

## FRANCHISE DISCLOSURE DOCUMENT



WINZER FRANCHISE COMPANY, INC.

a Texas corporation

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[www.winzer.com](http://www.winzer.com)

As a WINZER® franchisee, and as a person with a business already selling automotive, chemical and/or industrial products similar to our products, you will sell some or all of the following Approved Winzer Products: quality packaged fasteners, nuts, bolts, clamps, adhesives, sealers, electrical components, cutting tools, fluid power fittings, chemicals, welding and shop supplies and other related products and services.

The total investment necessary to begin operation of a WINZER franchised business ranges from \$5,950 to \$16,153. This includes \$3,500 that must be paid to franchisor or its affiliates.

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

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, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: November 17, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

**Supplier restriction.** 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, 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 arbitration and/or litigation only in Texas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Texas than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **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.

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.



## **MICHIGAN NOTICE**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assents to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to sell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, 525 W. Ottawa Street, G. Mennien Williams Building, 1<sup>st</sup> Floor, Lansing, MI 48933; (517) 373-7177.

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## EXHIBITS

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## Item 1

### THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

To simplify language in this disclosure document, Winzer Franchise Company, Inc., the franchisor, is referred to as “we,” “us” or “our.” “You” means the person who is considering buying the franchise. If you are a legal entity, certain provisions apply to your officers, directors, shareholders, members or partners. These provisions are noted.

#### Franchisor

The franchisor is Winzer Franchise Company, Inc., a Texas corporation. We were incorporated on March 16, 2012. We do business under our corporate name and “Winzer.” We do not do business, or intend to do business, under any other name although we may, in some areas, operate an acquired business under a name that incorporates “Winzer” into the name of the acquired company (see below under Our Experience). We have not conducted business or offered franchises in any other line of business. Our principal address and telephone number are 4060 E. Plano Parkway, Plano, Texas 75074-1800, and (214) 341-2122. Exhibit G lists our agents for service of process.

#### Our Parents, Predecessors and Affiliates

Winzer Corporation (“WC”) is our immediate parent and an affiliate. WC is a Texas corporation, which started as International Metric Supply in 1977 and changed its name to Winzer Corporation in 1980. WC’s principal business address and telephone number are the same as ours. We are a wholly owned subsidiary of WC. WC has been in the fastener and maintenance supply business since 1977, and granted franchises for WINZER® businesses from 1991 to 2012. Those franchises were assigned to us on October 29, 2012. WC currently operates businesses that are similar to the franchised business. WC has not offered franchises in any other line of business.

Our other parents are: SV-Winzer Corporation (“SV Winzer”), a Delaware corporation; GradeEight Holdings, LLC (fka SV-Winzer Holdings, LLC) (“GradeEight”), a Delaware limited liability company; and SV-WD, LLC (fka SV-Winzer Investments, LLC) (“SV WD”), a Delaware limited liability company. Since September 29, 2017, WC has been a controlled subsidiary of SV Winzer, SV Winzer has been a controlled subsidiary of GradeEight, and GradeEight has been a controlled subsidiary of SV WD. SV Winzer, GradeEight and SV WD do not operate businesses that are similar to the franchised business, have not offered franchises in any line of business, and do not provide products or services to our franchisees. The principal business address and telephone number of SV Winzer and GradeEight are 4060 E. Plano Parkway, Plano, Texas 75074-1800, and (214) 341-2122. SV WD’s principal business address and telephone number are 222 South Ninth Street, Suite 130, Minneapolis, Minnesota 55402, and (612) 436-4280.

We have no predecessor.

#### Our Business

We offer franchises for WINZER businesses that sell quality packaged fasteners, nuts, bolts, clamps, adhesives, sealers, electrical components, cutting tools, fluid power fittings, chemicals, welding and shop supplies and other related products and services.

### Our Experience

We have been in the fastener, chemical, industrial, automotive and maintenance supply business since 2012. We have not offered franchises in any other lines of business. Currently, we own and operate businesses of the type being franchised.

