Center Fees and Technology Fees, and other periodic payments that you owe to us (“Payment Period”). You must provide to us complete and accurate information relating to your Gross Sales or any other information that you are required to provide under this Agreement or in the Operations Manual within the time period we specify. You shall pay all Royalty Fees and Brand Fund Fees due to us by electronic funds transfer (“EFT”), on or before the 10th day of the month based upon the Gross Sales of the prior month. Technology Fees and Call Center Fees are also due and payable due to us by EFT, on or before the 10th day of each month.
- ii. Manner of Other Payments. All other payments due under this Agreement or to us or our affiliates are payable immediately unless otherwise specified by us or our respective affiliate. You shall ensure that all funds due are available to us or our affiliates for withdrawal by electronic transfer (or as we specify otherwise) no later than 9:00 a.m. eastern time on the day they are due.

E. Interest and Late Charges

If you fail to pay any Royalty Fee, Brand Fund Fee or any other amount due under this Agreement or to us or our affiliates as and when due, you will owe, in addition to the amount you owe, interest after the due date equal to 18% per annum until such amount is paid in full; provided, however, in no event will you be required to pay interest at a rate greater than the maximum interest rate permitted by applicable law. Interest will accrue daily until the outstanding amount is paid in full. We have the right to immediately debit any amounts you owe us from your bank account.

F. Insufficient Funds or EFT Delay/Failure

If a direct debit does not process at the time it is initiated by us (e.g., insufficient funds or alteration of the account or its settings), we may also debit your account in the nonrefundable amount of \$100 for administrative costs.

G. Withholding of Funds

You expressly agree that we have the right to withhold from any funds or other amounts that are owing to you all amounts that you owe us or our affiliates, whether under this Agreement or otherwise.

H. Application of Payments and Rights of Setoff

Notwithstanding any designation by you, we shall have sole discretion to apply any of your payments to any of your past due indebtedness to us or our affiliates. You acknowledge that we have the right to set off any amounts we may owe to you against any amounts you may owe to us. No amounts owing by you to us are subject to setoff, escrow, or payment by any other means than as set forth in this Agreement. You expressly waive any right to setoff.

I. Technology Fee

You must pay us a Technology Fee of \$500 per month. In exchange for which we will create and maintain a website for your Business and grant you a license for the use of our SERVYCER management software as a service (“SERVYCER”). You will receive one Primary User License for you or your Business Manager. You will pay \$10 for each Additional User License for each additional customer-facing employee or contractor of the Business. You must sign a license agreement with us and/or third parties with whom we have developed SERVYCER and agree to be bound by the terms of all third-party platforms and integrations that we use in SERVYCER. Your license subscriptions will begin when your business opens, which is immediately upon completion of your initial training.

V. **TRAINING**

A. Initial Training Program

You or, if you are a corporation, partnership, limited liability company, or other legal entity, then the person designated by you and approved by us to assume primary responsibility for the management of the Business (“Manager”), are required to attend and successfully complete to our satisfaction our initial training program at our training facility or such other place that we designate,

and at the time and according to the schedule that we specify. Up to two individuals are eligible to participate in our initial training program; but all must attend the same session(s). We may choose to permit other individuals from your Business to participate in the initial training program for the then-current fee we have established. You are responsible for any travel, meals, lodging and salary expenses incurred in connection with attendance at the initial training program by you, your Manager, and any other individual attending the training from your Business. You and/or your Manager must successfully complete the initial training program to our satisfaction within one hundred twenty (120) days after signing this Agreement. before you begin operating your Business. We are required to offer the initial training program to you only once, even if you purchase additional Territories. We will establish the initial training program schedule as we deem appropriate.

B. Additional Training

- i. Requested Additional Training. If you desire additional training for yourself or your employees, you may request additional training from time to time and we may choose, but are not required, to provide additional training to you, your Manager, or your employees at such times and places and for such duration as we determine; provided that you are required to pay in advance the rates that we establish for the training we provide as well as the cost of transportation, meals, and lodging that we or our employees or you or your employees incur to provide the additional training.
- ii. Required Additional Training and Education. We, in our sole discretion, may require you or any Manager, or any person or persons employed in a managerial or other responsible capacity by you to complete or repeat the initial training program or additional training or education that we designate and you will be responsible to pay the rates that we establish for such training and all expenses associated with attendance by you and your employees at such training.

VI. FRANCHISE OPERATION

A. Commencement of Operations

You must open your Business to the general public no later than one hundred eighty (180) days after the Effective Date. Prior to the opening of your Business, you or a Manager must have completed our initial training program and have obtained the necessary licenses and permits to operate the Business. You shall operate the Business without interruption following the opening.

B. Management

Your Business must be managed at all times, on a full-time basis, by you or a Manager whom we have approved and who has completed our initial training program to our satisfaction. You must notify us immediately if you desire to designate a different Manager. Prior to your new Manager taking over management responsibilities of your Business, the new Manager must have completed our initial training program. You are responsible for paying us our then-current fee for the initial training program as well as all costs and expenses of your Manager's attendance at the initial training program. You must use your best efforts to establish, maintain, and increase the sales of Services and Products through your Business and shall maintain operations sufficient to meet the

demand for Services and Products in your Territory.

C. Operations

You acknowledge that you are solely responsible for the successful operation of your Business and that the continued successful operation of your Business is, in part, dependent upon your compliance with this Agreement and the Operations Manual. In addition, at all times during the Term of this Agreement (or any Renewal Term), you agree to:

- i. maintain consistently prompt, courteous, efficient, and high quality business operations and operate the Business in accordance with the Operations Manual and in such a manner as not to detract from, or adversely reflect upon, our name and reputation and the goodwill associated with the arks;
- ii. conduct and operate your Business during the hours we specify from time to time and in compliance with all applicable local, state, and federal laws and regulations, including any environmental laws that may apply, licensing requirements, regulations and other ordinances;
- iii. promptly pay when due all obligations owed to taxing authorities incurred in the operation of the Business, including without limitation, unemployment and sales taxes, and any and all other indebtedness of every kind you incur in the operation of the Business. In the event of a bona fide dispute as to the amount or liability for any such obligation, you may contest the validity or the amount of the tax or indebtedness in accordance with applicable procedures; however, in no event will you permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor to occur against the Business or its assets;
- iv. comply with all agreements with third parties related to the Business and pay when due all obligations owed to us, our affiliates, or third parties;
- v. provide all Services and Products personally, and not through any subcontract or referral relationship, except as we may expressly permit in the Operations Manual or otherwise;
- vi. properly manage the Business, present a professional appearance as described in the Operations Manual, and render competent and courteous service to and ensure the satisfaction of Customers, vendors, and suppliers of the Business ;and
- vii. be exclusively responsible for the conduct and control of your employees and employment practices, including hiring, firing, training, ensuring compliance with operational standards, and compensation of your employees. Nothing in this Agreement shall be deemed to make your employees, representatives or agents: (i) subject to our control; (ii) our employees, or (iii) joint employees.

D. Quality Control; Required Services and Products

- i. Compliance with Operations Manual and Standards and Specifications. You acknowledge and agree that your obligations stated in this Agreement and the

Operations Manual are reasonable and necessary for the operation of the Business and to maintain uniformity throughout the System. You must adhere to the standards and specifications stated in this Agreement and the Operations Manual, as revised or amended from time to time. You shall operate your Business in compliance with our then-current standards and specifications, which we establish from time to time. We have the right to change our standards and specifications in our sole discretion. You acknowledge that you may incur increased costs to comply with this Agreement and the Operations Manual, including additions, deletions, and changes thereto.

- ii. Required and Approved Services and Products.
 - a. *Required Services, Products, and Vendors.* You must purchase, use, and/or sell in your Business all of the items that we designate in our Operations Manual (“Designated Services,” “Designated Products,” and “Designated Services and Products”). You must purchase all Designated Services and Products from the parties we require (“Designated Entity” or “Designated Entities”), which may be us, an affiliate or a third party. If we have identified Designated Entities for provision of a Designated Service or Product, you may not provide the product or service yourself, or have another party provide the product or service for you. We may add, remove, or change any Designated Entity or the products or services you may receive from such Designated Entity at any time, and you must comply immediately. We and our members, directors, officers, employees, and affiliates may receive payments, rebates, discounts, and other remuneration, directly or indirectly, from the purchases you make in connection with the operation of your Business. We choose Designated Services and Products and Designated Entities in our sole discretion.
 - b. *Approved Services, Products, and Vendors.* We may, from time to time, approve certain services or products for purchase, sale, or use in a Business (“Approved Service,” “Approved Product,” and “Approved Services and Products,” as the case may be) and we may specify one or more entities that we approve for provision of certain Approved Services and Products (each an “Approved Entity,” collectively, “Approved Entities”). You must not purchase, sell, or use any product or service that is not at the time a Designated Service, Designated Product, Approved Service, or Approved Product (“Designated or Approved Services and Products”). You also must not purchase, sell, or use Designated or Approved Services and Products from, to, or through a person or entity that is not a Designated Entity or Approved Entity for such Designated or Approved Services and Products.

If you wish to purchase, sell, or use a service or product that is not at the time a Designated or Approved Service or Product, or to purchase, sell, or use products or services from, to, or through a person or entity which is not a Designated Entity or Approved Entity, you must follow the procedures (including, without limitation, payment of a review fee and/or costs) we establish from time to time in our Operations Manual for seeking approval of such product, service, person, or entity. We are under no obligation to approve any such product, service, person, or entity and we reserve the right to refuse to consider any or all requests. We may also establish conditions to our approval.

We may, at any time and in our sole discretion, disapprove any Approved Services and Products or any Approved Entities, and you must, immediately thereafter or as we specify, cease purchasing, selling, or using such Approved Services and Products and/or discontinue your relationship with such Approved Entities.

- c. *Restrictions Relating to Approved Vendors.* Designated Entities and Approved Entities are referred to together as “Approved Vendors.” We may require specific conditions or place restrictions on the use of Approved Vendors based on factors that we determine in our sole discretion. You acknowledge that our choice of and decision to change Approved Vendors and/or the restrictions we place on the availability of Approved Vendors may materially impact your Business. You agree that we may make such choices, changes, and restrictions in our sole discretion, regardless of any financial, operational, or other impact it may have on you or other franchisees.
- iii. **Uniforms.** You are required to use, and to require your employees and agents to use, the uniforms and attire that we prescribe and to purchase or lease such uniforms and attire from a Designated or Approved Entity.
- iv. **Inventory and Consumables.** You must, at all times, maintain sufficient levels of products, inventory, and consumables to adequately satisfy Customer demand. We may establish minimum inventory and consumables levels that you are required to maintain.
- v. **Business Software.** You are required to use the business and point-of-sale software (including the specific version(s) and specifications) that we specify (“Software”). You must enter into a license and/or sublicense agreement and any related agreements to use the Software with us and/or the entity or entities that we specify. We may require you to maintain a minimum number of active licenses for the Software. You must use the Software in strict compliance with the license agreements and Operations Manual, as amended from time to time. We reserve the right to modify, immediately and without notice, the Software, and add, modify, or eliminate any or all of its features and specifications in our sole discretion, including modification of the base software and any processes, templates, routines, and other information contained in the software. We also reserve the right to terminate your use of the Software and to provide (or not provide) a replacement Software if we choose. You must sign all license and other agreements associated with the new Software. If we terminate your use of the Software (except in instances of your default under this Agreement or any agreement with us or our affiliates, in which case we may immediately terminate or suspend your use of Software without notice), we will give you fifteen (15) days’ advance notice prior to doing so. You acknowledge that you may incur significant expenses and time commitments as a result of such alterations to the Software or our decision to stop use of a Software and/or our decision to require you to begin using a new Software; you agree that you will bear all costs associated therewith. You may use the Software only on the specific Technologies that we specify.
- vi. **Computer and Network Hardware, Software, and Technologies.** You must obtain

(through purchase, lease, license, subscription, or otherwise, as we may designate) and use the computers; tablets; cellular phones; network devices; other devices; hardware; software; cloud storage, hosting, and computing; email accounts; text messaging services; IP services; and other devices, subscriptions, accounts, and technologies (“Technologies,” and each a “Technology”) that we designate, or that conform to the minimum standards and specifications we establish in lieu of identifying specific Technologies. We may change the Technologies you are required to procure and use without limitation and in our sole discretion, including the number of licenses, accounts, or subscriptions you must obtain and use. You may use only approved Technologies in the operation of your Business. We may specify one or more Designated Entities from whom you must procure the required Technologies. We or our affiliates may be the only Designated Entity of a Technology you are required to obtain. We may also receive rebates, incentives, or other remuneration for your use of Technologies, which we are entitled to keep.

We may require you to obtain the Technologies directly or indirectly through us and we may receive remuneration for doing so. We may require you to obtain and use Technologies that are hosted or facilitated by us, maintained through a master account with us, or shared among other franchisees. In such cases, you agree that we may determine, in our sole discretion, the fees and methods for determining fees for which you are responsible,. We may also charge an administrative fee for administering or overseeing any Technologies.

We may, in our sole discretion and without prior written notice, change the required Technologies or standards and specifications for the required Technologies, and require you to conform to them at your sole expense within fifteen (15) business days, except in cases that we deem, in our sole discretion, as urgent, in which case you must conform to our required changes immediately. You are required to enter into all license, sublicense, subscription, and similar agreements for the Technologies we specify and to pay all fees and costs associated with all Technologies. You are required to maintain high-speed internet access which permits us to electronically access your Technologies and software data at all times. We may require you to implement programs to automatically send us reports and information from your Technologies.

- vii. Phone Numbers and Email Addresses. You must establish, maintain (or we may choose to establish and/or maintain for you, and if we do, we may charge a fee for establishing or managing), and use one or more telephone numbers and email addresses dedicated to the Business (“Business Numbers” and “Business Emails,” respectively, and each a “Business Number” and “Business Email”), all as required by our Operations Manual. You agree to disclose to us all of the Business Numbers and Business Emails used in your Business in a form that we may provide from time to time (“Business Contact Form”), and to update the Business Contact Form no later than three (3) days following any change. We may limit the number of Business Numbers or Business Emails and/or the area codes, phone number types, email domains, and email addresses you may use. All communications relating to the Business must be through the Business Numbers or Business Emails. You agree that all Business Numbers and Business Emails are our sole property and that we may audit and/or access and record your Business Numbers and Business Emails, consistent with applicable law.

viii. Required and Approved Services and Products. We expressly reserve the right to require our approval of all products and services that you offer, sell, purchase, or use through your Business, and to require you to sell or use the Products and Services that we specify. You must follow all rules and procedures that we establish associated with such Products and Services. We may require you to participate in any market research and test programs regarding any aspect of your Business, including, without limitation, procedures, systems, techniques, furnishings, fixtures, equipment, supplies, signs, labels, trade dress, logos, packaging, display racks, freshness dating, supplies, coupons, promotions, marketing materials and strategies, merchandising, and new menu items and services.

E. New Programs, Services, and Products

We reserve the right to require you to use or participate in new programs, services, or products, or to require you to offer or sell new programs, services, or products as we deem appropriate from time to time, and you agree to follow all rules and procedures that we establish for such new programs, services or products, which may include pricing-related rules and restrictions.

F. Remodeling

We reserve the right to require you to periodically make reasonable capital expenditures to remodel, modernize, and redecorate your Office and so that it reflects the current image intended by us. All remodeling, modernization, and redecoration of your Office must be done in accordance with the standards and specifications prescribed by us from time to time and with the prior written approval from us. All replacements must conform to our then-current quality standards and specifications and must be approved by us in writing. We may, but are not obligated to, inspect such work at any time to determine that the work is done in accordance with our approved plans and specifications.

G. Inspections

We may inspect the Business and the Business Location, including all vehicles, equipment, supplies, inventory, products, and materials, to ensure compliance with all standards and specifications that we set. Our personnel and agents shall have the right to enter your Business Location and otherwise observe your operations at any reasonable time and without prior notice to you, for the purpose of examination, conferences with you or your employees, inspection of operations, auditing, and all other purposes connected to determining and ensuring that the Business is being operated in accordance with the terms of this Agreement, the mandatory provisions of our Operations Manual, and other applicable rules. You will allow our personnel or agents on the premises of your Business Location and other locations where you are conducting Business operations to monitor the Business operations for such periods of time as we may determine to be necessary. You agree to remedy any defects, deficiencies, or unsatisfactory conditions discovered by our personnel immediately upon being advised of them.

H. Licenses, Certifications, and Permits

You agree to obtain and maintain all licenses, permits, and certifications required to operate your Business. You must ensure that you and your employees and contractors obtain all necessary

licenses and certifications for providing any Services and Products prior to providing any such Services and Products. You and your employees and contractors must maintain such licenses and certifications at all times during which you provide such Services and Products. You must, upon our request or consistent with the Operations Manual, provide us with evidence of such licensure or certification as we specify. You must notify us promptly if any license or certification that you or any of your employees holds is revoked, suspended, or otherwise encumbered. You are responsible for identifying which licenses, permits, and certifications are necessary, as required by local, state, and federal law. You must obtain and maintain any additional certifications that we may require from time to time.

I. Franchisor Assistance

- i. **Pre-opening Assistance.** In the initial establishment of your first Business, we or our affiliates will:
 - a. approve your Business Location when it meets with our requirements as we establish from time to time;
 - b. provide you with the initial training program described above;
 - c. Provide the names of required or approved vendors, suppliers, and service providers (which may include us or our affiliates); and
 - d. provide you with electronic access to the Operations Manual, including all updates and revisions, in electronic form.
- ii. **Ongoing Assistance.** During the Term of this Agreement, we:
 - a. will, at your reasonable request and for a reasonable period of time that we determine, consult with you by telephone or email regarding the continued operation and management of your Business and advise you regarding services, customer relations, and similar topics, as we deem appropriate;
 - b. will provide you with ongoing updates of information and programs regarding your Business and the System, including, without limitation, information about special or new products or services which may be developed and made available to franchisees in forms that we determine (including e-blasts, online webinars, conference calls, etc.);
 - c. will provide training for replacement or additional Managers during the Term of this Agreement in exchange for a tuition or fee for the replacement training at our then-current rates. All amounts will be payable in advance. You are responsible for all travel and lodging expenses incurred by your personnel during the training program. The availability of the training program to replacement or additional personnel is subject to our prior commitments and schedule;
 - d. will, if you request additional assistance and we agree to provide the same, provide you with such assistance so long as you pay our then-current fees for such assistance. We

may also charge you for all travel, lodging, meals, telephone charges, and other identifiable expenses associated with such assistance; and

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

J. System Changes

We reserve the right, at any time, to add to, amend, modify, replace, discontinue, delete, or otherwise change or alter any portion of the System (including, without limitation, any of the Marks, the Operations Manual, Services, Products, and any system standards, policies, or procedures) as we deem necessary or advisable in our sole judgment. You agree that we must have significant flexibility to protect the System and Marks and to adapt to new conditions, materials, technology, or laws, or to better serve the public as we deem fit. You will, at your expense, fully comply with all such additions or modifications designated by Franchisor.

VII. **RECORD-KEEPING AND REPORTING OBLIGATIONS**

A. Accounting

You must use the accounting software we designate and the chart of accounts and other financial accounting methods we specify, all of which we may change in our sole discretion.

B. Books and Records

You must at all times maintain accurate business records, reports, accounts, books, and data relating to the operation of your Business. Additionally, you must maintain, for at least 3 fiscal years from their preparation, complete financial records for the operation of the Business in accordance with generally accepted accounting principles.

C. Reports

You must run and provide to us all reports and data that we request from time to time in the manner, form, and timeframe in which we request them, including from any Technologies. If we request, you must provide us the information from which such reports are drawn. We may use and share the information contained in any reports and supporting information you provide to us. You must provide the following financial reports to us:

- i. annual financial reports and operating statements in the form we specify, prepared by a certified public accountant or state licensed public accountant, within 90 days after the close of each of your fiscal years, and containing at least a profit and loss statement, balance sheet, accounts payable and accounts receivable;

- ii. state and local sales tax returns or reports and federal, state and local income and payroll tax returns for each year in which your Business is operated, within 30 days after their timely completion;
- iii. an unaudited quarterly profit and loss statement covering your Business by the 5th day following the close of each quarter;
- iv. an unaudited profit and loss statement covering the Business for your fiscal year end, within 60 days after the close of each of your fiscal years; and
- v. such other reports as we may from time to time require, in the form and at the time we prescribe. To assist you in recording and keeping accurate and detailed financial records for reports and tax returns, we, at our discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records for you to use, and specify the type of equipment to be used in connection with the Business.

D. Audits

We have the right to audit your Gross Sales, company books and records, accounting software, and all reports and information you are required to submit to us under this Agreement. We may access records of your Gross Sales, company books and records, advertising and marketing accounts, and other accounts and information about your Business through your Technologies, which access you agree to provide. You also agree to install and maintain any software and execute any documents necessary to permit such access locally and remotely, all at your sole expense. We also have the right to audit your Business prior to any transfer or change of ownership of your Business. If at any time (whether in connection with an audit or not) we determine that you have understated your Royalty Fees or underpaid any Royalty Fees or any other amounts due under this Agreement or to us, we are authorized to immediately initiate a debit to your account in the appropriate amount plus the reasonable cost of our audit and/or inspection, including the cost of outside auditors and attorneys (to the extent we incur such costs), and all late fees and interest as provided by this Agreement.

VIII. OPERATIONS MANUAL

We will provide you with electronic access to our proprietary and confidential operations manual, technical bulletins, policies and procedures, guides, guidelines, handbooks, and/or other written materials (collectively referred to as “Operations Manual”) covering the operation of your Business. You must operate the Business in strict compliance with the Operations Manual as changed by us from time to time. You will only have access to the Operations Manual through our online portal. The Operations Manual shall remain confidential and our exclusive property. You must not print, disclose, duplicate, or make any unauthorized use of any portion of the Operations Manual. If there is a dispute relating to the contents of the Operations Manual, the master version that we maintain at our corporate headquarters, will control.

IX. MARKS

A. Ownership

You hereby acknowledge that we retain all rights relating to the Marks and that nothing in this Agreement assigns or grants you any right (except for a license to use them in accordance with this Agreement), title or interest in or to the Marks. You may not challenge our title or rights in or to the Marks or perform any act injurious to the goodwill associated with the Marks or to our or our affiliates' interest in them. You expressly agree that any and all goodwill associated with the Marks, including any goodwill which may be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You must execute from time to time all necessary papers, documents, and assurances to effectuate the intent of this paragraph and fully cooperate with us in securing all necessary and required consents of any state agency or legal authority to use or register any of the Marks. We and our affiliates shall have the right to use and register the Marks as we deem advisable in our sole discretion. We may develop and establish other business systems using the same or similar Marks and grant licenses and/or franchises in connection with such business system without providing you any rights therein.

B. Protection

You agree to promptly notify us in writing of: (i) any possible infringement or suspected unauthorized use of the Marks or confusingly similar marks by others; (ii) any challenge to the validity of the Marks; or (iii) any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Marks. You acknowledge that we will have the sole right, but not the obligation, to determine whether any action will be taken on account of any possible infringement or unauthorized use. We have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. We may commence or prosecute such action in our own name and may join you as a party to it if we determine it to be reasonably necessary for the continued protection and quality control of the Marks and System. We will defend you against any third-party claim arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with this Agreement, we will bear the reasonable cost of any such defense, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Marks in accordance with this Agreement, you shall bear the cost of such defense, including the cost of any judgment or settlement and attorneys' fees. If there is any litigation relating to your use of the Marks, you shall execute any and all documents and do such acts as may, in our sole judgment, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket costs in performing such acts. You agree to fully cooperate with us in any such litigation.

C. Modification

You acknowledge that we shall have the exclusive right to add, modify, discontinue and/or substitute any or all of the Marks on behalf of the System, as we deem appropriate in our sole discretion. Within 10 days from receiving our written notification, you must, at your sole cost and expense, discontinue using all Marks which we have modified or discontinued and begin using all additional, modified, or substituted Marks, as we specify. Nothing under this Section will

materially alter your fundamental rights under this Agreement.

D. Use of Marks and Business Name

You must use the Marks in conjunction with the symbol “SM” or “R,” as applicable, in order to indicate that the Marks are protected under federal law. You may not use the Marks in any manner except as we specifically authorize in writing. You must cease any unapproved use of our Marks immediately upon notice from us. You must not transfer, assign, or otherwise dispose of any property containing any of our Marks without first removing our Marks therefrom. You must promptly notify us of any failure to comply with the immediately preceding provision. You may not use the Marks or any part thereof in your corporate name or any trade name except as we specify in writing. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use.

X. **ADVERTISING AND MARKETING**

A. Generally

You must participate in all advertising and marketing programs that we require in the Operations Manual or otherwise in writing. You may place or display at the Business (interior, exterior, and on vehicles) only the signs, emblems, lettering, logos, displays, and advertising and marketing materials as we approve in writing from time to time. You may use only those advertising and marketing platforms that we approve in our Operations Manual. You must submit to us for approval, prior to your use and in the timeframe and manner we specify in the Operations Manual or otherwise, your specific plan for advertising or marketing and samples of all marketing, promotional, and advertising materials you desire to use, as well as all information we specify in the Operations Manual or request from you (for example, campaign information, platform, timing, targeting, and spending details, and the manner, and means of distributing your marketing). Our failure to approve or disapprove any plan or materials will be deemed a disapproval. You may not implement any marketing plan or use any marketing, advertising, or promotional materials for which we have not given our prior written approval. You may not advertise the Business or any products or services offered by the Business via the Internet except if and as permitted in the Operations Manual or otherwise by us in writing, which permission may be given or withheld in our sole discretion, and then only as we permit. You may not market or advertise in areas outside of your Territory unless we authorize such marketing or advertising in writing, which authorization we may revoke at any time.

You must abide by all advertising and marketing policies and procedures in the Operations Manual and otherwise and receive preapproval of all advertising and marketing unless we direct otherwise. We reserve the right to reject any advertising or marketing plans or materials, in whole or in part, that we deem advisable in our sole discretion. You may not use our Marks in any advertising or marketing, or otherwise, unless we approve such use of our Marks or provide for use of the Marks in our Operations Manual, and then only as specified by us and only so long as permitted by us. You must abide by all policies and procedures that we establish for solicitation of customers and referral sources.

B. Local Marketing

You are required to spend a minimum of three thousand dollars (\$3,000) per month in local marketing in your Territory during each of the first six months that your Business is in operation. Thereafter, you are required to spend a minimum amount that we establish from time to time (which may be up to one thousand dollars (\$1,000)) on local marketing in your Territory each month. This requirement is in addition to your Brand Fund obligations and any other advertising and marketing requirements.

C. Brand Fund

We have established a national marketing fund for the Mold Medics brand (“Brand Fund”). You are required to contribute to the Brand Fund each month 2% of your Gross Sales (“Brand Fund Fee”). You agree that we, in our sole discretion, shall have the right to establish, administer, and control the Fund to market and promote the Marks and any other names or marks we use in the System, including for the development, production, and distribution of advertising, and in the creation of advertising materials and public relations which promote the foregoing, in our sole judgment; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. We may also use money in the Fund to pay for coaching and training for the franchisees in marketing, advertising, recruiting and sales. It is our responsibility to determine how monies in the Brand Fund are spent.

There is no requirement that the Brand Fund be audited. Neither we nor are affiliates are obligated to contribute to the Fund. You acknowledge and agree that we have sole discretion to determine expenditures of funds collected for the Brand Fund and to select the materials and programs for which the expenditures are made, if any. You acknowledge and agree that you may not benefit directly or on a pro rata basis from Brand Fund expenditures. Upon your request, we will provide an unaudited annual accounting of the expenditures of the Fund.

D. Call Center

You must use the call center, answering service, and other similar centralized communication system(s) (e.g. online orders, scheduling, or sales sites, applications, or portals) we establish or specify (“Call Center”) for all customer, referral, and sales communications related to the Business in accordance with the Operations Manual. We may charge a Call Center fee that we determine from time-to-time (“Call Center Fee”). The Call Center Fee shall be due at the times we specify. If we do not operate the Call Center, we may, at our option, instead charge you for fees associated with a third party Call Center provider or require that you pay such fees directly to the third party Call Center; in such case we may still charge a Call Center Fee.

E. Social Media and Online Marketing

You are not permitted to create or maintain an internet presence, including any websites, social media or other accounts, listings, or otherwise, except as we permit, and if we permit, in accordance with the Operations Manual. We may require you to establish, maintain, and/or provide content for one or more websites, social media accounts, and/or other internet presence. You must receive our approval before publishing or posting content related to your Business on the internet. All social media and online marketing, if permitted by us, must comply with the Operations Manual. You agree that you will, at our request, execute documents evidencing our ownership (or, as applicable, a transfer of ownership to us) of all websites, domains, social media and other accounts, and listings.

XI. **CONFIDENTIAL INFORMATION**

A. Nondisclosure

Our Operations Manual, trade secrets (including, without limitation, any software, templates, processes, accounting systems, operating systems, policies, procedures, compilations of information, records (including, without limitation, all data that is in the Software and any Technologies we require you to use), specifications, manuals, and trade practices, other confidential information) copyrighted materials, methods, and other techniques and know-how, and customer, transaction, and vendor lists, records, and data (whether generated or maintained by you or us), wherever and however stored, are our exclusive and confidential property which we provide to you in confidence (“Confidential Information”). You agree to use the Confidential Information only for the purposes and in the manner we authorize in writing and in accordance with our Operations Manual, which use will inure exclusively to our benefit. You may not directly or indirectly contest our ownership of any Confidential Information or contest our right to register, use, or license others to use any of such Confidential Information. You further acknowledge that we have expended a great amount of effort and money in obtaining and developing the Confidential Information, that we have taken numerous precautions to guard the secrecy of the Confidential Information, that it would be very costly for competitors to acquire or duplicate the Confidential Information and that any unauthorized use or disclosure of such Confidential Information would be wrongful and would cause us irreparable harm. You may divulge such Confidential Information only to such of your employees as must have access to it in order to operate the Business. All information, knowledge, know-how, and techniques, and all other data which we designate as confidential, will be deemed Confidential Information for purposes of this Agreement. You and your heirs, successors, and assigns (including your partners, officers, directors, shareholders, and their respective heirs, successors and assigns), and your employees and their respective heirs, successors and assigns, may not use nor disclose any Confidential Information in any manner other than as we permit in writing.

B. Creative Ownership

All works created by you or any of your owners, officers, or employees in connection with the Business shall be our sole property. You assign all proprietary rights, including copyrights, in these works to us without additional consideration. You hereby assign and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights, and trade secrets developed in part or in whole in relation to the Business, during the

Term of this Agreement, as we may deem necessary in order to enable us to apply for, prosecute, and obtain copyrights, patents, or other proprietary rights in the United States and in foreign countries or in order to transfer to us all right, title, and interest in said property. You shall promptly disclose to us all inventions, discoveries, improvements, creations, patents, copyrights, trademarks, and confidential information relating to the Business and the System which you or any of your owners, officers or employees has made or may make solely, jointly, or commonly with others, and shall promptly create a written record of the same.

XII. NONCOMPETITION

You acknowledge that, as a franchisee in our System, you will receive proprietary and confidential information and materials, software, templates, manuals, customer, transaction, and vendor lists, records, and data, trade secrets, and the unique methods, procedures, and techniques that we have developed. Therefore, to protect us and all our franchisees, you agree as follows:

A. Non-Competition During Term

During the Term of this Agreement neither you, nor any Manager, nor any of your officers, directors, shareholders, partners, members or managers, nor any member of his, her or their immediate family members, will:

- i. Have any direct or indirect controlling interest as a disclosed or beneficial owner in a “Competitive Business” as defined below;
- ii. Perform services as a director, officer, partner, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or
- iii. Divert or attempt to divert any business related to, or any potential customer, customer, or account of the Business, our business, or any franchised Business, by direct inducement or otherwise.

The term “Competitive Business” as used in this Agreement will mean: (i) any business or venture that competes with us or a Business, or that offers or sells any Services and Products or any other products or services offered by Businesses or by us, or that offers, sells, or grants franchises or licenses to others to do so.

The foregoing restrictions will not apply to ownership of less than five percent (5%) of the outstanding voting stock of a publicly traded corporation that is a Competitive Business.

B. Post-Termination Covenant Not to Compete

For a period of two (2) years commencing on the effective date of termination or expiration of this Agreement, or the date on which you cease to be involved in any Competitive Business, whichever is later, neither you, nor any Manager, nor your officers, directors, shareholders, managers, members and/or partners will have any direct or indirect involvement (including but not limited to such interest being through any immediate family members) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative, or agent, or in any other capacity, in any Competitive Business: (i) located or operated within the Territory, including the Business Location, a 25-mile radius of any Territory or zip code in which you have operated or

provided Services and Products in the prior two (2) years; (ii) located or operated within a 25-mile radius of any other franchised or company-owned Business operating at the time of termination or expiration of this Agreement or intended to begin operating within six (6) months of such date; or (iii) offering, selling, or granting franchises or licenses, wherever located. Further, neither you, nor any Manager, nor your officers, directors, shareholders, managers, members and/or partners will have any direct or indirect involvement (including but not limited to such interest being through any immediate family members) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative, or agent, or in any other capacity may divert or attempt to divert any business, customer, or franchisee or potential business, customer, or franchisee of any Business to any Competitive Business, by direct or indirect inducement or otherwise.

The restrictions of this Section related to a Competitive Business will not be applicable to ownership of less than five percent (5%) of the outstanding voting stock of a publicly traded corporation that is a Competitive Business.

You and your officers, directors, shareholders, managers, members and/or partners expressly acknowledge that you and they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you or them of personal goodwill or the ability to earn a living.

XIII. INDEPENDENT CONTRACTOR

You are an independent contractor responsible for full control over the management and daily operation of your Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. You may not act or represent yourself, directly or by implication, as our agent, partner, employee, or joint venture partner, and you may not incur any obligation on our behalf or in our name. We may require that all stationery, business cards and contractual agreements entered into by you shall contain your corporate or fictitious name and a conspicuously displayed notice in the place we designate that you own and operate your Business as an independently owned and operated Mold Medics franchise. At our request, you must require all of your employees to sign a document acknowledging that we are not their employer or joint employer. At our request, you must prominently display a “Franchises Available” sign in the form we prescribe and in the place we designate. Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and we shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall we be liable by reason of any of your acts or omissions in the operation of the Business or for any claim or judgment arising therefrom against you or us.

XIV. INDEMNIFICATION

You must defend, indemnify and hold us harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind (including costs, attorneys’ fees, and expert fees) arising in whole or in part from the operation of the Business (including your advertising and business practices), except for our intentional acts that solely and directly result in the fines, suits, proceedings, claims, demands, obligations, or actions, and except as otherwise provided in this Agreement. You agree to defend, indemnify, and hold us harmless, and reimburse us for all costs,

expenses (including costs, attorneys' fees, and expert fees), damages, and liabilities with respect to any matter in which we are deemed liable to any person, entity, or government entity as a joint employer. You further agree to indemnify and reimburse us for all costs, expenses (including costs, attorneys' fees, and expert fees), damages, and liabilities arising out of misuse, misappropriation, or improper dissemination of Confidential Information by you or any of your current or former owners, managers, employees, agents, or affiliates, or any other entity or person who received Confidential Information from any of such persons or entities.

XV. INSURANCE

A. Insurance Coverage

You shall, at all times during the Term of this Agreement, maintain in force at your sole expense:

- i. Errors and omissions insurance in the amounts we specify from time to time;
- ii. property insurance on a replacement cost basis at a minimum limit based on the total value of your assets (including, but not limited to, fire, extended coverage, vandalism, and malicious mischief);
- iii. comprehensive general liability insurance with a minimum limit of one million dollars (\$1,000,000.00) per occurrence (including, but not limited to, coverage for personal injury, products, and contractual liability) and three million (\$3,000,000) in the aggregate;
- iv. workers' compensation insurance (in your name) as required by applicable law. If no such law exists, then you must participate in such other comparable insurance or benefit programs for your employees as required by us. If your state recognizes and permits self-insurer programs, your participation in such a program will satisfy our requirements under this subsection. If deductible plans are approved and used in your state, coverage may be purchased on this basis subject to the requirements of your insurance carrier; and
- v. automobile insurance for all vehicles used in the Business consistent with state law.

B. Additional Insured Provisions

All liability insurance policies must name us and any subsidiaries and affiliates that we designate as additional insureds entitled to the coverage afforded to all named insureds without regard to any other insurance or self-insured program which we may have in effect. All such policies must provide that we receive thirty (30) days prior written notice of termination, expiration, cancellation, modification, or reduction in coverage or limits of any such policy. The terms and conditions of all such policies, including the amount of any deductibles, shall be consistent with the requirements prescribed from time to time by us. You agree to promptly pay when requested by the insurer the amount of the deductible applicable to, and in the event of, any covered loss.

C. Rating Criteria

All insurance policies (excluding workers' compensation policies) must be issued by an insurance

carrier rated A or better by A. M. Best Company or meeting such other rating or criteria we may establish from time to time. We may also reasonably increase the minimum liability “limit” protection requirement annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in litigation or other relevant changes in circumstances. You must submit to us annually a copy of the certificate of insurance or evidence of the renewal or extension of each such insurance policy or any modifications to any such insurance policies, which must describe the applicable deductibles for each such policy. If at any time you fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of such insurance, we may, at our option, and in addition to other rights and remedies we may have, obtain insurance coverage, on your behalf, and you agree to promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us on demand any costs and premiums incurred by us. Your obligation to obtain and maintain the insurance described in this Agreement shall not be limited in any way by reason of any insurance maintained by us.

XVI. SALE OR TRANSFER

A. Transfer by You

Your rights under this Agreement are personal to you and, except as stated below, you may not sell, transfer, assign, encumber, or convey this Agreement or any of your interest in the Business, or, if you are an entity or partnership, any interest in you, nor purport to do so, without our prior written consent. Any sale, transfer, assignment, or encumbrance made without our prior written consent shall be voidable at our option and we may terminate this Agreement as specified in this Agreement. You acknowledge that prior to approving any transfer, we may impose reasonable conditions on you and your purported transferee including, but not limited to, those conditions listed in Section C, below.

B. Ownership Changes

A sale, transfer, or assignment requiring our prior written consent shall be deemed to occur upon the occurrence of any of the following (whether it is accomplished by one or more than one transaction):

- i. all or substantially all of the assets of the Business are to be sold, assigned, or transferred to a bona fide third party;
- ii. if you are a partnership or other business association, the addition or deletion of a partner or member of the association or the transfer of any partnership or membership among existing partners or members;
- iii. if you are a corporation, any transfer, new issuance, or assignment of any stock of the corporation; or
- iv. if you are a limited liability company, any transfer, new issuance, or assignment of any ownership interest in the limited liability company.

Any new partner, member, or shareholder will be required to personally guarantee your obligations under this Agreement.

C. Conditions for Approval

We may condition our approval of any proposed sale or transfer of the Business or of your interest in this Agreement upon satisfaction of the following occurrences:

- i. Completion of an audit of your Business by us or our designee;
- ii. Payment of all amounts due and owing to us, our affiliates, Approved Vendors, and third parties;
- iii. All existing defaults under this Agreement are cured within the period permitted for cure;
- iv. The transferee shall satisfactorily complete our initial training program at the transferee's expense within the time frame we specify;
- v. The transferee shall execute our then-current form of franchise agreement for the remaining Term of this Agreement or for a new term, as we determine, which franchise agreement shall supersede this Agreement in all respects. The terms of the new franchise agreement may differ from the terms of this Agreement; provided, however, the transferee will not be required to pay any additional initial franchise fee;
- vi. You provide us a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including the transferee's assumption of, and agreement to faithfully perform, all of your obligations under this Agreement and we approve of its terms;
- vii. You promptly provide us with all information that we request relating to the Business, the transfer, and the transferee;
- viii. The transferee shall demonstrate, to our satisfaction, that he or she meets our educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as us either as licensor, franchisor, independent operator, or licensee of any other store, chain, or network which is similar in nature or in competition with us, except that the transferee may be our existing franchisee;
- ix. You execute a general release in a form satisfactory to us, of any and all claims against us and our affiliates, and our and their respective officers, directors, shareholders, employees, and agents in their corporate and individual capacities;
- x. You or the proposed transferee pays us a transfer fee equal to five thousand dollars (\$5,000); and
- xi. You and all persons subject to the covenants stated in Sections XI and XII of this Agreement comply with the post-termination provisions, including without

limitation those contained in Sections XI and XII of this Agreement.