### The Franchise

WINZER businesses sell quality packaged fasteners, nuts, bolts, clamps, adhesives, sealers, electrical components, cutting tools, fluid power fittings, chemicals, welding and shop supplies, and other related products and services. You will use our business system (“System”) and our proprietary trademarks and service marks (“Marks”). You will sell, directly or on our behalf, primarily to retailers and consumers (end users). You must sign our standard franchise agreement and related agreements. You may participate under a contract that the General Services Administration has awarded our parent for the sale of products to certain government agencies and other government entities (“GSA Contract”), if you abide by our GSA/DLA/Federal Government business policies and procedures.

Our prospective franchisees are already in the business of supplying similar products and services to customers in the Automotive, Chemical and/or Industrial Markets, and already have a customer base. The Automotive Market includes value-added direct sales to customers who are automotive dealerships, body shops, repair shops and service centers, as well as truck, fleet and other wheeled transportation dealerships and maintenance shops, and as well as automotive, truck, fleet and other wheeled transportation maintenance, repair and operating supplies operations. The Chemical Market includes value-added direct sales to customers who are users of bulk, liquid and aerosol chemicals for maintenance, production and repair operations. The Industrial Market includes value-added direct sales to customers who are road and structural repair and maintenance shops, plant manufacturing and production operations, and water treatment, construction, mining, farming, refining, building, facilities and equipment operations.

If we grant you a franchise and you are a legal entity (a partnership, corporation, limited liability company or other legal entity), you must designate an operating principal who is acceptable to us, and who will be individually bound to your obligations under the franchise agreement.

### Market and Competition

The market for fasteners, nuts, bolts, clamps, adhesives, sealers, electrical components, cutting tools, fluid power fittings, chemicals, welding and shop supplies and other related products and services, is developed and not seasonal.

Your main customers will be industrial or commercial maintenance shops, such as hotels, hospitals, school districts and other commercial or industrial facilities, car dealers, independent car repair shops, collision repair shops, and other industrial customers who buy our products for their own use. You will compete with national, regional and local fastener distributors, parts stores, hardware stores, mail-order houses, and other competitive fastener vendors in your territory.

You may not be involved with any of our competitors while you operate a WINZER franchise. If you ever signed a non-competition or non-disclosure agreement with a competitor, you must consult with an attorney in your home state experienced in these matters to help you

determine if the agreement is enforceable with regard to your franchise before we will grant a franchise to you. You must represent to us that you are not subject to any valid or effective agreement of that type by signing a non-disclosure agreement.

### Laws and Regulations

You must comply with laws on the identity and traceability of fasteners, including the federal Fastener Quality Act of 1990, and related federal regulations. This Act is designed to prevent the sale of mismarked, misrepresented and counterfeit fasteners, requires that fasteners conform to their stated specifications, and provides a system for reporting violations. You also must comply with federal and state environmental laws that apply to chemicals and solvents, including laws regarding safety data sheets. Local laws may not let you store certain chemicals in your home or garage. If you intend to operate from your home, there may be other laws or restrictions that you must comply with. Your neighborhood may have a homeowners association, or you may be subject to covenants, conditions and restrictions that do not let you operate a business out of your home. If you elect to participate under the GSA Contract, you must comply with all of the regulations that govern the GSA Contract, as outlined in our GSA/DLA/Federal Government business policies and procedures. We are not aware of any other laws or regulations that apply specifically to the operation of the franchised business.

## **Item 2**

### **BUSINESS EXPERIENCE**

#### Chief Executive Officer and Director: John (Trey) B. Smart III

Mr. Smart has been our Chief Executive Officer since 2023 and a member of the board since 2017. He was our President from January 2023 to June 2025. Since September 2022, he has been a board member for Walcro, in Bloomington, Minnesota, and since August 2016, he has been the President and Owner of SMART Advisory Services, in Southlake,.

#### President: Cody Patterson

Mr. Patterson has been our President since June 2025. He was our Chief Growth Officer from April 2024 to June 2025. From April 2021 to April 2024, he was Vice President of Sales and Marketing at BBB Industries, in Dearborn, Michigan. From April 2016 to April 2021, Mr. Patterson held various global leadership roles at Ford Motor Company, in Dearborn, Michigan.