D. Transfer to a Corporation or Limited Liability Company

If you are an individual, we may permit you to assign your rights under this Agreement to a corporation or limited liability company if the following conditions are met:

- i. You are not in default under this or any other agreement with us or our affiliate;
- ii. The corporation or limited liability company is newly organized and its business activities are confined to that of operating the Business;
- iii. You are, and at all times, remain the sole owner of the corporation or limited liability company;
- iv. You execute the then-current personal guarantee and any other d we may require; and
- v. The corporation or limited liability company agrees in writing to assume all of your obligations under this Agreement and executes an Assignment and Assumption Agreement that we provide or, alternatively, have approved in form and substance.

E. Our Approval of Transfer

We will make reasonable efforts to notify you within 30 days from the date that we receive written notice from you of a proposed transfer and all documents we have requested from you related to that transfer whether we approve or disapprove your proposed transfer. You acknowledge that the proposed transferee shall be evaluated for our approval based on the same criteria as is currently being used to assess our new franchisees. We shall have the right to approve the material terms and conditions of the transfer, including, without limitation, the right to confirm that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the Business or otherwise affect our System or franchisees, all as we deem in our sole discretion. If you (and/or the transferring owners) finance any part of the sale price of the transferred interest, unless waived in writing by us, you and/or your owners must agree that all obligations of the transferee under any promissory notes, agreements or security interests reserved by you or your owners in the assets of the Business shall be subordinate to the transferee's obligations to pay all amounts due to us and our affiliates and to otherwise comply with this Agreement or our then-current franchise agreement if we require the new transferee to sign such agreement. If you and the proposed transferee comply with all conditions for transfer stated in this document and we have not given you notice of our approval or disapproval within the 30-day period, approval is deemed denied. Our approval of one transfer does not constitute approval of any subsequent transfer.

F. Right of First Refusal

If you propose to transfer either this Agreement or all or substantially all of the assets used in connection with the Business or any interest in your lease at the Business Location to any third party (other than a corporation or limited liability company that you own as stated in Section D, above) in connection with a bona fide offer from such third party, you shall first offer to sell such interest to us on the same terms and conditions as offered by such third party. You shall obtain from the third party and provide us a statement in writing, signed by the third party and you, of the terms

of the offer (“Letter of Intent”). If we elect not to accept the offer within a 30-day period of our receipt of all information we may request to evaluate the offer, including the Letter of Intent, you shall have a period not to exceed 60 days to complete the transfer described in the Letter of Intent subject to the conditions for approval stated in Section C, above. You shall affect no other sale or transfer as contemplated under the Letter of Intent or otherwise without first complying with all applicable terms contained in this Section XVI. Any material change in the terms of the offer shall be deemed a new proposal subject to our right of first refusal. So long as you have obtained our prior written consent, which shall not be unreasonably withheld, a transfer as a result of the death, disability, or incapacitation of a shareholder or partner in accordance with the provisions stated in this Section XVI is not subject to our right of first refusal.

G. Death or Disability

- i. **Representative’s Right to Continue as Franchisee.** In the event of your death, disability, or incapacitation (or the death, disability, or incapacitation of any of your partners, members, shareholders, or personal guarantors), your legal representative (or your partner’s, member’s, shareholder’s, or guarantor’s respective legal representative, as applicable) shall have the right to continue the operation of the Business as franchisee under this Agreement if, within 90 days from the date of death, disability, or incapacity (the “90 day period”), such person has (i) obtained our prior written approval; (ii) executed our then-current franchise agreement for the remaining Term of this Agreement and has signed a personal guaranty of any partnership, corporate, or limited liability company franchisee’s obligations to us and our affiliates, as the case may be; and (iii) successfully completed our initial training program (which we will provide at our then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by this Agreement and are acceptable to us.
- ii. **Operation During and After 90 Day Period.** We are under no obligation to operate the Business or incur any obligation on behalf of any incapacitated franchisee during or after the 90-day period. If necessary, you (or your legal representative, as applicable) shall appoint a previously-approved acting interim manager to operate the Business during the 90-day period. If you die or become disabled or incapacitated during any training period, we may suspend such training program for a period we deem appropriate. If any portion of the training program is suspended, your legal representative may be required to wait until a future available training session to complete training.

H. Our Right to Transfer

We have the right to sell, transfer, assign, and/or encumber all or any part of our assets and our interest in, and rights and obligations under, this Agreement in our sole discretion.

XVII. BREACH AND TERMINATION

A. Automatic Termination

This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

- i. Voluntary Bankruptcy. You make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Business;
- ii. Involuntary Bankruptcy. Proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Business without your consent, and the appointment is not vacated within 60 days; or
- iii. Unauthorized Transfer. You purport to sell, transfer or otherwise dispose of your interest or any interest in the Business in violation of any terms contained in this Agreement.

B. Termination With Notice and Without Opportunity to Cure

We have the right, at our option, to terminate this Agreement and all rights granted to you under this Agreement, without affording you any opportunity to cure, effective upon your receipt of notice from us for any of the following breaches or defaults:

- i. Unauthorized Disclosure. You disclose to any unauthorized person any Confidential Information, including the contents of or any part of our Operations Manual;
- ii. Abandonment. You voluntarily or otherwise abandon the Business. The term “abandon” includes any conduct which indicates a desire or intent to discontinue operation of the Business in accordance with the terms of this Agreement and shall apply in any event if you fail to operate the Business as required under this Agreement for a period of five (5) or more consecutive days without our prior written approval;
- iii. Insolvency. You or any of your owners becomes insolvent;
- iv. Liens. A levy, writ of attachment or execution, or any other lien is placed against you, any of the assets of the Business or any of your owners or any of their assets, which is not released or bonded against within 30 days;
- v. Criminal Acts. You or any of your owners or any Manager is convicted of, or pleads guilty or no contest to, a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in our sole discretion, to materially and

unfavorably affect the System, Marks, goodwill or reputation thereof, or takes part in any criminal misconduct relevant to the operation of your Business;

- vi. Misuse of Marks or Impairment of Goodwill. You violate any provision of this Agreement relating to the Marks, you misuse or fail to follow our directions and guidelines concerning use of the Marks, or you commit any act which materially impairs the goodwill associated with our Marks;
- vii. Repeated Defaults. You have received three notices of default from us within any 12-month period or two notices of default regarding the same matter in any 13-month period, regardless of whether you cured the defaults;
- viii. Violation of Restrictive Covenants. You, any related entity, or any individual or entity subject to the restrictive covenants described in this Agreement violate one or more of those covenants;
- ix. Fraud. You or any of your owners commits any fraud or misrepresentation in the operation of the Business;
- x. Misrepresentation. You or and of your owners make any misrepresentation or omission in connection with your franchise application, including but not limited to any financial misrepresentation;
- xi. Understatement or Misrepresentation of Gross Sales or Royalties. You report to us Gross Sales that are more than 2% less than the actual Gross Sales you achieved for any period or you otherwise misrepresent or improperly categorize Gross Sales with the result that the amounts you owe to us are understated by more than 2%;
- xii. Breach of Other Agreements. You or any of your owners materially breach any other agreement with us or any of our affiliates or Approved Vendors, or threaten any material breach of any such agreement, and fails to cure such breach within any permitted period for cure;
- xiii. Unauthorized Products or Services. You offer, sell, order, or purchase any product or service that we have not authorized or otherwise approved;
- xiv. Failure to Complete Training. You fail to complete initial training within 120 days of the Effective Date of this Agreement or fail to complete any other training that we require you to complete within the timeframe we provide;
- xv. Failure to Open. You fail to commence operation of your Business within 180 days of the Effective Date; or
- xvi. Business Location. You fail to obtain our approval of your Business Location within 120 days of the Effective Date.

C. Termination Upon 10 Days' Notice to Cure

We have the right to terminate this Agreement if any of the following defaults remain uncured

after expiration of the 10-day cure period:

- i. Nonpayment. You fail to pay as and when due any sums owed to us, any of our affiliates, or Approved Vendors;
- ii. Loss of Licensure. You do not employ at least one person maintaining the licenses required to operate in your Territory.
- iii. Interruption of Service. You fail to operate your Business and be available to provide Services and Products to Customers in your Territory during the months, days, and hours of operation that we specify;
- iv. Failure to Supervise Business Operations or Employ Adequate Personnel. You or your Manager fail, in our sole discretion, to personally supervise day-to-day operation of the Business;
- v. Failure to Meet Standards. You fail to follow and/or maintain the then-current operating procedures and standards established by us as stated in this Agreement or the Operations Manual or otherwise communicated to you;
- vi. Other Conduct Reflecting Adversely on System. You conduct yourself in a manner that, although not criminal, reflects adversely on the System, the Marks, or the products or services offered through the System; or
- vii. Performance of Work Outside Territory. You provide any Services and Products outside of your Territory, except as we expressly permit in writing.

D. Termination Upon 30 Days' Notice to Cure

We have the right to terminate this Agreement, effective upon 30 days written notice to you, if you fail to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between you and us or our affiliates and you fail to cure such default after the expiration of the 30 day period. Provided however, the foregoing shall not apply to those matters for which we can terminate immediately without a cure period or those matters for which the cure period is less than 30 days.

E. Cure

If you fail to cure the alleged breach within the applicable period of time stated in this Section, then, unless we state otherwise in writing, this Agreement will be considered terminated as of the date stated in the default notice. For purposes of this Agreement, your alleged breach of this Agreement will be deemed cured if both you and we agree in writing that the alleged breach has been corrected.

F. Grant of Security Interest and Lien for Failure to Pay Sums Due to Us or Our Affiliates

If you fail, refuse, or neglect to pay us or our affiliates any monies owing to us or our affiliates on the date due, you grant immediately to us, at our option (which may be exercised at our convenience), a security interest and lien in all of your assets, including, without limitation, all

equipment, vehicles, fixtures, inventory, deposit accounts, accounts receivable, and supplies. If we exercise our option hereunder (which we may exercise at any time that you are not in full compliance with this Agreement), you hereby appoint us as your attorney-in-fact, with full power and authority to endorse your name on a security agreement naming us as the secured party and granting a continuing lien on and security interest in all right, title, and interest that you have, whether now existing or hereafter created, in and to all of your equipment, vehicles, fixtures, inventory, deposit accounts, accounts receivable, and supplies to secure payment and performance of all your obligations and indebtedness then existing or that become in the future owing to us. You further authorize us and our attorneys and agents to file appropriate financing statements, amendments, and other documents as deemed necessary by us to secure our interest in your assets; such financing statements may describe the collateral as “all assets” or “all personal property” that you now own or acquire in the future. We shall have all rights and remedies of a secured party under applicable laws.

G. Recovery of Marks and Confidential Information

Immediately upon termination, we have the unfettered right to enter your Business Location and any other location containing your personal property to recover all such personal property containing any of our Marks or Confidential Information. You agree that you will assist us in such recovery and will reimburse us all costs and expenses (including attorneys’ fees) that we incur in our efforts.

H. Right to Repurchase Franchisee Assets

Upon termination of this Agreement, we have the option to purchase the vehicles, equipment, and all other tangible assets of your Business at a price equal to the depreciated cost thereof, based on a straight line sixty (60) month amortization period, and the option to repurchase your inventory and supplies for your cost, as we determine in our sole discretion. We may exercise our option under this subparagraph and take immediate possession of all such assets upon sending notice to you. If we exercise this option, we will notify you and provide you with a bill of sale incorporating the purchase price based on the method described in this subparagraph and the assets being purchased by us. If you believe that our determination of the original purchase price paid by you for any item is incorrect, you shall, within five (5) business days, provide us with the evidence supporting this belief. We may make adjustments as we believe appropriate in our sole discretion. You shall have ten (10) business days from the date such notice and bill of sale is delivered to the Business Location Address to return the bill of sale executed by you. If we have not received the executed bill of sale from you within ten (10) business days from the date it was delivered to the Business Location Address, you hereby expressly appoint us to act as your attorney in fact to execute the bill of sale and any other documents necessary to complete transfer of ownership of the purchased assets. We may set off the purchase price amount or any portion thereof against any amounts owing by you to us or our affiliates.

I. Right to Withhold Products and Services

During any period that you are in default under this Agreement, we have the right to withhold or discontinue providing all services to you, including but not limited to the right to suspend your right to purchase products or services from us or our affiliates.

J. Right to Manage in Default

If you default under this Agreement, or you or you cannot operate the Business due to death or disability, we may take over management of your Business for a period not to exceed six (6) months. You will pay us a management fee of five hundred dollars (\$500) per day during the management period in addition to all direct and indirect expenses we incur as a result. You must provide us with complete access to the Business and all accounts and other accesses necessary to operate the Business. You agree to fully and completely indemnify us from and against all claims, liabilities, and expenses incurred, whether directly or indirectly, relating to our management of the Business. You also agree, at our request after we have the right to manage the Business pursuant to this Section, to enter into a management agreement with us, acceptable to us, to manage the Business. In no event shall we have any obligation to manage the Business except as we agree.

K. Termination Not Exclusive Remedy

Termination of this Agreement by us as a result of a default by you shall not be the exclusive remedy available to us, and you shall remain liable to us for all damages caused to us as a result of the default, including our lost benefit of the bargain of this Agreement should this Agreement be terminated following a default by you.

L. Future Royalties

If this Agreement is terminated before the expiration of the Term, you acknowledge and agree that, in addition to all other available remedies, we shall have the right to recover lost future royalties during any period in which you fail to pay such royalties through and including the remainder of the Term of this Agreement. Such amount shall be deemed liquidated damages and not a penalty. The amount owing shall be computed by taking the average monthly Royalty Fees during the 12 month period preceding the date of termination (or, if 12 months have not elapsed, such shorter period; if royalty reports are missing, any months for which royalty reports are missing shall be assigned the highest amount of any other month or our reasonably determined calculation), multiplied by the number of months remaining in the Term of this Agreement. Our right to recover lost future royalties shall be non-exclusive and shall not in any way limit our remedies.

M. Non-waiver

Our delay in exercising or failing to exercise any right or remedy under this Agreement or our acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of our rights or remedies against you.

XVIII. FRANCHISEE OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination of this Agreement, regardless of the cause, and upon expiration without renewal or transfer of this Agreement you shall immediately:

1. Cease all operations under this Agreement;
2. Pay to us and our affiliates all unpaid fees and monies owed, including Royalty Fees,

Brand Fund Fees, and any and all amounts or accounts payable then owed to us, our affiliates, and Approved Vendors under this Agreement, any other agreement, whether written or verbal, or otherwise;

3. Cease to identify yourself as a Mold Medics franchisee or publicly identify yourself as a former franchisee or having been associated with us, and immediately cease use of any of our or the Marks, Confidential Information, trade secrets, signs, symbols, devices, or other materials. You hereby irrevocably appoint us as your attorney-in-fact to execute in your name and on your behalf all documents necessary to discontinue your use of the Marks and Confidential Information;
4. Surrender to us all marketing materials, forms, samples, pamphlets, and other materials bearing any of the Marks and all items which are identified with us or our System and obtained by and in connection with this Agreement;
5. Return to us the Operations Manual and all other manuals and confidential information we made available to you for your use, and immediately and permanently cease use of the Confidential Information;
6. Cease using all telephone and facsimile numbers and listings and all social media and internet sites, listings, and accounts used in connection with the operation of the Business, and direct the appropriate hosts and/or controllers of such content (e.g. telephone company, telephone directory publishers, website administrators, etc.) to transfer all such numbers, sites, accounts, and listings to us or our designee, or, if we direct, to disconnect or close the numbers, sites, and accounts. By executing this Agreement, you hereby appoint us as your agent in fact to execute any documents on your behalf in order to transfer such numbers, sites, and listings from you to us or the person or entity we designate. You also agree to execute any documents that we may require to effectuate transfer of all such numbers, sites, and listings;
7. Deliver to us, all customer, transaction, and vendor lists, records, information, and data and, if we instruct you, notify all vendors, suppliers, and customers that you are no longer associated with us or the Business in the manner and method that we prescribe; and immediately cease contact or communication with all customers or prospective customers with whom you were communicating and submit to us all documents or other information on such customers;
8. Provide all documents and information for all scheduled and/or ongoing open work in your Business to us within five (5) days of the expiration or termination and execute all documents and make all communications that we request or that are necessary to effectuate a smooth transition;
9. At our request, sell to us the equipment and tangible assets of the Business that we request to purchase pursuant to Section XVII (H) of this Agreement, immediately turn over all such assets to us, and execute all documents (including title transfer documents and bills of sale) necessary to effectuate the transfer.
10. Comply with the post-termination covenants stated in this Agreement, including the

non- compete covenants stated in Section XII of this Agreement, all of which survive the transfer, termination or expiration of this Agreement;

11. If applicable, take such action as may be required to transfer to us or remove from the internet all sites referring to your former Business or any of the Marks and to cancel or assign to us, in our sole discretion, all rights to any domain names or other accounts for any sites on the internet that refer to your former Business or any of the Marks; and
12. Permit us to make a final inspection of your Business, financial records, books, and other accounting records within six months of the effective date of termination, expiration, or transfer, as we request.

XIX. DISPUTE RESOLUTION

A. Internal Dispute Resolution

You must first bring any claim or dispute between you and us to our President or CEO, after providing notice as stated in Section F, below. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This requirement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement; provided, however, it shall not apply to Section XIX B i-v below.

B. Mediation

At our option, all claims or disputes between you and us, or our affiliates, arising out of, or in any way relating to, this Agreement or any other agreement by and between you and us or our affiliates, or the relationship of any of the parties hereto or our affiliates, or any of the parties' respective rights and obligations arising from this Agreement (“Disputes”), which are not first resolved through the internal dispute resolution procedure set forth in Section A, above, must be submitted first to mediation, in Carnegie, Pennsylvania, under the auspices of the American Arbitration Association (“AAA”), in accordance with AAA’s Commercial Mediation Rules then in effect. Before commencing any arbitration or legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of 30 days following receipt of such notice within which to notify you as to whether we or our affiliates elects to exercise its option to submit such claim or dispute to mediation. Except as set forth below, you may not commence any action against us or our affiliates with respect to any such claim or dispute in any court or through arbitration unless we fail to exercise our option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. Our rights to mediation, as stated in this document, may be specifically enforced by us. Each party shall bear its own cost of mediation and the parties shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement. The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as stated in this Section if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

- i. Any rights in the Marks, the System, or in any Confidential Information;

- ii. Any claims pertaining to or arising out of any warranty issued;
- iii. Any of the restrictive covenants contained in this Agreement;
- iv. Any claim for a temporary injunction, preliminary injunction and/or other emergency relief available; or
- v. Any action we bring to collect amounts you owe us or our affiliates.

C. Mandatory Arbitration

Except for the matters set forth in Section XIX (b) i-v above, all Disputes between the parties arising out of or relating to (i) this Agreement or any other agreement between the parties or their affiliates, (ii) the relationship between the parties, or (iii) the scope and validity of this Agreement or any other agreement between the parties (including the scope and validity of the arbitration obligations under this section, which the parties acknowledge is to be determined by an arbitrator and not a court) or their affiliates shall be determined by arbitration with the American Arbitration Association (“AAA”) at the office of the AAA closest to our principal executive office on the date of submission of the matter to the AAA. Such arbitration shall be conducted before one (1) arbitrator chosen in accordance with AAA commercial arbitration rules. The decision of the arbitrator shall be final and binding upon all parties concerned. Such decision shall be rendered within thirty (30) days of the close of the arbitration hearing record. In any arbitration proceeding, the parties agree that each must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the federal rules of civil procedure) within the same proceeding as the claim to which it relates. Any claim not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either party. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with this Section. The arbitration will be conducted on an individual, not a class-wide basis, and the arbitration proceeding may not be consolidated with any other arbitration proceeding between us and any other person. Notwithstanding the foregoing or anything to the contrary in this section, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with this Agreement. In all other respects, the rules of the AAA and the United States Arbitration Act shall control. Judgment upon the award rendered by the arbitration may be entered in any court having competent jurisdiction thereof. If an arbitrator determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then the parties agree to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder.

D. Venue

The parties expressly agree to the jurisdiction and venue of the Allegheny County, Pennsylvania Court of Common Pleas and the jurisdiction and venue of the United States Federal District Court for the Western District of Pennsylvania for the litigation of all Disputes permitted hereunder. IN

ANY CLAIM THAT MAY BE BROUGHT IN COURT, EACH PARTY WAIVES ALL RIGHTS TO TRIAL BY JURY.

E. Third Party Beneficiaries

Our affiliates, and our and their officers, directors, shareholders, agents, and/or employees are intended third party beneficiaries of these dispute resolution provisions.

F. Prior Notice of Claims

As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, you must notify us within 60 days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages and shall act as an absolute bar against any such claim.

G. No Class Action or Consolidation

YOU AGREE THAT ANY MEDIATION, ARBITRATION, OR LITIGATION UNDER OR ARISING FROM THIS AGREEMENT OR YOUR RELATIONSHIP WITH US OR OUR AFFILIATES, MEMBERS, OFFICERS, EMPLOYEES, (INCLUDING WITHOUT LIMITATION COUNTERCLAIMS AND CROSS-CLAIMS, AND ALSO INCLUDING CLAIMS BASED ON TORT OR OTHER LEGAL THEORIES) WILL ONLY BE CONDUCTED ON AN INDIVIDUAL BASIS, NOT A CLASS-WIDE BASIS, AND THAT A MEDIATION, ARBITRATION, LITIGATION, OR PROCEEDING BETWEEN US AND YOU MAY NOT BE CONSOLIDATED WITH ANY OTHER MEDIATION, ARBITRATION, LITIGATION, OR PROCEEDING BETWEEN THE PARTIES AND ANY OTHER PERSON, CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP, OR OTHER ENTITY. THE PARTIES WAIVE, TO THE FULLEST EXTENT ALLOWED BY LAW, ANY RIGHT TO PURSUE OR PARTICIPATE AS A LEAD PLAINTIFF, PETITIONER, OR CLASS REPRESENTATIVE IN ANY CLAIM ON A CLASS OR CONSOLIDATED BASIS.

XX. GOVERNING LAW

The United States Arbitration Act shall govern all questions about enforceability and scope of the dispute resolution procedures in this Agreement, and no arbitration issues are to be resolved pursuant to any state or provincial statutes, regulations, or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051. *et seq.*), this Agreement, the relationship of the parties hereto, and all disputes arising hereunder or otherwise between the parties hereto shall be governed by the laws of the Commonwealth of Pennsylvania without regard to its conflict of law principles.

XXI. INJUNCTIVE RELIEF

Nothing in this Agreement shall prevent us from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. Your sole remedy in the event of the entry of such injunctive relief will be the dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby

expressly waived by you.

XXII. MISCELLANEOUS PROVISIONS

A. Modification

This Agreement may be modified only upon execution of a written agreement between the parties. You acknowledge that we may modify our standards and specifications and operating techniques stated in the Operations Manual unilaterally under any conditions and to the extent to which we, in our sole discretion, deem necessary to protect, promote, or improve the Marks and the quality of the System.

B. Entire Agreement

This Agreement and all appendices and other documents attached to this Agreement are incorporated in this Agreement and will constitute the entire agreement between the parties. This Agreement supersedes and replaces all previous written and oral agreements, understandings, promises, representations or other communications between the parties. However, nothing in this Section or otherwise in this Agreement is intended to disclaim or waive your reliance on any statements made in the Franchise Disclosure Document delivered to you at least 14 calendar days before you executed this Agreement or any related agreements or paid any consideration to us.

C. Remedies and Attorneys' Fees

If we retain the services of legal counsel to enforce your obligations under this Agreement, whether or not formal judicial proceedings are implemented, we shall be entitled to recover our reasonable costs and expenses, including reasonable attorney's fees and expert fees, incurred in enforcing your obligations under this Agreement.

D. Interpretation

All parties to this Agreement acknowledge that this Agreement has been fully negotiated and has been entered into freely. If any provision of this Agreement shall be held to be invalid by any tribunal, the terms of said invalid provision shall be modified to the least possible extent so as to make the provision valid. This Agreement shall not be interpreted against either party as drafter.

E. Discretion and Approval

Any reference in this Agreement to actions that we may take shall mean that we may take or not take such actions in our sole discretion, and any actions that we do take (whether this Agreement states we may, will, or shall) may be taken in a manner that we deem fit in our sole discretion.

If our approval is required by any provision of this Agreement, the Operations Manual, or otherwise, unless stated otherwise, our approval must be in writing and approval granted to one party does not extend beyond that party unless specified in such approval or elsewhere by us in writing.

F. Delegation by Us

We have the right to delegate the performance of any portion or all of our obligations and duties hereunder to third parties, whether the same are our agents or independent contractors which we have contracted with to provide such services. You agree in advance to any such delegation by us of any portion or all of our obligations and duties under this Agreement.

G. Effective Date

This Agreement will not be effective until accepted by us as evidenced by dating and signing by our designated officer.

H. Franchisor's Consent

Our failure to respond within any designated time period in this Agreement where our consent is required shall not be deemed consent to your proposed activity and it shall remain your responsibility to attain written consent before proceeding with the contemplated activity.

I. No Waiver

No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by us will be considered to imply or constitute a further waiver by us of the same or any other condition, covenant, right, or remedy.

J. Payment of Taxes

You shall reimburse us, or our affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by us, or our affiliates or designees, on account of services or goods furnished by us, our affiliates or designees, to you through sale, lease or otherwise, or on account of collection by us, our affiliates or designees, of the initial franchise fee, Royalties or any other payments made by you to us required under the terms of this Agreement.

K. Invalidity

If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision will be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it must then be severed, and the remainder of that provision will continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated;.

L. Limitation of Actions

You agree that no cause of action arising out of or under this Agreement may be maintained by you against us unless brought before the expiration of 2 years after the act, transaction, or occurrence upon which such action is based or the expiration of 1 year after you becomes aware of facts or circumstances reasonably indicating that you may have a claim against us hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or setoff.

M. Punitive Damages

You hereby waive to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, or consequential damages (including, without limitation, lost profits) against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery is limited to your actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

N. Construction of Language

The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you or there is more than one party signing this Agreement as “Franchisee”, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to your “immediate family” means the spouse, parent, children and siblings of you and the parents, children and siblings of your spouse.

O. Successors

References to “us” or “you” include the respective parties’ successors, assigns or transferees, subject to the limitations of Section XVI hereof.

P. Additional Documentation

You must, from time to time after the effective date of this Agreement, at our request and without further consideration execute and deliver such other documentation or agreement and take such other action as we may reasonably require in order to effectuate the transactions contemplated in this Agreement. If you fail to comply with the provisions of this Section, you hereby appoint us as your attorney-in-fact to execute any and all documents on your behalf reasonably necessary to effectuate the transactions contemplated in this document.

Q. Force Majeure

Neither you, we, nor our affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if such party’s failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as we deem reasonable; provided, the foregoing shall not apply to or extend the time period for payment of any obligations hereunder.

R. Notices

All notices required to be given under this Agreement shall be given in writing and shall be

delivered in person, by email (with a copy sent by mail promptly thereafter), by certified mail with return receipt requested, or by an overnight delivery service providing documentation of receipt. Delivery by email shall be effective upon receipt of the email at the Notice Email Address provided in the Data Sheet. Delivery in person, by email, by certified mail, or by overnight delivery service shall be given at the addresses stated in the first paragraph of this Agreement or at such other addresses as we or you may designate in writing from time to time, and will be effectively given when deposited in the United States mails, postage prepaid, or when received via overnight delivery, as may be applicable.

S. Survival of Provisions

Any provisions that by their terms extend beyond termination, transfer or expiration of this Agreement, including but not limited to, the confidentiality, non-competition and indemnification obligations, shall continue in full force and effect subsequent to and notwithstanding the termination, transfer or expiration of this Agreement.

T. Cumulative Rights

Our rights and remedies under this Agreement are cumulative and no exercise or enforcement by us of any right or remedy hereunder shall preclude the exercise or enforcement by us of any other right or remedy hereunder which we are entitled by law to enforce.

U. State Law

If any provision of this Agreement is invalidated by any applicable law or regulation of the state in which your Business is located, then the valid law or regulation of that state applicable to the Business will supersede any provision of this Agreement that is less favorable to you.

V. Personal Guaranties; Spousal Guaranties

If you are a limited liability company or corporation, each of your owners, must execute a personal guaranty in the form attached to this Agreement as Exhibit 1, or in such other form as we may require, agreeing to guaranty and be personally bound by all terms of this Agreement.

If you are an individual(s), or subsequent to execution of this Agreement, you assign this Agreement to an individual(s), such individual's spouse hereby personally and unconditionally guarantees without notice, demand or presentment the payment of all of your monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such spouses further agree to be bound by the restrictions upon your activities upon transfer, termination or expiration of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such spouses must execute a spousal consent in the form attached to this Agreement as Exhibit 3. In the event of divorce and re-marriage, or subsequent marriage, you covenant and agree to provide us with a properly executed spousal guaranty in the form we prescribe.

XXIII. REPRESENTATIONS AND ACKNOWLEDGEMENTS

A. No Authority

NO SALESPERSON, REPRESENTATIVE, OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT OUR AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES, OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF WHICH HAVE LED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS, AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE. YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS US OR ANY OTHER FRANCHISEE.

B. Receipt

YOU ACKNOWLEDGE RECEIPT OF OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS PRIOR TO YOUR EXECUTION OF THIS AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION TO US OR OUR AFFILIATES. YOU FURTHER ACKNOWLEDGE THAT YOU RECEIVED A COMPLETED COPY OF THIS AGREEMENT AND ALL RELATED AGREEMENTS ATTACHED TO THE FRANCHISE DISCLOSURE DOCUMENT AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT AND ALL RELATED AGREEMENTS WERE EXECUTED BY YOU.

C. Execution of Agreement

EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF YOU ARE A PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION WARRANTS TO US, BOTH INDIVIDUALLY AND IN HIS/HER CAPACITY AS PARTNER, MEMBER, MANAGER, OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE MEMBERS OR MANAGERS OF THE LIMITED LIABILITY COMPANY, OR ALL OF THE SHAREHOLDERS OF THE CORPORATION, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION.

D. Independent Investigation and Opportunity for Review by Advisors

YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS WHICH MAKE THE SUCCESS OF

THE VENTURE LARGELY DEPENDENT UPON YOUR BUSINESS ABILITIES AND EFFORTS. YOU ACKNOWLEDGE THAT YOU HAVE BEEN GIVEN THE OPPORTUNITY TO CLARIFY ANY PROVISION OF THIS AGREEMENT THAT YOU MAY NOT HAVE INITIALLY UNDERSTOOD. YOU ACKNOWLEDGE THAT WE HAVE RECOMMENDED THAT YOU OBTAIN, AND THAT YOU HAVE HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND OUR FRANCHISE DISCLOSURE DOCUMENT BY YOUR LAWYER, ACCOUNTANT, AND OTHER BUSINESS ADVISORS PRIOR TO EXECUTION HEREOF.

E. No personal Liability of Franchisor

YOU AGREE THAT FULFILLMENT OF ANY AND ALL OF OUR OBLIGATIONS WRITTEN IN THIS AGREEMENT OR BASED ON ANY ORAL COMMUNICATIONS WHICH MAY BE RULED TO BE BINDING IN A COURT OF LAW SHALL BE OUR SOLE RESPONSIBILITY AND NONE OF OUR AFFILIATES, AGENTS, REPRESENTATIVES, NOR ANY INDIVIDUALS ASSOCIATED WITH OUR FRANCHISE COMPANY SHALL BE PERSONALLY LIABLE TO YOU FOR ANY REASON. YOU AGREE THAT NOTHING THAT YOU BELIEVE YOU HAVE BEEN TOLD BY US OR OUR REPRESENTATIVES SHALL BE BINDING UNLESS IT IS WRITTEN IN THIS AGREEMENT. THIS IS AN IMPORTANT PART OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

“FRANCHISEE” or “YOU”

“FRANCHISOR” or “WE”

Mold Medics Franchising LLC

By: _____, individually

By:

Date:

Its:

Date: _____

(if a corporation, limited liability company, or partnership)

Name of Entity: _____

By:

Its:

Date: _____

EXHIBIT 1 to FRANCHISE AGREEMENT

PERSONAL GUARANTY

This Personal Guaranty (“Guaranty”) is executed as of [Date] (“Effective Date”) by the guarantors signing below (“Guarantors,” and each a “Guarantor”) in favor of Mold Medics Franchising LLC, a Pennsylvania limited liability company (“Franchisor”), as consideration of and as an inducement to Franchisor to execute the franchise agreement with an Effective Date of [Date] (referred to in this Guaranty collectively, along with all applicable amendments, addenda, riders, supplemental agreements and assignments, as the “Franchise Agreement”) between Franchisor and [franchisee entity name], a [state company organized in] [entity type] located at [Business Location Address] (“Franchisee”). Capitalized terms not otherwise defined in this Guaranty shall have the meaning ascribed to them in the Franchise Agreement. Guarantor agrees as follows:

1. **Guaranty.** Guarantors each hereby unconditionally and irrevocably guaranty to Franchisor:
 - a. the full and prompt payment of all sums owed by Franchisee to Franchisor and to Franchisor’s affiliates under the Franchise Agreement or otherwise, including, but not limited to, all fees and charges, interest, and other costs and fees (including, without limitation, attorneys’ fees in connection with enforcement of the Franchise Agreement; and
 - b. the performance of all obligations of Franchisee arising under the Franchise Agreement or any other agreement with Franchisor or its affiliates (collectively, the Obligations”). On default by Franchisee and notice from Franchisor to Guarantors, Guarantors will immediately make payment in full of all past due amounts owing to Franchisor or Franchisor’s affiliates and perform each Obligation of Franchisee.
2. **Franchise Agreement Binding.** Guarantors agree to be individually bound by all covenants (including, without limitation, all covenants not to compete, solicit, or divulge confidential information), obligations, and commitments of the Franchisee contained in the Franchise Agreement to the same extent as if each of them had individually been named as the Franchisee in the Franchise Agreement and had individually executed the Franchise Agreement. Guarantors understand and agree that any modification of the Franchise Agreement, including any addendum or addenda thereto, or waiver by Franchisor of the performance by the Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of the Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the Franchise Agreement, including any addendum or addenda thereto, shall not in any way release any Guarantor from liability hereunder or terminate, affect, or diminish the validity of this Guaranty, except to the same extent, but only to such extent that the liability or obligation of the Franchisee is so released, terminated, affected, or diminished. Notice to Guarantors of any such modification, waiver, extension, or forbearance under the terms thereof is waived.

Waiver of Rights and Defenses. Each Guarantor waives: (a) any right Guarantor may have to require that any action be taken or an action be brought against Franchisee or any other person as a condition of Guarantor’s liability under this Guaranty; (b) all rights to payments

and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of Guarantor's execution of and performance under this Guaranty; (c) any law, statute, determination, or claim which requires or could require that Franchisor make demand on, assert claims against, or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies, or take any other action against Franchisee or any others before making any demand on, collecting from, or taking any action against Guarantor under or with respect to this Guaranty; and (d) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

3. **Sole Owners.** Guarantors represent and warrant that they are the only owners of Franchisee.
4. **Information Requests.** Each Guarantor must promptly deliver to Franchisor: (a) complete and current financial information about Guarantor as Franchisor may reasonably request; and (b) any other information about Guarantor that Franchisor reasonably requests.
5. **Indemnity.** Each Guarantor jointly and severally holds harmless, and agrees to defend, protect, and indemnify Franchisor from any actions, causes of action, liabilities, damages, losses, and fees (including attorneys' and expert fees), costs, and all other claims of every nature that may arise as a result of any dispute between or among any of Guarantors and any other persons or entities.
6. **Assignment.** Franchisor may assign this Guaranty without in any way affecting any Guarantor's liability. This Guaranty will inure to the benefit of Franchisor and its successors and assigns and will bind each Guarantor and each Guarantor's heirs, executors, administrators, successors, and assigns.
7. **Notices.** All notices required hereunder shall be in writing and must be delivered by email to the email address set forth below or in person, by prepaid overnight commercial delivery service, prepaid United States Mail (registered or certified) with return receipt requested to the addresses set forth below:

If to Franchisor: notices@moldmedics.com

OR

Mold Medics Franchising
LLC Attn: Legal
Department.

811 Washington Ave.

Carnegie, PA 15106

If to Guarantor(s): [Guarantor Notice Email]

OR

[Guarantor Address]

If a Guarantor desires to change the notice address set forth above, Guarantor must notify Franchisor in writing in accordance with this Section. A notice will be deemed effective on the earlier of: (i) receipt of notice to the email address above; (ii) receipt or first refusal of delivery; (ii) one day after posting if sent by overnight commercial delivery service; or (iii) three days after placement in the United States Mail.

8. **Guarantor Authority.** Each Guarantor warrants and represents to Franchisor that Guarantor has the requisite power to execute, deliver, and perform the terms and provision of this Guaranty, and that this Guaranty is a valid, binding, and legally enforceable obligation of each Guarantor in accordance with its terms.
9. **Joint and Several Liability of Guarantors.** If more than one Guarantor is named in this Guaranty, any reference to Guarantor will mean any one or all of the Guarantors. Each Guarantor agrees that the obligations of each Guarantor hereunder are joint and several in each and every respect.
10. **No Waiver.** No failure or delay on Franchisor's part in exercising any power or privilege under this Guaranty will impair any such power, right, or privilege or be construed as a waiver of its rights under this Guaranty.
11. **Severability.** If any provision of this Guaranty is determined by a court of competent jurisdiction to be unenforceable, all of the other provisions will remain effective.
12. **Entire Agreement.** This Guaranty and the agreements referenced herein embodies the entire agreement between Franchisor and Guarantors with respect to the matters set forth in this Guaranty and supersedes all prior agreements with respect to the matters set forth in this Guaranty.
13. **Attorney Fees.** Guarantors shall pay to Franchisor all attorney fees incurred by Franchisor in enforcing this Guaranty and collecting any amounts owing to Franchisor by Guarantors.
14. **Governing Law; Dispute Resolution.** The governing law and dispute resolution provisions of the Franchise Agreement are incorporated herein by reference and will be applicable to all disputes between Franchisor and any Guarantors.
15. **WAIVER OF JURY TRIAL.** GUARANTORS HEREBY WAIVE ALL RIGHTS TO A TRIAL BY JURY WITH RESPECT TO THE ENFORCEMENT OF THIS GUARANTY.

GUARANTORS ACKNOWLEDGE THAT GUARANTORS WERE EACH AFFORDED THE OPPORTUNITY TO READ THIS GUARANTY AND TO REVIEW IT WITH AN ATTORNEY OF GUARANTOR'S CHOICE BEFORE SIGNING.

IN WITNESS WHEREOF, Guarantors have executed this Guaranty as of the Effective Date.

GUARANTORS:

Sign: _____
By: _____

Sign: _____
By: _____

Sign: _____
By: _____

EXHIBIT 2 to FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): _____

Owners and Form of Ownership

(Provide information of all owners, select applicable entity, and provide entity information)

Owner (Individual, Partner, Member/Manager, Shareholder/Officer/Director)

Owner 1:

First Name: _____ Middle Name: _____ Last Name: _____
Street Address: _____ City, State, ZIP: _____

Owner 2:

First Name: _____ Middle Name: _____ Last Name: _____
Street Address: _____ City, State, ZIP: _____

Owner 3:

First Name: _____ Middle Name: _____ Last Name: _____
Street Address: _____ City, State, ZIP: _____

Owner 4:

First Name: _____ Middle Name: _____ Last Name: _____
Street Address: _____ City, State, ZIP: _____

*If an owner is itself an entity, please provide the name of the entity in the “Last Name” field and include the names and addresses of the individual owners, as well as their ownership interest, on a separate sheet of paper.

_____ **Individual:**

_____ **Partnership:**

State of formation: _____

** Please provide a copy of the partnership agreement (if formally organized, provide all filed formation documents).*

Partner Name (First and Last)	% Partnership Interest	Active or Passive Partner?

Limited Liability Company:

State of formation: _____

** Please provide a copy of the filed Articles of Organization and Operating Agreement.*

Member/Manager Name (First and Last)	% Membership Interest	Also a manager?

Corporation:

State of formation: _____

** Please provide a copy of the filed Articles of Incorporation, Bylaws, and Shareholder Agreements.*

Shareholder/Director/Officer Name (First and Last)	% Shareholder Interest	Also a Director/Officer?

Franchisee acknowledges that this Statement of Ownership applies to the Business authorized under the Franchise Agreement. Franchisee represents that the information provided is accurate.

Use additional sheets if necessary. All changes to the above information must be reported to us in writing.

FRANCHISEE:

 By:
 Date:

EXHIBIT 3 to FRANCHISE AGREEMENT

SPOUSAL CONSENT

NOTE: IF YOU ARE AN INDIVIDUAL(S), EACH INDIVIDUAL'S SPOUSE MUST EXECUTE THE FOLLOWING UNDERTAKING. IF YOU ARE A BUSINESS ENTITY THEN EACH SPOUSE OF EACH OWNER OF THE BUSINESS ENTITY MUST EXECUTE THE FOLLOWING UNDERTAKING.