#### Executive Vice President: Paul A. Seibert

Mr. Seibert has been our Executive Vice President since September 2017. He was our Vice President of Corporate Development from March 2012 to September 2017. He has been Executive

Vice President of our parent, WC, since September 2017, and was Vice President of Franchise Development of our parent, WC, from December 2010 to September 2017.

Chief Financial Officer and Secretary: John M. Bacon

Mr. Bacon has been our Chief Financial Officer since August 2016, and our Secretary since September 2017. He has been Chief Financial Officer and Secretary of our parent, WC, since September 2017.

Chief Operations Officer: Dan Wooten

Mr. Wooten has been our COO since July 2023. He has been Chief Operations Officer of our parent, WC, since July 2023. He was a Director at BBB Industries from June 2004 until July 2023, in Daphne, Alabama.

Vice President and Director: Adam P. Reeves

Mr. Reeves has been our Vice President and Director since September 2017. He has been Vice President and Director of our parent, WC, since September 2017. Mr. Reeves is a Partner with ShoreView Industries, LLC, in Minneapolis, Minnesota. He joined ShoreView Industries, LLC in 2011.

Vice President and Director: Timothy P. Maguire

Mr. Maguire has been our Vice President and Director since March 2024. He has been Vice President and Director of our parent, WC, since March 2024. He is currently a Vice President with ShoreView Industries, LLC in Minneapolis, Minnesota. He joined ShoreView Industries, LLC in 2016.

Vice President of Marketing: Jason Looft

Mr. Looft has been our Vice President of Marketing since January 2012.

Vice President of Information Technology (IT): Ed Conrey

Mr. Conrey has been our VP of IT since October 2022. He was our Director of Business Intelligence from December 2020 to October 2022 and our Director of Procurement from September 2019 to December 2020. From January 2018 to September 2019, Mr. Conrey was Senior Manager of Fulfillment for Hilti Inc., in Plano, Texas.

Vice President of Supply Chain: Mike Ritchie

Mr. Ritchie has been our VP of Supply Chain since January 2024. From July 2014 to January 2024, he was the Category Manager at Aftermarket Automotive Parts Alliance, in San Antonio, Texas.

Corporate Development Manager: Howard Kalish

Mr. Kalish has been a Corporate Development Manager with us since May 2025. From June 2024 to April 2025, he was in sales with Eberhard Corp. in Strongsville, Ohio. From March 2024 to May 2024, he was unemployed. From February 1986 to February 2024, Mr. Kalish was in sales with Lawson Products in Chicago, Illinois.

Director of Franchise Services: Kellee Rogillio

Mrs. Rogillio has been our Director of Franchise Services since March 2020. From April 2012 to February 2020, she worked in our Accounting Department, where she became our Accounting Manager.

**Item 3**

**LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4**

**BANKRUPTCY**

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

**Item 5**

**INITIAL FEES**

You must pay us an initial franchise fee of \$3,500 when you sign the franchise agreement, unless you are renewing your franchise or are entering into a franchise agreement in connection with the sale to us of your pre-existing business or its assets, in which cases we will waive the initial franchise fee. The initial franchise fee is uniform and non-refundable. We do not offer financing.

In our last fiscal year, no franchises were granted for less than the standard initial franchise fee.



## Item 6

### OTHER FEES

| Type of Fee <sup>1</sup>                     | Amount  | Due Date   | Remarks  |
|--|---|--|--|
| Service Fee                                  | 8% - 16% on sales of Approved Winzer Products and Franchisee Products <sup>2</sup>  | At the time of Periodic Gross Profits payment <sup>6</sup> | 16% on Annual Gross Sales, reduced to 14% if Annual Gross Sales are \$200,000 to \$349,000, reduced to 12% if Annual Gross Sales are \$350,000 to \$499,999; reduced to 10% if Annual Gross Sales are \$500,000 to \$749,999; reduced to 9% if Annual Gross Sales are \$750,000 to \$999,999; and reduced to 8% if Annual Gross sales exceed \$1,000,000. <sup>3, 4</sup> The Service Fee is paid out of your Periodic Gross Profits. <sup>5</sup> |
| Repurchase of Assigned Receivable            | Gross Amount of Account   | As incurred  | Under certain conditions, you must repurchase from us any assigned receivable arising from the sale of Franchisee Products. See Sections 7.9 and 7.10 of the franchise agreement for details.  |
| Other Deductions from Periodic Gross Profits | Prices of Approved Winzer Products; third-party credit card and bill payment fees; third-party transit, freight, shipping and handling fees; taxes; amounts due to us from you; uncollected assigned receivable amounts; bad check amounts; bad check fees (currently \$35 per bad check <sup>9</sup> ); NSF fees; the amounts of any credits given by us to any customers in settlement of any complaints or returns; amounts uncollected after 120 days; amounts uncollected after 60 days if customer has history of delinquent payment; amounts of erroneous, false or fraudulent orders; amounts deemed uncollectible; amounts associated with invoices that significantly exceed customers' historical purchases or credit limits; software fees <sup>6</sup> | As incurred  |  |
| Inventory                                    | Franchisee cost   | As incurred  | Prices will be made available when you place your order.   |

| <b>Type of Fee <sup>1</sup></b>                    | <b>Amount</b>  | <b>Due Date</b> | <b>Remarks</b>   |
|--|--|-----------------|--|
| Periodic Training or Meetings That We Provide      | Currently \$0, but possibly \$50 - \$500 per training or meeting <sup>7, 9, 10</sup>   | As incurred     | You may (but are not required) to participate in training or attend meetings that we provide. Currently we do not charge fees for the training or meetings, but we have the right to charge reasonable fees, ranging from \$50 to \$500 per training or meeting, which fees are subject to reasonable increases.                                   |
| Additional Training or Assistance That You Request | Currently \$0, but possibly \$100 - \$750 per occurrence <sup>9</sup> ; plus reimbursement for our reasonable travel expenses  | As incurred     | Currently we do not charge a fee for additional training or assistance that you request, but we could begin charging reasonable fee, ranging from \$100 to \$750 per occurrence, which fees are subject to reasonable increases. For additional training or assistance that you request, you must reimburse us for our reasonable travel expenses. |
| Permitted Representative Onboarding                | Currently \$500 per Permitted Representative <sup>9, 10</sup>  | As incurred     | We provide you with onboarding products and services for each Permitted Representatives (e.g., sales materials, first set of business cards, software licensing).  |
| Administrative Fee                                 | Currently \$0, but possibly \$25 per occurrence <sup>9</sup>   | As incurred     | Currently we do not charge a fee if you ask us to manually enter a customer order or otherwise ask us to provide a service that is available through use of the proprietary software of our parent, WC, but we have the right to charge a fee of \$25 per occurrence, which fee is subject to reasonable increases.                                |
| Other Products, Services or Training               | Reasonable fees that are no more than double our actual costs related to providing the products, services or training <sup>9, 10</sup>   | As incurred     | We may charge reasonable fees for other products, services or training, which fees are subject to reasonable increases. <sup>9, 10</sup>   |
| Software Fee                                       | Currently \$0, but possibly \$50 to \$100 per month per user <sup>6, 9</sup>   | As incurred     |  |
| Interest   | 15% per annum, or highest rate permitted by applicable law, whichever is lower (In California, (a) 10% per annum, or (b) 5% per annum, plus prevailing federal discount rate being charged by Federal Reserve Bank of San Francisco, whichever is higher.) | On demand       | Interest is payable on amounts owed by you to us that are not paid when due.   |

| <b>Type of Fee <sup>1</sup></b> | <b>Amount</b>                                | <b>Due Date</b> | <b>Remarks</b>   |
|---------------------------------|--|-----------------|--|
| Indemnity                       | Actual cost                                  | On demand       | You must reimburse us if we incur costs or expenses, including uncollected receivables, claims, damages, judgments, attorneys' fees or losses as a result of the operation of the franchised business or any act by you or your Permitted Representatives in connection with the operation of the franchised business. |
| Attorneys' Fees and Costs       | Actual cost                                  | As incurred     | You must reimburse us for attorneys' fees or costs we incur because of your failure, or the failure of any of your Permitted Representatives, to comply with the franchise agreement or any enforceable non-compete agreement with a prior employer, if we are the prevailing party in the dispute.                    |
| Default                         | 35% - 45% of Gross Sales amount <sup>8</sup> | As incurred     | If you violate or fail to comply with the franchise agreement, and your action damages another franchisee, we may specify payment to the damaged franchisee as part of your obligation to cure your default.   |