The undersigned person(s) hereby represent to Mold Medics Franchising LLC that each is the spouse of an individual who has executed a Mold Medics Franchising LLC franchise agreement dated [Franchise Agreement Date] (referred to individually and together with all individuals executing the franchise agreement as “Franchisee”). The franchise agreement executed by Franchisee is referred to as the “Franchise Agreement.”

To induce Mold Medics Franchising LLC to enter into the Franchise Agreement with Franchisee, each of the undersigned spouses, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives, and assigns, agrees that they, and each of them, are firmly bound by all of the terms, provisions and conditions of the foregoing Mold Medics Franchising LLC Franchise Agreement, that they and each of them do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement. The undersigned further agree to be bound by the in-term and post-term covenants of the aforesaid Franchise Agreement.

Signature: _____	Signature: _____
Name: _____	Name: _____
Address: _____	Address: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT 4 TO FRANCHISE AGREEMENT

COMPLIANCE CERTIFICATION ADDENDUM

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Addendum. If any California franchisee completes this Addendum, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Addendum.

The Compliance Certification Addendum may not be signed or used if the franchisee resides within, or if the franchised business will be located within the State of Maryland or the State of Hawaii.

As you know, you and we are entering into a Franchise Agreement for the operation of a Mold Medics franchise. The purpose of this Compliance Certification Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your Franchise Business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgements and Representations

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least 14 days before you signed a binding agreement with, or paid any consideration to, us or our affiliates in connection with the proposed franchise sale? Check one: Yes No. If no, please comment: _____

2. Were the terms and conditions of the Franchise Agreement presented to you for signing materially different from the Franchise Agreement contained in the Franchise Disclosure Document delivered to you? Check one: Yes No. If yes, please comment:

3. Did you receive a copy of the Franchise Agreement in the form presented to you for signing at least seven calendar days before signing the Franchise Agreement? Check one: Yes No. If no, please comment: _____

4. Was any oral, written, or visual claim or representation made to you that contradicted the disclosures in the Franchise Disclosure Document? Check one: Yes No. If yes, please state in detail the oral, written, or visual claim or representation: _____

5. Except as may be stated in Item 19 of the Mold Medics Franchising LLC Franchise Disclosure Document, did any employee or other person speaking on behalf of Mold Medics Franchising LLC make any oral, written, or visual claim, statement, promise, or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income, or

profit levels at any Mold Medics business, or the likelihood of success at your Franchise Business? Check one: Yes No. If yes, please state in detail the oral, written or visual claim or representation: _____

6. Except as may be stated in Item 19 of the Mold Medics Franchising LLC Franchise Disclosure Document, did any employee or other person speaking on behalf of Mold Medics Franchising LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Check one: Yes No. If yes, please comment: _____

7. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Franchise Business and that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one: Yes No. If no, please comment: _____

8. Do you understand that the success or failure of your Franchise Business will depend in large part upon your skills and experience, your ability to generate sales, your business acumen, your location, the local market for services and products you may offer, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition, and other economic and business factors? Check one: Yes No. If no, please comment: _____

This Compliance Certification Addendum does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH IT.

NOTE: IF THE RECIPIENT IS A CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST SIGN THIS ACKNOWLEDGEMENT.

Signed: _____

Signed: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

EXHIBIT 5 to FRANCHISE AGREEMENT

FRANCHISE OPTION AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (the "Amendment") is made and entered into as of _____, by and between MOLD MEDICS FRANCHISING, LLC, a Pennsylvania limited liability company, with its principal place of business at 811 Washington Ave., Carnegie, PA 15106 (hereinafter "Franchisor"), and _____, a _____ with its _____ at _____ (hereinafter "Franchisee").

1. Franchisee is approved by Franchisor to participate in the Franchise Option Program. Franchisor and Franchisee hereby agree to amend the Franchise Agreement entered into between them with effect as of [DATE]. The Franchise Agreement is amended as follows:

The Initial Franchise Fee stated in Section IV(A) of the Franchise Agreement is waived and Franchisee shall not pay to Franchisor the Initial Franchise Fee.

2. Section IV(B) of the Franchise Agreement is amended as follows:

Strike seven percent (7%) and replace with nine and one-half percent(9.5%).
3. If the Franchise Agreement is renewed in accordance with Section II thereof, Franchisee and Franchisor agree that the Gross Sales Royalty rates, as amended by Section 2 of this Amendment, shall be applied to the renewal term and that they shall enter into an amendment of the renewal franchise agreement if necessary to apply the foregoing Gross Sales Royalty rate.
4. Except as specifically amended above, all other provisions of the Franchise Agreement remain in full force and effect.
5. If there is a conflict between this Amendment and the Franchise Agreement, this Amendment will prevail.

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

MOLD MEDICS FRANCHISING, LLC

By: _____
Its: _____

FRANCHISEE

By: _____

EXHIBIT 6 to FRANCHISE AGREEMENT
PROMISSORY NOTE

\$ _____

Dated: _____

FOR VALUE RECEIVED, the undersigned, **[FRANCHISEE ENTITY]** a **[STATE]** corporation/limited liability company with a principal place of business at **[ADDRESS]** (collectively referred to as “Maker”) promises to pay to the order of **MOLD MEDICS FRANCHISING, LLC**, a Pennsylvania limited liability company, (herein with its successors and/or assigns, “Payee”) having its principal place of business at 811 Washington Ave., Carnegie, PA 15106, or at such other place as the Payee or other holder hereof may direct in writing, the aggregate principal sum of **[AMOUNT]** (**\$XX,XXX**) together with interest payable as follows:

1. **Interest**. The unpaid principal amount of this Promissory Note (“Note”) from time to time outstanding shall bear interest at the rate of twelve percent (12%) per annum. If Maker fails to pay any installment or make any payment on this Note for ten (10) days after the same shall become due, whether by acceleration or otherwise, Payee may, at its option, impose a late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. If any payment or installment is not made within thirty (30) days after the same shall become due, Payee may, at its option, impose an additional late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. Such installment or payment shall be subject to an additional five percent (5%) late charge for each additional period of thirty (30) days thereafter that such installment or payment remains past due. The late charge shall apply individually to all installments and payments past due. This provision shall not be deemed to excuse a late installment or payment or be deemed a waiver of any other rights Payee may have, including, but not limited to, the right to declare the entire unpaid balance due under this Note immediately due and payable. In no event shall the rate of interest payable hereunder at any time exceed the highest rate of interest allowed under applicable usury laws.

2. **Principal and Interest Payments**. This Note shall be due and payable by electronic funds transfer in _____ consecutive equal monthly installments of **[AMOUNT]** (**\$0,000.00**), with the initial installment being due and payable on **DATE**, and the remaining installments being due and payable on the same day of each consecutive month thereafter. The final installment shall be due and payable on **DATE** and shall consist of the remaining principal balance of this Note, and all unpaid interest, accrued thereon. In the event any payment date shall fall due on a Saturday, Sunday or United States banking holiday, payment shall be made on the next succeeding business day, and interest will continue to accrue on the unpaid amount during the interim. All payments of principal and interest are to be made in lawful money of the United States of America in immediately available funds.

3. **Payment Application**. Payments shall be applied first to expenses, costs, and attorney’s fees which are payable under this Note, secondly to interest and finally to the reduction of principal; provided, such payments may at the option of Payee or other holder hereof, be applied to the payment of delinquent taxes, installments of special assessments, insurance premiums and/or other legal charges.

4. **“Event of Default”**. An “Event of Default shall be deemed to have occurred in the event that: (a) any amount due hereunder is not paid after becoming due and payable; or (b) any default by Maker occurs in the performance of the covenants, obligations or other provisions under the Franchise Agreements between Maker and Payee (the “Franchise Agreement(s)”), or any other agreement between Maker (or its affiliates) and Payee; or (c) any representation or warranty of the Maker set forth in the Franchise Agreement(s), or any other agreement between Maker and Payee proves to have been incorrect in any material respect; or (d) Maker becomes subject to any bankruptcy, insolvency or debtor relief proceedings; or (e) Maker fails to comply with or perform any provision of this Note not constituting a default under the previous items of this paragraph and such failure continues for fifteen (15) days after notice thereof to Maker; or (f) a default occurs causing the acceleration of any material obligation of Maker to any other creditors; or (g) any guarantor of the Franchise Agreement(s) revokes or renounces their guaranty; or (h) the Franchise Agreement(s) is terminated by Maker or by Payee or is declared terminated in any judicial proceeding.

5. **Default and Remedies**. Upon the occurrence of an Event of Default as defined herein or at any time thereafter, the entire principal and accrued interest, of this Note shall become immediately due and payable, without further notice to Maker, at the option of Payee or other holder hereof. To the extent permitted by applicable law, all benefits, rights and remedies hereunder shall be deemed cumulative and not exclusive of any other benefit, right or remedy herein. The failure of Payee or other holder hereof to exercise any right or remedy hereunder shall not be deemed to be a release or waiver of any obligation or liability of the Maker.

6. **Obligations Absolute**. All obligations of Maker hereunder are absolute and unconditional, irrespective of any offset or counterclaim of Maker against Payee or other holder hereof. Maker hereby waives the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce the obligations of Maker under this Note.

7. **Waivers**. Maker and any co-makers, sureties, endorsers and guarantors of this Note, hereby jointly and severally waive presentment for payment, notices of non-performance or nonpayment, protest, notice of protest, notice of dishonor, diligence in bringing suit hereon, against any party hereto and notice of acceleration. Payee reserves the right, in its sole and exclusive discretion, to waive the requirement in Section 2 above that all payments hereunder be due by electronic funds transfer.

8. **Collection Costs; Attorney’s Fees**. Maker agrees to pay all expenses and costs of collection, including all reasonable attorney’s fees and expenses, court costs, costs of sale and costs of maintenance and repair and similar costs incurred by Payee in connection with the enforcement of this Note, the collection of any amounts payable hereunder, whether by acceleration or otherwise, and/or the sale or other disposition of any Collateral.

9. **Prepayment**. Maker may prepay this Note, in whole or in part, at any time without premium or penalty. Any partial payments shall be applied first to accrued interest and then to principal installments in reverse order of maturity.

10. **Severability**. If any term or provision of this Note or application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and shall be valid and enforced to the

fullest extent permitted by law.

11. **Limitation on Interest.** All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for charged, or received by Payee, or any subsequent holder hereof, exceed the maximum amount permissible under applicable law. If any interest in excess of the maximum amount of interest allowable by said applicable laws is inadvertently paid to Payee or the holder hereof, at any time, any such excess interest shall be refunded by the holder to the party or parties entitled to the same after receiving notice of payment of such excess interest. All interest paid or agreed to be paid to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between Maker and Payee as to the payment of interest.

12. **Jurisdiction and Venue.** It is hereby agreed that any and all claims, disputes or controversies whatsoever arising from or in connection with this Note, shall be commenced, filed and litigated, if at all, in the judicial district in which Pittsburg, PA is located, unless the conduct of such litigation is not within the subject matter jurisdiction of the court of such district. The parties waive all questions of personal jurisdiction, convenience of forum and venue for purposes of carrying out this provision.

13. **Jury Trial Waiver.** **MAKER AND PAYEE IRREVOCABLY WAIVE TRIAL BY JURY, REGARDLESS OF THE FORUM, IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER ARISING FROM, WHETHER DIRECTLY OR INDIRECTLY, THIS NOTE.**

14. **Governing Law.** In order to effect uniform interpretation of this Note, this Note, and all disputes or controversies arising or related hereto shall be interpreted and construed under the laws of the State of Pennsylvania.

15. **Amount Owning.** The records of Payee or other holder of this Note shall be prima facie evidence of the amount owing on this Note.

16. **Release.** In consideration of the credit given to the Maker as evidenced by this Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned, for himself and his agents, employees, representatives, associates, heirs, successors and assigns (collectively the “Franchisee Entities”), does hereby fully and finally release and forever discharge the Payee (“**MOLD MEDICS FRANCHISING, LLC**”), and its officers, shareholders, directors, agents, employees, representatives, associates, successors and assigns (collectively, the “Franchising Entities”) of and from any and all actions and causes of action, suits claims, demands, damages, judgments, accounts, agreements, covenants, debts, levys and executions, including without limitation attorneys’ fees, whatsoever, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, whether at law or in equity, which the Franchisee Entities, or any one or more of them, have had, now have or may in the future, have against the Franchising Entities, or any one or more of them, arising out of, in connection with or relating in any way to that certain franchise agreement between the undersigned and **MOLD MEDICS FRANCHISING, LLC**, dated _____, 20__ (the “Franchise Agreement”),

or any other agreement between the undersigned and **MOLD MEDICS FRANCHISING, LLC**, including but not limited to, any actions for fraud or misrepresentation, violation of any franchise laws, violation of any state or federal antitrust or securities laws, or violation of any common law, from the beginning time to the date of this Note; provided, however, specifically excluded from the release provisions of this Note shall be all obligations of **MOLD MEDICS FRANCHISING, LLC**, under the Franchise Agreement first accruing on and after the date hereof.

This release does not apply to claims arising under the Washington Franchise Investment Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

17. **Assignment.** Payee may sell or assign this Note at Payee’s sole discretion. If Payee sells or assigns this Note Payee will not remain primarily obligated under the Note. Additionally, Maker will also lose all of its defenses against Payee as they relate to this Note as a result of the sale or assignment.

IN WITNESS WHEREOF, Maker has made, executed and delivered this Note effective as of the date first above written.

MAKER:

FRANCHISEE ENTITY

By Its Members:

By: _____

[NAME]

Its: [TITLE]

PAYEE:

MOLD MEDICS FRANCHISING, LLC

By: _____

[NAME]

Its: [TITLE]

EXHIBIT 7 to FRANCHISE AGREEMENT

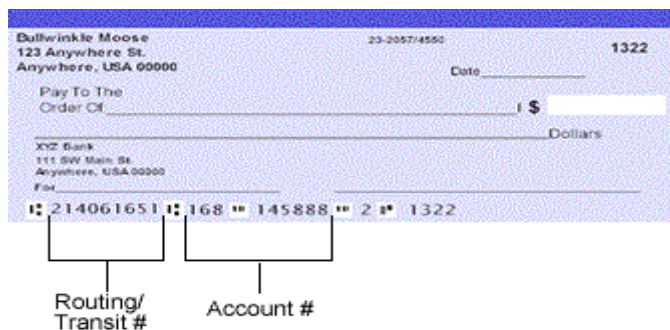
**ELECTRONIC FUNDS TRANSFER (EFT)
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS**

I (We, if joint account) the undersigned, hereby authorize **Mold Medics Franchising LLC**, a Pennsylvania limited liability company, with principal offices at 811 Washington Ave., Carnegie, PA 15106, to initiate electronic transfer of funds out of my (our) primary Checking or Savings selected below at the Financial Institution indicated, for payment of Royalties or other amounts, which I may owe **Mold Medics Franchising LLC**.

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

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

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



I (we) acknowledge that these funds will be debited on **the 10th day of each month**, or the closest business day thereafter.

Name(s): _____

Signature: _____ Date: _____

Signature: _____ Date: _____

Day Phone: () _____ Evening Phones: () _____

Please fill out this form and attach a voided check.

ADDENDUM TO THE MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Agreement (the “Agreement”), the following provisions shall supersede and apply to The Franchise Agreement dated to the date hereof between Mold Medics Franchising LLC (the “Franchisor”) and _____ (“Franchisee”).

1. California Business and Professions Code sections 20000 through 20043 establish the rights of the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).
3. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
4. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.
5. The Franchise Agreement requires binding arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code section 20040.5, Code of Civil Procedure section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
6. The Franchise Agreement requires application of the laws of the Commonwealth of Pennsylvania. This provision may not be enforceable under California law.
7. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
8. The Franchise Agreement contains a waiver of punitive damages and jury trial provisions. These waivers may not be enforceable in California.
9. Section XXIII, entitled “Representations and Acknowledgements” of the Agreement is hereby deleted in its entirety and replaced with the following: “[Intentionally Deleted]”.
10. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the ___ day of ___, 20__.

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By:

Name: _____

Name:

Its: _____

ADDENDUM TO THE MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Agreement (the “Agreement”), the following provisions shall supersede and apply to The Franchise Agreement dated to the date hereof between Mold Medics Franchising LLC (the “Franchisor”) and _____ (“Franchisee”).

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the ___ day of ____, 20__.

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By:

Name: _____

Name:

Its: _____

ADDENDUM TO THE MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT REQUIRED BY THE
ILLINOIS FRANCHISE DISCLOSURE ACT

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Agreement (the “Agreement”), the following provisions shall supersede and apply to The Franchise Agreement dated to the date hereof between Mold Medics Franchising LLC (the “Franchisor”) and _____ (“Franchisee”).

1. No provision of the Agreement will constitute a waiver of any right concerning governing law, jurisdiction, venue and choice of law conferred upon Franchisee by the Illinois Franchise Disclosure Act. The Illinois Franchise Disclosure Act will govern the Agreement with respect to Illinois Franchisees.

2. In any mediation involving a franchise purchased in Illinois, the mediation site shall be in the State of Illinois.

3. Illinois law shall apply and the venue of litigation shall be in the State of Illinois.

4. Franchisor shall not require a general release upon transfer of the franchise.

5. 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 this Act or any other law of this State is void.” This may void certain provisions of the Franchise Agreement.

6. The Agreement is subject to Sections 19 and 20 of the Illinois Franchise Disclosure Act as to the conditions of termination or non-renewal of the Agreement.

7. 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.

To the extent this Addendum shall be deemed to be inconsistent with any term or conditions of the Agreement or Exhibits or attachments, the terms of the Illinois Franchise Disclosure Act as stated in this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the ___ day of _____, 20____

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

ADDENDUM TO THE MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Agreement (the “Agreement”), the following provisions shall supersede and apply to The Franchise Agreement dated to the date hereof between Mold Medics Franchising LLC (the “Franchisor”) and _____ (“Franchisee”).

1. The geographical limitation not to compete contained in Section XII may be limited by Indiana Code 23-2-2.7-1(9).
2. Any general release required to be executed by the Franchisee as a condition to renewal or assignment of the Agreement will comply with Indiana Code Section 23-2-2.7-1(5) and will not apply to any liability under Indiana Code Section 23-2-2.5.
3. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement or the exhibits and attachments thereto, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement remain the same.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the ___ day of _____, 20__.

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

ADDENDUM TO THE MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT REQUIRED BY THE
MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Agreement (the “Agreement”), the following provisions shall supersede and apply to The Franchise Agreement dated to the date hereof between Mold Medics Franchising LLC (the “Franchisor”) and ____ (“Franchisee”).

1. Pursuant to COMAR 02.02.08.16L, Sections II.B.ix and XVI.C.ix of the Agreement are amended to provide that any general release required to be executed by the Franchisee as a condition to renewal, sale, assignment, or transfer of the Agreement will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Any provision of the Agreement which designated jurisdiction or venue outside of the State of Maryland or requires Franchisee to agree to jurisdiction or venue in a forum outside of the State of Maryland is void with respect to any claim arising under the Maryland Franchise Disclosure Law.

3. Section XVII.A.i of the Agreement, under the heading “Voluntary Bankruptcy,” shall be supplemented by the addition of the following paragraphs:

Provision A. 1. of this Section may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Based upon the guarantor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore all initial fees and payments owned by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

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

8. Section XXIII, entitled “Representations and Acknowledgements” of the Agreement is hereby deleted in its entirety and replaced with the following: “[Intentionally Deleted]”.

9. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of

the Agreement, the terms of this Addendum will govern. All other terms and conditions of the Agreement will remain the same.

Franchisor:
MOLD MEDICS FRANCHISING LLC

Franchisee:

By: _____

By:

Name: _____

Name:

Its: _____

ADDENDUM TO THE MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT REQUIRED BY THE
MINNESOTA FRANCHISE LAW

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Agreement (the “Agreement”), the following provisions shall supersede and apply to The Franchise Agreement dated to the date hereof between Mold Medics Franchising LLC (the “Franchisor”) and _____.

1. Any release executed in connection with the Franchise Agreement shall not apply to any claims arising under Minnesota Statutes 1973 Supplement, Sections 80C.01 to 80C.22, providing that a franchisee cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes; provided, however, that this shall not bar the voluntary settlement of disputes.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. No action may be commenced against us pursuant to Minn. Stat. §80C.17 more than three years after the cause of action accrues.