Notes:

1. All fees are earned when due, are uniformly imposed and are non-refundable.
2. You pay us a Service Fee calculated based on the invoiced amounts of all Retail Sales of Approved Winzer Products (Annual Gross Sales) and Franchisee Products. The Service Fee is calculated based on the Annual Gross Sales amount according to the table found in Section 6.2 of the franchise agreement. We supply you with an Approved Winzer Products list in the proprietary software of our parent, WC. Franchisee Products include all products, other than Approved Winzer Products, that you sell. You may qualify for a reduced Service Fee percentage based on Annual Gross Sales (defined in Note 3 below).
3. "Annual Gross Sales" means the total invoiced amount of all Retail Sales of Approved Winzer Products through the franchised business during the preceding 24 - 26 Billing Periods (defined in Note 5 below), less total credits given during such Billing Periods for any such Approved Winzer Products. During the 1<sup>st</sup> year of your franchise, your Annual Gross Sales will be estimated based on an annualization of year-to-date sales and credits. Any sales made but not invoiced in any applicable Billing Period will not be included in any calculation for that Billing Period.
4. For the 1<sup>st</sup> 90 days, you may pay us a Service Fee percentage that is based on the annual gross sales reported by any pre-existing business. After 90 days, you pay a Service Fee percentage to us based on actual Retail Sales as explained in Note 2.
5. There are 2 - 3 Billing Periods each month. Periodic Gross Profits mean the total invoiced amount of your Retail Sales of Approved Winzer Products and Franchisee Products invoiced and shipped during a Billing Period. After each Billing Period, we calculate your Periodic Gross Profits for that Billing Period, deduct the applicable fees, charges or offsets, and send you payment and a statement detailing these amounts.

6. The cost of Approved Winzer Products generally ranges from 25-60% of the Gross Sales amount. Third-party credit card fees resulting from your customers paying for orders by credit card will be charged to you. Third-party bill payment fees resulting from your customers using a bill payment service to pay for their orders will be charged to you. It is recommended that you pass these fees along to your customers. Third-party transit, freight, shipping and handling fees may be charged to you as explained in detail in the Confidential Operations Manual. Amounts for the following items vary by franchisee: taxes, amounts due to us from you; uncollected assigned receivable amounts; bad check amounts; bad check fees (currently \$35 per bad check); Nonsufficient Fund (NSF) fees; the amounts of any credits given by us to any customers in settlement of any complaints or returns; amounts collected after 120 days; amounts uncollected after 60 days if the customer has a history of delinquent payment; amounts of erroneous, false or fraudulent orders; amounts deemed uncollectible; and amounts associated with invoices that significantly exceed customers' historical purchases or credit limits. We currently do not charge a software fee for use of the proprietary software of our parent, WC. However, we have the right to charge a \$50 to \$100 per month fee per user for use of the software, which fee is subject to reasonable increases, if your franchise sales fall below your Required Monthly Averages according to your franchise agreement, or if your Permitted Representative's average monthly sales, independently, fail to equal or exceed \$5,000 during any 6 consecutive Billing Periods.

7. You may choose to attend periodic meetings that we provide. We do not currently charge for meeting attendance, but we have the right to charge reasonable fees for meetings.

8. Our current policy is to limit default damages to the Net Gross Profit amount on any sale made to another franchisee's Protected Customer, which generally is 35%-45% of the Gross Sales amount.