4. Minnesota Statute Sec. 80C.21 and Minnesota Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota States, Chapter 80C, or your rights to a jury trial or any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

5. We agree to protect the franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

6. 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.

Franchisor:

MOLD MEDICS FRANCHISING LLC

By: _____

Name: _____

Its: _____

Franchisee:

By: _____

Name: _____

ADDENDUM TO THE MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT REQUIRED BY
THE NEW YORK GENERAL BUSINESS LAW

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Agreement (the “Agreement”), the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of New York:

1. Section XX of the Agreement, under the heading “Governing Law,” shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Governing Law. This Agreement, the relationship of the parties hereto, and all disputes arising hereunder or otherwise between the parties hereto shall be governed by the laws of the Commonwealth of Pennsylvania without regard to its conflict of law principles, excluding only such claims as Franchisee may have that have arisen under the New York State General Law. The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law.

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

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

ADDENDUM TO THE MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT FOR THE STATE OF NORTH DAKOTA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Agreement (the “Agreement”), the following provisions shall supersede and apply to The Franchise Agreement dated to the date hereof between Mold Medics Franchising LLC (the “Franchisor”) and _____ (“Franchisee”).

1. No provision of the Agreement will constitute a waiver of any right concerning governing law, jurisdiction, venue and choice of law conferred upon Franchisee by the North Dakota Franchise Investment Law. The North Dakota Franchise Investment Law will govern the Agreement with respect to North Dakota Franchisees.
2. In any mediation involving a franchise purchased in North Dakota, the mediation site shall be in the State of North Dakota.
3. The venue of litigation shall be in the State of North Dakota.
4. Pursuant to Section 51-19-06 of the North Dakota Franchise Investment Law, II.B of the Agreement will be amended to provide that any general release required to be executed by the Franchisee as a condition to renewal of the Agreement will not apply.
5. The provisions of Section XII of the Agreement shall not apply to the extent that such provision are in conflict with Section 9-08-06 of the North Dakota Century Code and Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Section XXII.L. is amended by deleting the requirement to bring a claim within 1 or 2 years. It is hereby agreed that the Statutes of Limitations for the state of North Dakota will apply to disputes under this Agreement.
7. Section XXII.M of the Agreement is hereby deleted.
8. The last sentence of Section XIX.D (jury trial waiver) is hereby deleted.
9. 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.
10. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement or the exhibits and attachments thereto, the terms of this Addendum will govern. All other terms and conditions of the Agreement remain the same.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the ___ day of _____, 20__.

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By:

Name: _____

Name:

Its: _____

ADDENDUM TO THE MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT FOR THE STATE OF RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Agreement (the “Agreement”), the following provisions shall supersede and apply to The Franchise Agreement dated to the date hereof between Mold Medics Franchising LLC (the “Franchisor”) and _____ (“Franchisee”).

The Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

1. Section XIX (D) of the Agreement is supplemented by the addition of the following:

“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.”

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the ___ day of _____, 20__.

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By:

Name: _____

Name:

Its: _____

ADDENDUM TO THE MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT FOR THE STATE OF VIRGINIA

As a supplement to the information disclosed in this Disclosure Document, the following additional paragraphs are added:

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the ___ day of _____, 20__.

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By:

Name: _____

Name:

Its: _____

WASHINGTON ADDENDUM TO THE MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT AND RELATED AGREEMENTS

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Agreement (the “Agreement”), the following provisions shall supersede and apply to The Franchise Agreement dated to the date hereof between Mold Medics Franchising LLC (the “Franchisor”) and _____.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or franchise disclosure document, and (b) is open for business.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimate or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of 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.

Section XXIII, entitled “Representations and Acknowledgements” of the Agreement is hereby deleted in its entirety and replaced with the following: “[Intentionally Deleted]”.

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.

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By:

Name: _____

Name:

Its: _____

EXHIBIT C

OPERATIONS MANUAL TABLE OF CONTENTS

SECTION	Page Number
WELCOME TO MOLD MEDICS	2
PRE-OPENING TIMETABLE	7
STAFFING	32
OFFICE POLICIES	38
OFFICE OPERATIONS	44
OFFICE EQUIPMENT, COMPUTER INVENTORY, AND SUPPLIES	53
FIELD OPERATIONS	59
SALES PROCESS	66
MARKETING	70
ADMINISTRATION	86
REPORTS, AUDITS, AND INSPECTIONS	95
VEHICLE AND EQUIPMENT ADMINISTRATION	96
RISK MANAGEMENT	98
TRADEMARKS AND TRADE SECRETS	103

Total Pages: 105

EXHIBIT D

**LIST OF FRANCHISEES AS OF
DECEMBER 31, 2022**

STATE	NAME	ADDRESS	PHONE
PA	Michael Chapman	322 Jefferson St., Rochester, PA 15074	412-266-4549

**LIST OF FRANCHISEES WHO CEASED TO DO BUSINESS UNDER OUR
FRANCHISE AGREEMENT IN THE FISCAL YEAR ENDED DECEMBER 31, 2022**

None

EXHIBIT E
FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

**HS Group Holding
Company, LLC and
Subsidiaries
d/b/a Threshold Brands**

Consolidated Financial Report
December 31, 2022

Contents

Independent auditor's report	1-2
<hr/>	
Financial statements	
Consolidated balance sheets	3
Consolidated statements of operations	4
Consolidated statements of changes in members' equity	5
Consolidated statements of cash flows	6-7
Notes to consolidated financial statements	8-28



RSM US LLP

Independent Auditor's Report

Board of Directors

HS Group Holding Company LLC and Subsidiaries d/b/a Threshold Brands

Opinion

We have audited the consolidated financial statements of HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in members' equity, and cash flows for the years ended December 31, 2022, 2021 and for the period from August 13, 2020 (Acquisition Date), through December 31, 2020, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (Acquisition Date), through December 31, 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 Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022, the Company adopted new accounting guidance Accounting Standards Codification 842: Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

RSM US LLP

Detroit, Michigan
March 29, 2023

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,140,848	\$ 7,181,077
Accounts receivable, net	2,959,600	3,103,333
Inventory	814,623	643,430
Prepaid expenses and other current assets	2,829,645	824,037
Total current assets	9,744,716	11,751,877
Property and equipment, net	2,322,195	2,351,757
Other assets:		
Goodwill, net	53,301,755	46,891,935
Intangibles, net	21,583,738	20,870,313
Right of use asset - operating leases, net	5,387,291	-
Capitalized contract costs	3,913,698	2,797,306
Other assets	367,951	94,716
Total other assets	84,554,433	70,654,270
Total assets	\$ 96,621,344	\$ 84,757,904
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	\$ 2,742,183	\$ 535,257
Accrued expenses	3,407,728	3,371,998
Current portion of long-term debt	284,372	284,372
Operating lease liabilities, current	1,294,361	-
Current portion of deferred franchise and territory fees	1,703,657	3,035,222
Total current liabilities	9,432,301	7,226,849
Long-term debt, net	27,158,660	27,233,503
Deferred franchise and territory fees, net of current portion	6,581,039	3,820,652
Operating lease liabilities noncurrent	4,181,062	-
Other liabilities	79,560	210,500
	38,000,321	31,264,655
Total liabilities	47,432,622	38,491,504
Members' equity	49,188,722	46,266,400
Total liabilities and members' equity	\$ 96,621,344	\$ 84,757,904

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Operations

Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2022	2021	2020
Revenues:			
Recurring revenue	\$ 49,952,460	\$ 35,732,914	\$ 5,781,317
Franchise fee revenue	2,284,333	1,148,834	283,548
Total revenues	52,236,793	36,881,748	6,064,865
Operating expenses:			
Cost of services	10,370,829	7,426,467	380,075
General and administrative expenses	20,540,509	13,518,147	2,434,096
Payroll and benefits	23,860,189	16,589,524	3,599,307
Depreciation and amortization expenses	8,629,385	6,451,934	1,473,992
Transaction expenses	884,988	2,054,118	3,045,954
Total operating expenses	64,285,900	46,040,190	10,933,424
Loss from operations	(12,049,107)	(9,158,442)	(4,868,559)
Other expense (income):			
Interest expense (income)	2,434,486	1,364,806	(2,689)
Other (income) expense	(211,155)	(135,282)	19,673
Other expense	2,223,331	1,229,524	16,984
Net loss	\$ (14,272,438)	\$ (10,387,966)	\$ (4,885,543)

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Changes in Members' Equity
Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date)
through December 31, 2020

Balance, August 13, 2020 - Pushdown of basis from Riverside, net of transaction expenses	\$ 29,879,014
Contributed capital related to acquisitions	25,392,955
Net loss	<u>(4,885,543)</u>
Balance, December 31, 2020	50,386,426
Issuance of Class A units	1,150,000
Contributed capital related to acquisitions	5,150,000
Foreign currency translation	(32,060)
Net loss	<u>(10,387,966)</u>
Balance, December 31, 2021	46,266,400
Issuance of Class A units	774,578
Contributed capital related to acquisitions	16,500,000
Foreign currency translation	(79,818)
Net loss	<u>(14,272,438)</u>
Balance at December 31, 2022	<u><u>\$ 49,188,722</u></u>

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Cash Flows

Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2022	2021	2020
Cash flows from operating activities:			
Net loss	\$ (14,272,438)	\$ (10,387,966)	\$ (4,885,543)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	8,569,099	6,370,658	1,473,992
Accretion of debt issuance costs	209,532	122,886	-
Gain on sale of fixed assets	(24,018)		
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	370,896	(487,558)	556,040
Prepaid expenses and other current assets	(2,005,608)	407,111	(590,962)
Inventories	(78,308)	(476,180)	-
Capitalized contract costs	(1,084,997)	(1,228,179)	(41,967)
Other assets	(118,426)	162,394	(12,037)
Accounts payable and accrued expenses	2,140,788	1,252,712	(341,995)
Deferred franchise and territory fees	1,098,016	330,255	7,041
Other liabilities	(130,940)	210,500	-
Operating lease assets and liabilities	86,293	-	-
Net cash used in operating activities	(5,240,111)	(3,723,367)	(3,835,431)
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(13,858,805)	(13,460,421)	(22,841,392)
Purchase of property and equipment	(544,325)	(972,162)	(73,905)
Purchases of intangibles assets	-	(200,000)	-
Proceeds from sales of equipment	192,627	208,379	-
Net cash used in investing activities	(14,210,503)	(14,424,204)	(22,915,297)
Cash flows from financing activities:			
Borrowings on long-term debt	-	16,000,000	12,500,000
Payment of debt issuance costs	-	(551,094)	(410,323)
Payments on long-term debt	(284,375)	(143,594)	(533,611)
Proceeds from capital contributions	15,774,578	1,150,000	22,638,948
Net cash provided by financing activities	15,490,203	16,455,312	34,195,014
Effect of exchange rate changes on cash	(79,818)	(42,530)	-
Net (decrease) increase in cash and cash equivalents	(4,040,229)	(1,734,789)	7,444,286
Cash and cash equivalents, beginning	7,181,077	8,915,866	1,471,580
Cash and cash equivalents, ending	\$ 3,140,848	\$ 7,181,077	\$ 8,915,866

(Continued)

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Cash Flows (Continued)

Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2022	2021	2020
Supplemental disclosures of cash flow information:			
Interest paid	<u>\$ 2,001,525</u>	<u>\$ 1,077,276</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Supplemental schedule of noncash operating, investing and financing activities:			
Pushdown accounting of acquisition of business:			
Net assets acquired	\$ -	\$ -	\$ 11,892,873
Goodwill	-	-	18,063,821
Subtotal	<u>-</u>	<u>-</u>	<u>29,956,694</u>
Pushdown of basis from Riverside, net of transaction cost:	-	-	(29,879,014)
Working capital adjustment	-	-	(77,680)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Acquisition of businesses:			
Assets acquired	\$ 3,538,411	\$ 6,096,407	\$ 12,467,823
Liabilities assumed	(478,214)	(2,105,264)	(3,560,093)
Net identifiable assets acquired	<u>3,060,197</u>	<u>3,991,143</u>	<u>8,907,730</u>
Goodwill	<u>12,428,214</u>	<u>15,536,934</u>	<u>18,530,396</u>
Net assets acquired	<u>15,488,411</u>	<u>19,528,077</u>	<u>27,438,126</u>
Less cash acquired	(129,606)	(917,656)	(2,087,657)
Add due from seller	-	-	244,930
Less units issued as consideration	<u>(1,500,000)</u>	<u>(5,150,000)</u>	<u>(2,754,007)</u>
Cash purchase price	<u>\$ 13,858,805</u>	<u>\$ 13,460,421</u>	<u>\$ 22,841,392</u>

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of business: HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (collectively, the Company) through its wholly owned subsidiaries including Threshold Brands LLC, MaidPro Franchise, LLC (MaidPro), FlyFoe, LLC (FlyFoe), Men In Kilts US, LLC (Men in Kilts), Men in Kilts Canada Inc. (MIKC), Pestmaster Franchise Network, LLC (PFN), Pestmaster Services, L.P. (PSI), Kaigan LLC (Kaigan), USA Insulation Franchise, LLC (USA), USA Enterprises, LLC (USAE), FDIE, LLC (FDIE), Sir Grout Franchising, LLC (SGF), Sir Grout, LLC (SG), Plumbing Heating Paramedics LLC (PHP), PHP Franchise LLC (PHPF), Granite Garage Floors Franchising, LLLC (GGFF), and Granite Garage Floors Atlanta (GGFA) is in the business of selling franchises as well as operating certain franchises and supply companies.

MaidPro is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide residential and office cleaning services in the United States and Canada. MaidPro began franchising operations in January 1997 and conducts operations from its principal office in Massachusetts.

FlyFoe was established on November 30, 2017. FlyFoe is a franchisor that provides support, guidance, and training to its franchisees. FlyFoe's franchisees provide mosquito and tick control services and other related services in the United States.

Men in Kilts was established on March 29, 2019, and MIKC was established in 2002. They are each franchisors that provides support, guidance, and training to its franchisees. Their franchisees provide exterior house cleaning services, including window cleaning, gutter cleaning, house washing, and pressure washing for both residential and commercial properties in the United States and Canada.

PFN operates as a franchisor of pest control services throughout the United States. It provides territorial rights for operation of their businesses, giving initial training and ongoing support for franchisees. The customer base is both residential and commercial. It began operations in 1981. PSI and Kaigan operate certain Pestmaster franchises.

USA was established on March 22, 2006. It is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide insulation services for both residential and commercial buildings. USAE operates certain USA franchises. FDIE is an operating company that primarily provides inventory to USA franchises. FDIE manufactures foam insulation and related chemicals and equipment that it sells and ships directly to franchisees.

SGF was established in 2004. It is a franchisor that provides a variety of services across grout and tile restoration (e.g., cleaning, repair, color sealing, re-caulking), stone restoration (e.g., floor and countertop polishing, crack repair), surface coatings (e.g., durability coating, slip-resistance coatings), and sandless hardwood refinishing. SG also acts as a product supplier for franchisees, where supplies are purchased from vendors and directly shipped to the franchisees.

PHP was established in 2011. It provides HVAC and plumbing services to residential customers throughout Indiana. PHP offers HVAC system repairs, HVAC system replacements, plumbing system repairs, and recurring maintenance check-ins. PHPF is a newly established franchisor that will sell franchises providing services similar to PHP.

GGFA was established in 1980. The company provides upgrading of concrete surfaces (garage floors, basements, workshops, unfinished spaces, exterior porches, and patios) with an industrial coating system with finishes appearing like Granite, Quartz, Stone, Metallic or Terrazzo. GGFF will sell franchises providing services similar to GGFA.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Significant accounting policies:

Basis of presentation: The consolidated balance sheets are presented as of December 31, 2022 and 2021. The consolidated statements of operations, changes in members' equity, and cash flows are presented for the year ended December 31, 2022, 2021, and for the period August 13, 2020 (acquisition date), through December 31, 2020. The accompanying consolidated financial statements of the Company include its wholly owned subsidiaries.

All intercompany transactions have been eliminated. The accompanying consolidated financial statements have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Company follows to ensure its financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these notes to the consolidated financial statements are to the FASB Accounting Standards Codification (ASC).

Revenue recognition policy: The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows: identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when or as performance obligations are satisfied.

Nature of services

The Company's franchise agreements include (a) the right to use its symbolic intellectual property over the term of each franchise agreement, (b) preopening services, such as training, (c) ongoing services, such as management of the advertising fund contributions and support services for the franchisees, and (d) a license to use the Company's internal-use software which is hosted on the Company's software as a service (SaaS) platform. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day-to-day, the symbolic intellectual property is accessed over time and the customer (the franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities). Revenue earned from providing the services is collectively referred to as franchise revenue.

The Company's revenue consists primarily of franchise revenue (which is discussed above), which includes franchise royalties, advertising fund contributions, franchise fees, and support services performed for franchisees. Initial franchise fees are based on the market type selected and are paid at the time an individual franchise agreement is signed. Territory fees are for the purchase of additional territory over and above the minimum qualified households allowable based on the market type selected and are also paid at the time an individual franchise agreement is signed.

The Company also operates certain franchise locations. The revenue for these consists of revenue recognized at a point in time as the service is completed.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Payment terms

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. Agreements may include initial and renewal franchise fees, sales-based royalties, and fees for administrative services performed for the franchisee.

The Company believes its franchising agreements do not contain a significant financing component because (a) the timing of the upfront payment does not arise for the reason of provision of financing to the Company and (b) the sales-based royalty is variable and based on factors outside the Company or the franchisee's control.

Revenue recognition

Initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement beginning when the agreement is signed. Franchise agreements typically have a term of five to 10 years with the option to renew for an additional five years if the franchisee is in compliance with the terms of the franchise agreement.

Continuing royalties are calculated as a percentage of franchisees' reported sales that are related entirely to the Company's performance obligation under the franchise agreement. These royalties are considered variable consideration, but because they relate to a license of intellectual property, they are not included in the transaction price. Instead, royalty revenue is recognized as franchisee sales occur. Advertising contributions received from the Company's franchisees are recorded as a component of franchise royalties and fees in the consolidated statements of operations.

Contract balances

The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred franchise and territory fees) also is recorded.

Commission costs

The Company defers those direct and incremental costs associated with the sale of franchises. Deferred costs are charged to earnings when the related deferred franchise and territory fees are recognized as revenue over the term of the respective agreement. The Company has determined the period of benefit for direct and incremental costs associated with the sale of franchises to be the initial term of the franchise agreement. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition. Deferred costs are recorded in prepaid expenses and other current assets and other noncurrent assets in the accompanying consolidated balance sheets.

Advertising funds

The Company collects funds from its franchisees for advertising pursuant to the Company's franchise agreements at a percentage of franchisee sales. These advertising services are not considered distinct because they are highly dependent and interrelated to the franchise right. Advertising contributions are considered part of the transaction price for the franchise right and recognized as revenue as the underlying sales occur. The advertising costs incurred for franchisees will be expensed in accordance with the Company's normal policy.

Cash and cash equivalents: The Company considers all short-term, highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. Cash equivalents consist of money market accounts.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its franchisees and customers to make required payments. Management considers the following factors when determining the collectability of specific accounts: credit worthiness of franchisees, past transaction history with the franchisee, current economic industry trends, and changes in franchisee payment terms. Certain franchisees are on payment plans for outstanding balances but continue to make payments in accordance with the established payment plans. If the financial conditions of the Company's franchisees or customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to the allowance. Accounts receivable that remain outstanding after the Company has made reasonable collection efforts are written off against the allowance and a credit to accounts receivable. Recoveries of accounts receivable previously written off are recorded when received. The allowance for doubtful accounts on accounts receivable was approximately \$505,000, and \$491,000, at December 31, 2022 and 2021 respectively.

Concentration of credit risk: The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. The Company grants credit to its franchisees and customers. Consequently, the Company's ability to collect the amounts due from franchisees and customers is affected by economic fluctuations. The Company routinely assesses the financial strength of its franchisees and customers and believes that its accounts receivable credit risk exposure is limited.

Franchisor advertising: Advertising costs of the franchisor are charged against income during the period the advertising is displayed. Advertising costs are expensed as incurred and totaled approximately \$1,863,000, \$2,148,000, and \$184,000 for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively.