9. We may increase this fee only to the extent that a current or different third-party supplier increases its charges or has higher charges (if the fee covers such supplier's charges), and/or our personnel compensation or benefit costs increase, and/or we determine that coverage, products, services or training not previously provided are required to be provided. No such fee will be more than doubled in any calendar year. Any fee increase will be subject to at least 30 days' prior written notice to you.

10. No "reasonable fee" specified in the franchise agreement will be more than double our actual costs related to providing the product, service or training covered by the fee. Our actual costs include all costs we incur to arrange for or provide the products, services and/or training related to a fee, including charges for the products, services and/or training by third-party suppliers, charges and related expenses of independent contractors, our reasonable transportation, lodging, meal and incidental expenses, and our reasonable professional fees and related expenses, but not including any allocation of our employee wage and benefit costs. Any implementation of a "reasonable fee" will be subject to at least 30 days' prior written notice to you.

You are not required to participate in a local or regional advertising cooperative or in a local, regional or national purchasing cooperative.

## Item 7

### ESTIMATED INITIAL INVESTMENT

#### YOUR ESTIMATED INITIAL INVESTMENT

| Type of Expenditure <sup>1</sup>  | Amount                    | Method Of Payment | When Due                       | To Whom Payment Is To Be Made |
|---|---------------------------|-------------------|--------------------------------|-------------------------------|
| Initial Franchise Fee   | \$3,500                   | Lump sum          | On signing franchise agreement | Us                            |
| Auto Liability, General Liability, including Premises Operations Coverage, and Workers' Compensation Insurance <sup>2</sup> | \$450 - \$1,375           | As arranged       | As arranged                    | Suppliers                     |
| Vehicle Expenses <sup>3</sup>   | \$1,050 - \$2,400         | As arranged       | As arranged                    | Suppliers                     |
| Promotional Products <sup>4</sup>   | \$0 - \$500               | As incurred       | As incurred                    | Suppliers and Us              |
| Office Equipment and Supplies <sup>5</sup>  | \$450 - \$700             | As incurred       | As incurred                    | Suppliers                     |
| Computer Equipment <sup>6</sup>   | \$0 - \$2,178             | As incurred       | As incurred                    | Suppliers                     |
| Initial Training <sup>7</sup>   | \$0 - \$500               | As incurred       | As incurred                    | Suppliers                     |
| Legal and/or Accounting Fees  | \$500 - \$2,500           | As arranged       | As arranged                    | Suppliers                     |
| Additional funds, for 1 <sup>st</sup> 3 months <sup>8</sup>   | \$0 - \$2,500             | As incurred       | As incurred                    | Suppliers                     |
| <b>Total</b> <sup>9, 10</sup>   | <b>\$5,950 – \$16,153</b> |                   |                                |                               |

#### Notes:

(1) **Refunds and Financing.** These fees are non-refundable. We do not offer direct or indirect financing for any of these items. You should not expend funds or make any other commitment in connection with the franchise, and should not resign from existing employment or take any similar action until you have received our final written acceptance of your application and approval of the franchise.

(2) **Insurance.** This estimate is for 3 months of comprehensive general liability insurance (including premises operations liability coverage), auto liability insurance, and workers' compensation insurance, if it is required by local law. You must maintain comprehensive general liability insurance with at least a \$1,000,000 per occurrence limit, aggregate limits of \$2,000,000 for each aggregate, and a deductible of not more than \$2,500, and auto liability insurance coverage with a \$500,000 combined single limit. Your cost for auto liability insurance will vary depending on factors such as condition of vehicles, your and your personnel's driving records, and other factors. The insurance company providing the coverage must be rated no less than A-X by A.M. Best. You must maintain workers' compensation, employee's liability and employment insurance, and any other insurance that may be required by law. Currently, we maintain comprehensive liability insurance and product liability insurance for Approved Winzer Products, and for Franchisee Products billed through us, at our cost. We list you as an additional insured under the insurance policies. We will give you at least 30 days' prior written notice if we will no longer provide you with these insurance coverages. If we stop providing you with these insurance coverages, you must pay for the coverages. You must pay any deductibles and any amounts not covered by insurance. If available, you must arrange to be named as an additional insured under appropriate insurance maintained by the vendors of Franchisee Products. We encourage you to consider whether to obtain additional insurance of your choice. We do not represent that the insurance we maintain or require will be sufficient for your needs. We

may increase or modify any insurance coverage requirements, but will give you at least 30 days' prior written notice to comply with any increased or modified requirements

(3) Vehicle. You may be able to lease or finance the vehicle needed for the franchised business. The low estimate assumes you use your existing vehicle. The high estimate assumes 3 months of lease payments on a new vehicle. Both estimates assume 3 months of gasoline and maintenance at \$350 per month.