Software development costs: Costs for software developed for internal use are accounted for in accordance with ASC 350, Intangibles – Goodwill and Other - Internal-Use Software. ASC 350 requires the capitalization of certain costs incurred in connection with developing or obtaining internal-use software. In accordance with ASC 350, the Company expenses costs incurred in the preliminary project stage of developing or acquiring internal use software, such as research and feasibility studies, as well as costs incurred in the post-implementation/operational stage, such as maintenance and training. Capitalization of software development costs occurs only after the preliminary project stage is complete, management authorizes the project, and it is probable that the project will be completed and the software will be used for the function intended. Costs associated with the purchase and development of computer software are capitalized and amortized on a straight-line basis over the estimated useful life of the related asset. Software development costs are recorded in property and equipment in the accompanying consolidated balance sheets. The Company capitalized software development costs. There were no capitalized costs for the year ended December 31, 2022 and approximately \$130,000 of capitalized software costs for the year ended December 31, 2021

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment is stated at cost, net of accumulated depreciation and amortization. Expenditures for additions and improvements are capitalized while maintenance and repair expenditures are charged to operations as incurred. When assets are sold or otherwise retired from service, their cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is included in the results of operations. Depreciation and amortization is computed using the straight-line method based on the following estimated useful lives:

	Years
Equipment	5-10
Vehicles	5-10
Furniture and fixtures	3-5
Leasehold improvements	Lesser of useful life or lease term
Software development costs	3-7

Goodwill and intangibles: Goodwill is recognized for the excess of the fair value of an acquired business over the fair value of the identifiable net assets acquired. Under FASB ASC Topic 350, Intangibles—Goodwill and Other, the Company elected the accounting alternative to amortize goodwill on a straight-line basis over 10 years.

The Company has elected the provisions of FASB Accounting Standards Update (ASU) 2014-18, *Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination*. ASU 2014-18 specifies that a private company that elects the accounting alternative to recognize or otherwise consider the fair value of intangible assets as a result of any in-scope transactions should no longer recognize separately from goodwill: (1) customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of the business and (2) noncompetition agreements.

The Company tests its recorded goodwill for impairment upon a triggering event. Factors that could trigger an impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the overall business, significant negative industry or economic trends and a sustained period where market capitalization, plus an appropriate control premium, is less than member's equity. Goodwill is tested using a fair-value approach at the entity level. No indications of impairment were identified for the years ended December 31, 2022, and 2021.

Intangible assets include franchise agreements, trade names, trade secrets and software. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which range between 7 to 25 years.

Long-lived assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If impairment is considered, recoverability of these assets is measured by a comparison of the carrying amount of the asset to estimated future undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount of which the carrying amount of the asset exceeds the fair value of the asset. No indications of impairment were identified for the years ended December 31, 2022, and 2021.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fair value measurements: The Company uses the fair value measurement and disclosure guidance for all assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that management believes market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2: Inputs to the valuation methodology include quoted prices in markets that are not active or quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable, reflecting the entity's own assumptions about assumptions market participants would use in pricing the asset or liability.

Leases: In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Company adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Company has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, Leases.

The Company elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Company does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Company has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon the adoption of Topic 842 on January 1, 2022.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its various asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred. Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's operating leases of approximately \$6.67 million and \$6.71 million, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

Income taxes: As a limited liability company, the Company is treated as a partnership for federal and state income tax purposes. As such, the taxable income of the Company is allocated in the tax returns of its members for federal and state tax purposes in accordance with their respective percentage ownership. Accordingly, no provision for federal income taxes is included in the consolidated financial statements. Entity-level, composite state and local income taxes (benefits) are accrued at the applicable rates, if any, and are included in the consolidated statements of operations.

The FASB provides guidance for how uncertain tax provisions should be recognized, measured, disclosed, and presented in the consolidated financial statements. The Company identifies its tax positions taken or expected to be taken in the course of preparing its tax returns and determines whether any tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Management has determined that there are no uncertain tax positions at December 31, 2022, 2021, nor for the period from August 13, 2020 (acquisition date), through December 31, 2020.

Debt issuance costs: Debt issuance costs are carried at cost less accumulated amortization as a direct deduction from the carrying amount of the related loan. The costs are amortized over the term of the related loan using a method that approximates the effective interest rate method. Amortization expense is classified in interest expense in the accompanying consolidated statements of operations. Amortization expense recognized on debt issuance costs was approximately \$210,000, \$123,000, and de minimus as of December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Foreign currency translation: The functional currency of the Company's international subsidiary is the Canadian dollar. Foreign currency denominated assets and liabilities are translated into United States dollars at the rate of exchange in effect at year-end. Income and expenses are translated at a weighted average rate of exchange for the year ended December 31, 2022. The aggregate effect of translating the financial statements is included in foreign currency translation in the statement of changes in members' equity.

Use of estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and does not expect the impact to be significant.

Subsequent events: The Company evaluated subsequent events for potential required disclosure through March 29, 2023, which is the date the consolidated financial statements were available to be issued.

Note 2. Acquisition of Businesses

HS Group: On August 13, 2020, by the effects of the purchase agreement, Riverside acquired HS Group Holding Company, LLC which at the time included the entities of MaidPro, Flyfoe and Men in Kilts, in exchange for fair value of total consideration of \$29,956,694.

The acquisition was funded through equity contributions from Riverside and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. Goodwill is deductible for income tax purposes.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2: Acquisition of Businesses (Continued)

The business combination was accounted for under the acquisition method of accounting. In accordance with the pushdown basis of accounting, the net assets of the Company were adjusted to their estimated fair values as of the date of acquisition. The total consideration and net assets of the Company are summarized in the following table:

Consideration:	
Cash	\$ 13,970,942
Due to seller	17,469
835 Class A Units of HS Group Holding Company, LLC	1,500,000
Total invested capital	<u>\$ 15,488,411</u>
Recognized amount of net assets of the Company:	
Cash	\$ 129,606
Receivables	227,163
Inventory	92,885
Other current assets	154,809
Contract assets	31,395
Fixed assets	23,852
Right-of-use asset	43,701
Tradenname	1,038,000
Franchise agreements	1,797,000
Accounts payable and accruals	(101,868)
Lease liability	(45,540)
Deferred revenue	(330,806)
Total identifiable net assets acquired	<u>3,060,197</u>
Goodwill	<u>12,428,214</u>
	<u>\$ 15,488,411</u>

The fair value of the 2,650 Class A Units was determined on the basis of contemporaneous contributed capital of other members' of the Company's Class A Units on the acquisition date.

As of December 31, 2020, the Company had not yet finalized the purchase price allocation. During the year ended December 31, 2021, the Company made adjustments to the preliminary purchase price allocation as additional information became available. Accordingly, the Company recorded an adjustment to Goodwill of approximately \$91,000.

In connection with the transaction, Riverside incurred \$1,307,039 of transaction expenses which were netted with the total pushdown of basis from Riverside within the consolidated statement of changes in members' equity.

Of the \$11,555,000 of identified intangible assets, \$7,258,000 was assigned to franchise agreements (10-year life), \$2,610,000 was assigned to trade names (20-year life), and \$1,687,000 to developed software (7-year life).

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2: Acquisition of Businesses (Continued)

Pestmaster: Effective September 23, 2020, the Company acquired 100% of the membership interest in PFN, PSI and Kaigan for total consideration of \$9,970,416.

The acquisition was funded through equity contributions and the issuance of membership units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. The majority of goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:

Cash	\$ 9,290,124
1,000 Class A Units of HS Group Holding Company, LLC	864,150
Due from seller	(183,858)
Total invested capital	<u>\$ 9,970,416</u>

Recognized amount of identifiable assets acquired and liabilities assumed:

Cash	\$ 30,402
Receivables	849,588
Prepaid expenses and other assets	32,436
Capitalized contract costs	89,523
Notes receivable	67,356
Property and equipment	851,603
Intangible assets	2,796,000
Accounts payable	(289,723)
Accrued expenses and other liabilities	(360,622)
Deferred franchise and territory fees	(601,732)
Notes payable	(533,611)
Total identifiable net assets acquired	<u>2,931,220</u>
Goodwill	<u>7,039,196</u>
	<u>\$ 9,970,416</u>

The fair value of the 1,000 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

As of December 31, 2020, the Company had not yet finalized the purchase price allocation. The Company was in on-going negotiations with the seller on the working capital adjustment. During the year ended December 31, 2021, the Company made adjustments to consideration and the preliminary purchase price allocation as additional information became available and the working capital adjustment was finalized. Accordingly, the Company recorded an adjustment to Goodwill of \$133,000 during the period, primarily related to the working capital adjustment.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2: Acquisition of Businesses (Continued)

In connection with the transaction, the Company incurred \$1,663,661 of transaction expenses which were expensed as incurred in the accompanying consolidated statement of operations.

Of the \$2,796,000 of identified intangible assets, \$1,879,000 was assigned to franchise agreements (10-year life) and \$917,000 was assigned to trade names (20-year life).

USA Insulation: Effective December 23, 2020, the Company acquired 100% of the interest in USA, USAE and FDIE for total consideration of \$17,283,852.

The acquisition was funded through equity contributions, draw down of debt, and the issuance of membership units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired and liabilities assumed recognized at fair value at the date of acquisition:

Consideration:

Cash	\$ 15,638,925
Due from seller	(244,930)
2,200 Class A Units of HS Group Holding Company, LLC	1,889,857
Total invested capital	<u>\$ 17,283,852</u>

Recognized amount of identifiable assets acquired and liabilities assumed:

Cash	\$ 2,057,255
Receivables	362,950
Prepaid expenses and other assets	210,738
Capitalized contract costs	321,014
Notes receivable	34,678
Property and equipment	602,280
Intangible assets	4,162,000
Accounts payable	(163,956)
Accrued expenses and other liabilities	(549,809)
Deferred franchise and territory fees	(1,111,051)
Total identifiable net assets acquired	<u>5,926,099</u>
Goodwill	11,357,753
	<u>\$ 17,283,852</u>

The fair value of the 2,200 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$1,382,293 of transaction expenses which were expensed as incurred in the accompanying consolidated statement of operations.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

Of the \$4,162,000 of identified intangible assets, \$1,605,000 was assigned to franchise agreement (10-year life), \$1,476,000 was assigned to trade names (20-year life) and \$1,081,000 was assigned to trade secrets (25-year life).

Men in Kilts Canada: On February 8, 2021, the Company acquired 100% of the assets in MIKC for total consideration of \$1,450,854.

The acquisition was funded through equity contributions and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. Goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:

Cash	\$ 1,300,854
150 Class A Units of HS Group Holding Company, LLC	150,000
Total invested capital	<u>\$ 1,450,854</u>

Recognized amount of net assets of the Company:

Other current assets	\$ 34,500
Intangible assets	927,000
Accrued expenses and other liabilities	<u>(69,593)</u>
Total identifiable net assets acquired	891,907
Goodwill	558,947
	<u>\$ 1,450,854</u>

The fair value of the 150 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$252,478 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the \$927,000 of identified intangible assets, \$829,000 was assigned to franchise agreements (10-year life) and \$98,000 was assigned to trade names (20-year life).

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

Plumbing Heating Paramedics: Effective May 7, 2021, the Company acquired 100% of the membership interest in PHP for total consideration of \$5,380,087.

The acquisition was funded through equity contributions, draw down of debt and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:

Cash	\$ 2,436,860
Due from seller	(56,773)
3,000 Class A Units of HS Group Holding Company, LLC	3,000,000
Total invested capital	<u>\$ 5,380,087</u>

Recognized amount of identifiable assets acquired and liabilities assumed:

Cash	\$ 783,815
Receivables	265,090
Prepaid expenses and other assets	20,621
Property and equipment	195,658
Intangible assets	905,000
Accounts payable	(11,857)
Accrued expenses and other liabilities	(630,062)
Deferred service contract	(130,955)
Notes payable	(132,500)
Extended warranties	(541,548)
Total identifiable net assets acquired	<u>723,262</u>
Goodwill	<u>4,656,825</u>
	<u>\$ 5,380,087</u>

The fair value of the 3,000 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$669,400 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

The \$905,000 of identified intangible assets were assigned to trade names (20-year life).

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

Sir Grout: Effective September 13, 2021, the Company acquired 100% of the membership interest in SGF and SG for total consideration of \$12,697,136.

The acquisition was funded through equity contributions, draw down of debt and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired and liabilities assumed recognized at preliminary fair value at the date of acquisition:

Consideration:

Cash	\$ 10,697,136
1,354 Class A Units of HS Group Holding Company, LLC	2,000,000
Total invested capital	<u>\$ 12,697,136</u>

Recognized amount of identifiable assets acquired and liabilities assumed:

Cash	\$ 133,841
Receivables	152,790
Other assets	66,092
Intangible assets	2,612,000
Accounts payable	(5,338)
Accrued expenses and other liabilities	(128,159)
Deferred revenue	(455,252)
Total identifiable net assets acquired	<u>2,375,974</u>
Goodwill	10,321,162
	<u>\$ 12,697,136</u>

The fair value of the 1,354 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$697,658 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the \$2,612,000 of identified intangible assets, \$2,029,000 was assigned to franchise agreements (10-year life) and \$583,000 was assigned to trade names (20-year life).

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

Granite Garage: Effective May 13, 2022, the Company acquired 100% of the membership interest in GGFF and GGFA for total consideration of \$15,488,411.

The acquisition was funded through equity contributions, and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired and liabilities assumed recognized at preliminary fair value at the date of acquisition:

Consideration:	
Cash	\$ 13,970,942
Due to seller	17,469
835 Class A Units of HS Group Holding Company, LLC	1,500,000
Total invested capital	<u>\$ 15,488,411</u>
Recognized amount of net assets of the Company:	
Cash	\$ 129,606
Receivables	227,163
Inventory	92,885
Other current assets	154,809
Contract assets	31,395
Fixed assets	23,852
Right-of-use asset	43,701
Tradename	1,038,000
Franchise agreements	1,797,000
Accounts payable and accruals	(101,868)
Lease liability	(45,540)
Deferred revenue	(330,806)
Total identifiable net assets acquired	<u>3,060,197</u>
Goodwill	<u>12,428,214</u>
	<u>\$ 15,488,411</u>

The fair value of the 835 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$884,988 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the \$2,830,000 of identified intangible assets, \$1,792,000 was assigned to franchise agreements (10-year life) and \$1,038,000 was assigned to trade names (20-year life).

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2022	2021
Equipment	\$ 715,331	\$ 594,155
Vehicles	1,773,069	1,408,474
Furniture and fixtures	97,051	74,083
Leasehold improvements	629,288	503,139
Work in process	68,915	-
Software development costs	133,357	133,357
Total property and equipment	<u>3,417,011</u>	<u>2,713,208</u>
Less accumulated depreciation and amortization	<u>(1,094,816)</u>	<u>(361,451)</u>
Property and equipment, net	<u>\$ 2,322,195</u>	<u>\$ 2,351,757</u>

Depreciation expense for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, was approximately \$428,000, \$297,000, and \$64,000 respectively.

Note 4. Intangible Assets and Goodwill

Following is a summary of intangible assets:

	Weighted-Average Remaining Useful Life	December 31, 2022		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	8.04	\$ 15,351,284	\$ 3,023,790	\$ 12,327,494
Trade names	18.12	7,821,407	736,027	7,085,380
Software	4.62	1,776,300	599,008	1,177,292
Trade secrets	22.98	1,081,000	87,428	993,572
		<u>\$ 26,029,991</u>	<u>\$ 4,446,253</u>	<u>\$ 21,583,738</u>
Goodwill	8.26	<u>\$ 64,527,306</u>	<u>\$ 11,225,551</u>	<u>\$ 53,301,755</u>

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 4: Intangible Assets and Goodwill (Continued)

	Weighted-Average Remaining Useful Life	December 31, 2021		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	9.03	\$ 13,600,000	\$ 1,544,043	\$ 12,055,957
Trade names	19.08	6,789,000	364,499	6,424,501
Software	5.62	1,687,000	333,957	1,353,043
Trade secrets	23.98	1,081,000	44,188	1,036,812
		<u>\$ 23,157,000</u>	<u>\$ 2,286,687</u>	<u>\$ 20,870,313</u>
Goodwill	9.08	<u>\$ 52,088,447</u>	<u>\$ 5,196,512</u>	<u>\$ 46,891,935</u>

The change in the carrying value of goodwill for the years ended December 31, 2022 and 2021, is as follows:

Balance at December 31, 2020	\$ 35,677,018
Additions of goodwill	15,536,934
Amortization expense	(4,279,313)
Measurement period adjustment	(42,704)
Balance at December 31, 2021	<u>46,891,935</u>
Additions of goodwill	12,433,214
Amortization expense	(6,023,394)
Balance at December 31, 2022	<u>\$ 53,301,755</u>

A measurement period adjustment was recorded in 2021 that related primarily to the working capital adjustment for the acquisition of Pestmaster and an adjustment to notes receivable for the acquisition of HS Group Holding Company, LLC. The net effect adjusted goodwill by approximately \$43,000. The effect of amortization expense was de minimis.

Amortization expense recognized on intangible assets and goodwill totaled approximately \$2,100,000 and \$6,020,000, respectively, as of December 31, 2022. Amortization expense recognized on intangible assets and goodwill totaled approximately \$1,800,000 and \$4,280,000, respectively, as of December 31, 2021. Amortization expense recognized on intangible assets and goodwill totaled approximately \$493,000 and \$917,000, for the period August 13, 2020 (acquisition date) through December 31, 2020, respectively.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 4: Intangible Assets and Goodwill (Continued)

The future estimated aggregate amortization expense for intangibles and goodwill as of December 31, 2022, is as follows:

	Goodwill	Intangibles
Years ending December 31:		
2023	\$ 6,452,731	\$ 2,259,116
2024	6,452,731	2,259,116
2025	6,452,731	2,259,116
2026	6,452,731	2,259,116
2027	6,452,731	2,259,116

Note 5. Long-Term Debt

In connection with the Company's acquisition of USA on December 23, 2020, the Company entered into a credit agreement with a financial institution. Maximum borrowings under the credit agreement allow for \$2,000,000 of a revolving loan, \$12,500,000 of a senior secured term loan and \$20,000,000 of additional term loans, which are secured by substantially all of the assets of the Company. The available borrowings on the revolver are limited to a borrowing base, calculated from the adjusted senior debt to earnings before interest, taxes, depreciation and amortization (EBITDA) as further defined in the credit agreement. In connection with the agreement, the Company incurred debt issuance costs of \$410,323, which are amortized over the term of the credit agreement.

In connection with the Company's Acquisition of PHP on May 7, 2021, the Company signed the First Amendment to the Loan Agreement (the First Amendment) which provided an additional term loan of \$4,000,000. The Company incurred debt issuance costs of \$100,000, which are amortized over the term of the credit agreement.

On September 13, 2021, the Company signed the Second Amendment to the Loan Agreement (the Second Amendment), which granted approval for the acquisition of Sir Grout, LLC, and provided an additional term loan of \$12,000,000. The Company incurred debt issuance costs of \$451,094, which are amortized over the term of the credit agreement.

On May 13, 2022 and August 24, 2022 the Company signed the Third and Fourth Amendments, respectively. These amendments had no impact to cash flows and were to allow for the acquisition of Granite Garage and to update the definition of EBITDA, as it relates calculations required to be performed to confirms that the Company has met its debt covenants.

The interest rate is a floating rate equal to the lesser of London Interbank Offered Rate (LIBOR) plus the applicable margin and the maximum rate, as defined in the credit agreement, which is 9.2% as of December 31, 2022. Principal payments are due quarterly on the first day of each quarter in an amount equal to \$71,093 and with a balloon payment on December 23, 2025. There is \$28,072,031 outstanding on the senior secured term loan at December 31, 2022, and nothing drawn down on the revolving loan or the additional term loans.

The credit agreement includes certain ratios and excess cash flow payments. The credit agreement is collateralized by all business assets of the Company. As of December 31, 2022, the Company was in compliance with its debt covenants.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 5. Long-Term Debt (Continued)

Amortization expense recognized on debt issuance costs was approximately \$210,000, \$123,000, and de minimus as of December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively.

A summary of long-term debt is as follows as of December 31, 2022:

	2022	2021
Term loan	\$ 28,072,031	\$ 28,356,406
Less unamortized debt issuance costs	(628,999)	(838,531)
Less current portion	(284,372)	(284,372)
	<u>\$ 27,158,660</u>	<u>\$ 27,233,503</u>

Future maturities of long-term debt are as follows:

2023	\$ 284,372
2024	284,372
2025	<u>27,503,287</u>
	<u>\$ 28,072,031</u>

Note 6. Leases

Operating lease: The Company leases real estate and vehicles, under operating lease agreements that have initial term of four to 15 years. Some leases include one or more options to renew, generally at the Company's sole discretion, with renewal terms that can extend the lease five times up to a term of five years each. In addition, certain leases contain termination options, where the rights to terminate are held by either the Company, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Company will exercise that option. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Lease expense is approximately \$1,426,819 for the year ended December 31, 2022. Weighted average lives remaining on lease terms are 4-10 years and the weighted average discount rates are 1.00%.

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2022:

Operating leases	
Operating cash outflows—payments on operating leases	\$ 1,379,117
Right-of-use assets in exchange for new lease obligations:	
Operating leases	\$ 6,670,560

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 6. Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2022:

Years ending December 31:	
2023	\$ 1,291,303
2024	1,277,119
2025	1,220,701
2026	594,701
2027	288,550
Thereafter	803,049
Total lease payments	<u>5,475,423</u>
Less imputed interest	172,113
Total present value of lease liabilities	<u>\$ 5,647,536</u>

Future minimum rentals, as determined under Topic 840, for all non-cancelable leases as of December 31, 2021 payments are as follows:

2022	\$ 1,304,478
2023	1,215,191
2024	1,215,070
2025	1,118,024
2026	400,947
Thereafter	564,049
	<u>\$ 5,817,759</u>

Note 7. Commitments and Contingencies

Legal matters: From time to time, the Company may be involved in legal actions arising in the ordinary course of business or, conditions may exist that may result in a loss but will only be resolved when one or more future events occur or fail to occur. Each of these actions or matters is assessed by the Company's management and legal counsel to evaluate the perceived merits of any proceeding or claim, as well as any relief sought or expected to be sought. Such assessment involves the exercise of judgment. The Company establishes accruals for losses that management deems to be probable and subject to reasonable estimate. If the assessment indicates that a potentially material loss contingency is not probable but reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Related-party transaction: A company related to the Company's majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in general and administrative expense on the accompanying consolidated statements of operations. The total expense for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, is approximately \$295,000, \$294,000 and \$100,800, respectively.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 8. Members' Equity

Members' equity consisted of the following membership units:

	2022	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	72,224
Class B Units	7,524	4,184

	2021	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	62,608
Class B Units	6,510	5,137

Class A Units have voting rights on all matters requiring the consent, approval or vote of the Members. The Class A Units receive preference on distributions.

Class B Units are profit interests that do not have voting rights and have been issued to designated management employees of the Company without any corresponding capital contribution. The holders of these units are entitled to share in the appreciation of the Company's assets that occur subsequent to the date of grant. The Class B Units are dilutive to the participating preferred units.

The Company has issued 8,415, 6,452, 1,367 units to certain management employees as of December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively. The units substantially vest upon a change in control of the Company, if still employed. The fair value of the awards at the date of grant is estimated using option pricing models. The expected terms assumption reflects the period for which the Company believes the awards will remain outstanding and is based on the expected behavior of the award holders. The Company determined the volatility of the fair value of its units through comparison to similar entities considering such characteristics as industry, stage of life cycle, size, and financial leverage. The risk free rate reflects the U.S. Treasury yield curve for similar expected life instruments in effect at the time of grant. During the years ended December 31, 2022 and 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020 there were 4,231, 1,314, and zero cumulative units forfeited, respectively.

For the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020 there was unrecognized compensation costs related to the Class B Units of approximately \$943,000, \$2,250,000 and \$504,000, respectively. The unrecognized compensation costs will be recognized at the time the vesting criterion is probable to occur.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Threshold Brands LLC
HS Group Holding Company (Consolidated)
Balance Sheet
As of July 31, 2023

		<u>July 31, 2023</u>
Cash and Cash Equivalents	\$	5,199,152
Receivables, Net		5,124,424
Other Current Assets		2,249,315
Total Current Assets		<u>12,572,890</u>
Intangibles		69,925,929
Fixed Assets		2,029,202
Other Assets		10,198,065
Total Assets	\$	<u>94,726,087</u>
Accounts Payable	\$	2,801,032
Other Current Liabilities		5,683,846
Total Current Liabilities		<u>8,484,878</u>
Deferred Revenue		7,021,044
Debt		29,158,750
Lease Liability - Long Term		3,425,153
Other Long Term Liabilities		28,126
Total Long Term Liabilities		<u>39,633,073</u>
Total Liabilities	\$	<u>48,117,951</u>
Equity		46,608,136
Total Liabilities and Equity	\$	<u>94,726,087</u>

Threshold Brands LLC
HS Group Holding Company (Consolidated)
Income Statement
From Jan 2023 to Jul 2023

Royalty Revenue	\$ 9,056,294
Franchise Fees	831,818
Service Revenue	2,096,883
Company Store Revenue	10,839,664
Product, Parts & Service Revenue	4,839,490
Other Revenue	2,985,282
Total Revenue	<u>30,649,430</u>
 Cost of Sales	 9,309,319
 Gross Profit	 21,340,110
 Compensation & Benefits	 10,644,638
Rent & Utilities	996,256
Information Technology	1,396,673
Professional Services	2,930,089
Marketing & Advertising	3,046,494
Travel & Entertainment	497,983
Office & Administrative	1,175,822
Selling, General & Administrative	<u>20,687,955</u>
 Operating Income	 652,156
 Other Income	 2,292
Depreciation and Amortization	(5,337,076)
Other Expense	(2,279,005)
Total Other Income (Expense)	<u>(7,613,790)</u>
 Pretax Income (Loss)	 (6,961,634)
 Taxes	 73,746
 Net Income (Loss)	 <u><u>(7,035,380)</u></u>

Unaudited

GUARANTEE OF PERFORMANCE

For value received, **HS GROUP HOLDING COMPANY, LLC**, a Delaware limited liability company (the “Guarantor”), located at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111, absolutely and unconditionally guarantees to assume the duties and obligations of **MOLD MEDICS FRANCHISING LLC**, located at 811 Washington Ave., Carnegie, PA 15106 (the “Franchisor”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Santa Monica (city), CA (state), on the 5 day of September, 2023.

GUARANTOR:

HS GROUP HOLDING COMPANY, LLC

By: Caroline Peck

Name: Caroline Peck

Its: Vice President and Manager

EXHIBIT F

TRANSFER AND RELEASE AGREEMENT

TRANSFER AND RELEASE AGREEMENT

This Transfer and Release Agreement (the "Agreement") is made this _____ day of _____, 20____, by and between Mold Medics Franchising LLC, a Pennsylvania limited liability company with an address at 811 Washington Ave., Carnegie, PA 15106 ("Franchisor"), and individual/business entity with an address at _____, an ("Transferor") and _____, an individual/business entity with an address at _____ ("Transferee").

BACKGROUND

1. Transferor entered into a franchise agreement with Franchisor dated _____ (the "Franchise Agreement") for the right to operate a Mold Medics franchised business under Franchisor's proprietary marks and operating system (the "Business") in the Territory designated in the Franchise Agreement (the "Territory").
2. Transferor now desires to transfer the Territory to Transferee, an individual who has been approved by Franchisor as an authorized transferee, and Transferee wishes to assume Transferor's rights to operate the Business in the Territory.
3. Franchisor desires to accept such transfer pursuant to the terms and conditions of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Transfer. Transferor hereby transfers all of Transferor's rights, title, and interest to operate the Business in the Territory to Transferee, and Transferee hereby accepts such transfer, effective upon: (i) Transferee's execution of the "Transferee Franchise Agreement," as defined below; and (ii) Transferee's or Transferor's payment of the "Transfer Fee" in the amount of \$____, payable to Franchisor upon signing this agreement.
2. Franchise Agreement. Contemporaneously with the execution of this Agreement, Transferee shall sign the attached form of franchise agreement (the "Transferee Franchise Agreement") which shall govern Transferee's rights, duties and obligations in connection with the operation of the Business in the Territory. The terms of the Transferee Franchise Agreement may be materially different than the terms contained in the Franchise Agreement entered into between Franchisor and Transferor; provided, however, the Transferee will not be required to pay any additional initial franchise fee to Franchisor.
3. Franchisor's Consent. Subject to the terms and conditions contained in this Agreement, including Transferee's obligation to pay the Transfer Fee and Transferee's execution of the Transferee Franchise Agreement, Franchisor hereby consents to Transferor's sale of the Territory to Transferee.
4. Post-Term Obligations. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement, including, without limitation, all indemnification, confidentiality and non-competition covenants.

5. Representations and Warranties. Transferor represents and warrants that all of Transferor's obligations, including monetary obligations, to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.
6. Release of Franchisor. Transferor, for itself and all persons and entities claiming by, through or under it ("Transferor Releasors"), releases, acquits and forever discharges Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which Transferor Releasors, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees, including without limitation claims arising out of or related to the offer, sale, or operation of the Business or the parties' rights or obligations under the Franchise Agreement. To the fullest extent enforceable, Transferor Releasors expressly waive and release all rights under Section 1542 of the California Civil Code and any like provision or principle of common law. Section 1542 provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

7. Release of Transferor. Excluding the indemnification obligations stated the Franchise Agreement and Transferor's obligations as stated in paragraph 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releases") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releases arising out of or related to the offer, sale and operation of the Business in the Territory, and the parties' rights or obligations under the Franchise Agreement.
8. Entire Agreement. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement and may not be subject to any modification without the written consent of the parties.
9. Governing Law. This Agreement and the relationship of the parties hereto shall be construed under and governed by the laws of the Commonwealth of Pennsylvania, which laws shall control in the event of any conflict of law.
10. Acknowledgment. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.
11. Attorney's Fees. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.
12. Jurisdiction and Venue. Transferor agrees that it has and had a relationship with Franchisor at its corporate offices in Pennsylvania and that, with the exception of Franchisor's right to seek injunctive

relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the Commonwealth of Pennsylvania pursuant to the arbitration and venue and jurisdiction provisions of the Franchise Agreement.

13. Counterparts. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

“Transferor”

“Franchisor”

MOLD MEDICS FRANCHISING LLC

By:

Its:

By:

Its:

“Transferee”

By:

Its:

EXHIBIT G

GENERAL RELEASE

GENERAL RELEASE

In consideration for the consent of Mold Medics Franchising LLC (“Franchisor”) to the assignment by (“Franchisee”) of its interest in that certain Franchise Agreement dated _____ between Franchisor and Franchisee, Franchisee and _____ (“Franchisee Members”; together with Franchisee, the “Franchisee Parties”) hereby remise, release, and forever discharge Franchisor, its officers, directors, employees and agents, and their respective successors, assigns, heirs and personal representatives from all debts, covenants, liabilities, actions, and causes of action of every kind and nature, including but not limited to those arising out of or existing under the Franchise Agreement, the offer and sale thereof, and out of the franchise relationship between the parties hereto, whether in law or in equity, from the beginning of time to the date hereof. Franchisee Parties acknowledges that this Release is intended to be a general release and is intended to release all claims held by any person against the parties to be released, arising out of any of the matters to be released.

This general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

This Release has been entered into and agreed to as of the __ day of _____, 20_____.

“Franchisee”

“Franchisee Members”

By:
Its:

_____, individually Date

_____, individually Date

EXHIBIT H
STATE ADDENDA

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of California:

The California Addendum is only applicable if you are a resident of California or if your business will be located in California.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Franchise Disclosure Document.
2. Item 3 of the Disclosure Document is supplemented by the following paragraph:

“Neither Mold Medics Franchising LLC, nor any person described in Item 2 of the Disclosure Document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.”
3. Item 17 of the Franchise Disclosure Document is amended by the insertion of the following:

“California Business and Professions Code sections 20000 through 20043 establish the rights of the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.”
4. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).
5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.
7. The Franchise Agreement requires binding arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code section 20040.5, Code of Civil Procedure section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
8. The Franchise Agreement requires application of the laws of the Commonwealth of Pennsylvania.

This provision may not be enforceable under California law.

9. The highest interest rate allowed by law in California is 10% annually.
10. Item 19 of the Franchise Disclosure Document is amended by the insertion of the following:

“The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.”

11. Our website (www.moldmedics.com) has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

12. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

13. The Franchise Agreement contains a waiver of punitive damages and jury trial provisions. These waivers may not be enforceable in California.

14. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

15. Each provision of this Addendum to the shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Hawaii:

The Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

1. Mold Medics Franchising LLC Franchise Disclosure Document is currently registered (or exempt from franchise registration) in the following state: South Dakota.
2. Mold Medics Franchising LLC's Franchise Disclosure Document is or will be shortly on file in the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
3. No state has refused, by order or otherwise, to register the Mold Medics Franchising LLC franchise.
4. No state has revoked or suspended the right to offer Mold Medics Franchising LLC franchises.
5. Mold Medics Franchising LLC has not withdrawn the proposed registration of the Mold Medics Franchise Disclosure Document in any state.
6. The state cover page of the Mold Medics Franchising LLC Franchise Disclosure Document is amended to include the following:

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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

Each provision of this Addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Illinois:

The Illinois Addendum is only applicable if you are a resident of Illinois or if your business will be located in Illinois.

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.”

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

Each provision of this Addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Indiana:

The Indiana Addendum is only applicable if you are a resident of Indiana or if your business will be located in Indiana.

Items 17 (c) is amended by deleting the requirement that Franchisee execute a general release upon renewal or transfer.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Maryland:

The Maryland Addendum is only applicable if you are a resident of Maryland or if your business will be located in Maryland.

Item 5 is amended to provide that the Initial Franchise Fee shall not be due on the date you execute the franchise agreement; rather the Initial Franchise Fee shall be due on the opening of your Business.

Items 17 (c) is amended by deleting the requirement that Franchisee execute a general release upon renewal or transfer.

Item 17(h) is amended by replacing the first clause of the summary with the following: “Bankruptcy (this provision may not be enforceable under federal bankruptcy law).”

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

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Minnesota:

The Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Any release executed in connection with the Franchise Agreement shall not apply to any claims arising under Minnesota Statutes 1973 Supplement, Sections 80C.01 to 80C.22, providing that a franchisee cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes; provided, however, that this shall not bar the voluntary settlement of disputes.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. No action may be commenced against us pursuant to Minn. Stat. §80C.17 more than three years after the cause of action accrues.
4. Minnesota Statute Sec. 80C.21 and Minnesota Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to a jury trial or any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.
5. To the extent required by the Minnesota Franchise Act, we agree to protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provide the franchisee is using the names and marks in accordance with the Franchise Agreement.
6. 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.
7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of New York:

The New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to

the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective Rev. March 17, 2021 2 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 the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

“However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.”

4. 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.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

“The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.”

6. Franchise Questionnaires and Acknowledgements - No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

8. Each provision of this Addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of North Dakota:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Item 5 is amended to provide that the Initial Franchise Fee shall not be due on the date you execute the franchise agreement; rather the Initial Franchise Fee shall be due on the opening of your Business.
2. Item 17 (c) is amended by deleting the requirement that Franchisee execute a general release upon renewal.
3. Item 17 (r) is amended by adding the following “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.
4. Item 17 (u) is amended by deleting the requirement that mediation be held in Pennsylvania and replaced with the following “the place of mediation shall be agreeable to all parties.”
5. Item 17 (v) is amended by deleting the requirement that Franchisee consent to jurisdiction of the courts of Pennsylvania.
6. Item 17 (w) is amended by replacing the word “Pennsylvania” with “North Dakota.”
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Each provision of this Addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Rhode Island:

The Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

1. The following sentence is added to Item 17:

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.”

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF SOUTH DAKOTA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of South Dakota:

The South Dakota Addendum is only applicable if you are a resident of South Dakota or if your business will be located in South Dakota.

1. Item 17 of the Franchise Disclosure Document is modified by adding the following:

“Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Franchise Disclosure Document and Franchise Agreement and Area Development Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.”

2. Item 17 of the Franchise Disclosure Document is modified by adding the following:

“Covenants not to compete are generally considered unenforceable in the State of South Dakota, except in certain instances as provided by law.”

3. The Summary column of Item 17 paragraph (u) of the Franchise Disclosure Document is amended by adding the following at the end of the paragraph:

“except that matters coming under the South Dakota Law will be submitted to arbitration in a mutually agreeable location.”

4. The Summary column of Item 17 paragraph (v) of the Franchise Disclosure Document is amended to read as follows:

“Except for matters coming under the South Dakota Law, litigation and arbitration must be in Pennsylvania.”

5. The Summary column of Item 17 paragraph (w) of the Franchise Disclosure Document is amended to read as follows:

“The law of South Dakota governs.”

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Virginia:

The Virginia Addendum is only applicable if you are a resident of Virginia or if your business will be located in Virginia.

1. The following language is added to the end of the “Summary” section of Item 17 (e), entitled “Termination by us without cause”:

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable.”

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

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Addendum.

WASHINGTON ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Washington:

The Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or franchise disclosure document, and (b) is open for business.

The “**Special Risks to Consider About *This Franchise***” page is amended to add the following risk factor:

Financial Condition. The franchisor’s financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor’s financial ability to provide services and support to you.

Item 17(r) (Summary) is amended to add the following clause to the end of the sentence: “(subject to state law).”

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimate or actual

costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of 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.

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

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently, without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS REQUIRED BY
THE WISCONSIN FAIR DEALERSHIP LAW

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Wisconsin:

The Wisconsin Addendum is only applicable if you are a resident of Wisconsin or if your business will be located in Wisconsin.

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions of the Franchise Agreement that are inconsistent with the Wisconsin Fair Dealership Law, Wis. Stat. Ch. 135.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently, without reference to this Addendum.

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	December 7, 2022, as amended September 5, 2023
Virginia	Pending
Washington	Pending
Wisconsin	September 5, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Mold Medics Franchising LLC offers you a franchise, it must provide this disclosure document to you within 14 calendar days before you sign a binding agreement with, or make a payment to Mold Medics Franchising LLC, or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we 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 Mold Medics Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this disclosure document.

The franchisor is Mold Medics Franchising LLC, located at 811 Washington Ave., Carnegie, PA 15106. Its telephone number is (412) 447-5582.

The Franchise Seller for this offering is Ron Bender, 811 Washington Ave., Carnegie, PA 15106; telephone number (412) 447-5582.

Issuance Date: September 5, 2023

I received a disclosure document with an issuance date of September 5, 2023. This disclosure document included the following Exhibits:

- A. List of State Agencies/Agents for Service of Process
- B. Franchise Agreement and Exhibits:
 - 1. Personal Guaranty
 - 2. Statement of Ownership
 - 3. Spousal Consent
 - 4. Compliance Certification Addendum
 - 5. Franchise Option Amendment
 - 6. Promissory Note
 - 7. EFT Authorization
- C. Operations Manual Table of Contents
- D. List of Franchisees and Franchisees Who Have Left the System
- E. Financial Statements/Guarantee
- F. Transfer and Release Agreement
- G. General Release
- H. State Addenda

FRANCHISEE

By:
Its:

Date

Please sign this copy of the receipt, date your signature, and return it to Mold Medics Franchising LLC 811 Washington Ave., Carnegie, PA 15106, Telephone (412) 447-5582.

RECEIPT
(Keep for your records)

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 Mold Medics Franchising LLC offers you a franchise, it must provide this disclosure document to you within 14 calendar days before you sign a binding agreement with, or make a payment to Mold Medics Franchising LLC, or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we 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 Mold Medics Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this disclosure document.

The franchisor is Mold Medics Franchising LLC, located at 811 Washington Ave., Carnegie, PA 15106. Its telephone number is (412) 447-5582.

The Franchise Seller for this offering is Ron Bender, 811 Washington Ave., Carnegie, PA 15106; telephone number (412) 447-5582.

Issuance Date: September 5, 2023

I received a disclosure document with an issuance date of September 5, 2023. This disclosure document included the following Exhibits:

- A. List of State Agencies/Agents for Service of Process
- B. Franchise Agreement and Exhibits:
 - 1. Personal Guaranty
 - 2. Statement of Ownership
 - 3. Spousal Consent
 - 4. Compliance Certification Addendum
 - 5. Franchise Option Amendment
 - 6. Promissory Note
 - 7. EFT Authorization
- C. Operations Manual Table of Contents
- D. List of Franchisees and Franchisees Who Have Left the System
- E. Financial Statements/Guarantee
- F. Transfer and Release Agreement
- G. General Release
- H. State Addenda

FRANCHISEE

By:
Its:

Date

Please sign this copy of the receipt, date your signature, and retain it for your records. 4873-4567-1271, v. 9