(4) Promotional Products. We sell a full line of high-quality promotional items, including product and marketing brochures for sales calls, and advertising specialty items such as stickers, notepads and pens. Some of these promotional items are included, at no additional cost, in the start-up kit described in note 5 below, as explained in more detail in the Confidential Operations Manual. Caps, accessories, golf shirts and other clothing imprinted with the WINZER logo are available from us, and Lands' End Corporate Sales. You are not required to purchase any of these promotional products.

(5) Office Equipment and Supplies. You do not need (and we do not recommend that you obtain) a commercial office. Therefore, these estimates do not include any costs for a commercial office. You may operate the franchised business from your home, if local zoning permits, or from any existing business premises. Before you begin operating the franchised business, we give you a start-up kit, at no additional cost, that contains customized brochures, business forms, and certain promotional products described in note 4 above. You may want a small desk or file cabinet in which to keep records of the franchised business. You may use any type of cell phone to communicate with Winzer and customers. You will use the Internet to connect to the proprietary software of our parent, WC, and to transmit orders to us on your order entry device (iPad or PC). High speed Internet may cost \$50 or more per month.

(6) Computer Equipment. The low range assumes that you already own the recommended model of iPad or PC. The high range reflects the cost to you if you choose to purchase new iPad or PC from a retailer or other supplier. The recommended equipment is described in Item 11.

(7) Initial Training. You and any Permitted Representatives must attend our initial training in Plano, Texas. We will pay the reasonable travel, lodging and food expenses incurred for you to attend the initial training, so your cost will be \$0 if you travel and stay in Plano according to our itinerary. You must pay any incidental expenses you choose to incur while attending the initial training, and you or any Permitted Representatives must pay all travel, lodging, food and incidental expenses incurred for them to attend the initial training.

(8) Additional Funds. You may need working capital to support on-going expenses, such as payroll, transportation and communications expenses, during the 3-month initial period of the franchised business. New businesses often generate negative cash flows. The manner in which you choose to operate the franchised business will greatly affect the working capital that you may need. The low estimate assumes that you operate from your home with an existing vehicle, do not hire personnel during the initial period and do not incur any significant unexpected expenses. The high estimate assumes that you may incur some significant unexpected expenses. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during the initial period of the franchised business.

(9) Estimated Amounts. You should not expect to achieve the low estimate expenditure in every category.

(10) Experience. We relied on our 13 years of experience and WC's over 47 years of experience in the fastener and maintenance supply business to compile these estimates.

## Item 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

#### Approved Winzer Products

You will usually sell only Approved Winzer Products. Approved Winzer Products are all products and inventory we ship to your customers, and are listed on the proprietary software of our parent, WC. We periodically update the Approved Winzer Products list, and generally issue any updated list to our franchisees in writing or through software updates.

We typically hold periodic “focus group” meetings involving our personnel and representatives of our franchisees, which may include meetings to identify possible new Approved Winzer Products and their priority of importance. After those meetings, we research the suggested products and their vendors, add new products to our Approved Winzer Products list, and provide the updated list of products to our franchisees. We do not charge you for this.

You may request in writing our approval of additional products. We do not issue specific criteria for approving products. We will grant or revoke approvals of products based on inspections and testing. We do not charge you for this. We may grant approvals of new products or revoke past approvals of products on reasonable written notice to you. We typically will provide you with written notification of the approval or disapproval of a product you have proposed within 60 days after receipt of your request, or within 30 days after completing any inspections or testing, whichever is later. We will not unreasonably withhold approval. We reserve the right to impose reasonable limits on the number of approved products at any time, and to designate sole suppliers for certain approved products.

None of our officers owns any interests in any third-party suppliers of approved products.

We or our affiliate are the only suppliers for the Approved Winzer Products. When you order Approved Winzer Products from us or our affiliate for delivery to your customers, we will derive revenue. In our fiscal year ended July 31, 2025, WC’s revenue from sales of Approved Winzer Products to customers was \$90,979,571, or 90% of the total revenue of \$101,457,224 reported in GradeEight’s audited financial statements in Exhibit E.

We estimate that up to 2% of your initial investment and up to 2% of your continuing cost of doing business will be spent on purchases of personal inventory or promotional goods. These are estimates. Your results may vary from these estimates. You are not required to purchase any personal inventory or promotional goods. If you do, WC will derive income from your purchases. In our fiscal year ended July 31, 2025, WC’s revenue from sales of personal inventory or promotional goods to franchisees was \$591,930, or 0.58% the total revenue of \$101,457,224 reported in GradeEight’s audited financial statements in Exhibit E.

We do not negotiate purchase arrangements with our suppliers for the benefit of franchisees. We do not provide material benefits (such as renewals or granting additional franchises) to a franchisee based on a franchisee’s purchases from us or any supplier. We are not associated with any purchasing or distribution cooperatives. In our fiscal year ended July 31, 2025, we did not derive revenue or other material consideration from other suppliers based on sales to franchisees.

We or our affiliate sell products to your customers on terms in effect when you place the order at the price you choose, but we may reject any order if the terms of sale do not meet our billing and collection practices.

We estimate that the following purchases and leases of services and products from suppliers other than us will represent the following percentages of your total purchases and leases of services and products to establish and operate the franchised business:

| <u>Purchases and/or leases:</u> | <u>% of Total to Establish</u> | <u>% of Total to Operate</u> |
|---------------------------------|--------------------------------|------------------------------|
| From us or our affiliate        | 0% to 5%                       | 0% to 5%                     |
| Under our specifications        | 0% to 5%                       | 0% to 5%                     |
| From approved suppliers         | 0%                             | 0%                           |

### Sale of Franchisee Products

You may sell products other than Approved Winzer Products (“Franchisee Products”) on a limited basis, but you may not sell products other than Approved Winzer Products unless you request our approval, follow our procedures and pay a Service Fee on the sales. Your Retail Sales of Franchisee Products may not continuously exceed ten percent (10%) of your Retail Sales of Approved Winzer Products. Winzer reserves the right to modify this threshold percentage as needed on at least 30 days’ prior written notice to you. When available, you must arrange to be named as an additional insured under insurance policies maintained by the vendors of Franchisee Products. We may purchase any receivable arising from sales of Franchisee Products for the net amount of the account. Under certain conditions, we may require you to repurchase the receivable for the gross amount of the account. We also may withhold Periodic Gross Profits generated from a sale of Franchisee Products until the customer invoice has been paid in full. We will derive income from the Service Fees we collect from your sales of Franchisee Products.

### Services

WC is the only approved supplier of sales reporting, inventory control, billing, collection, shipping and quality assurance services. We will not approve any other supplier for these services. WC will derive revenue from the Service Fees for these services. In our fiscal year ended July 31, 2025, WC’s revenue from Service Fees was \$1,172,011, or 1.16% of the total revenue of \$101,457,224 reported in GradeEight’s audited financial statements in Exhibit E.

### Computer Requirements

You must use the proprietary software of our parent, WC. WC is the only supplier of the proprietary software.

If we adopt substantial changes in any 3rd-party software requirements for the franchised business, the costs to you for software may increase. We anticipate these costs to range from 0% to 5% of your ongoing costs of doing business. These amounts are estimates.

### Insurance

Currently, we will cover the cost of comprehensive liability insurance and product liability insurance for Approved Winzer Products, and for Franchisee Products billed through us. We list you as an additional insured under the insurance policies.



You must purchase a general liability insurance policy with premises operations coverage. You must add us and WC as additional insureds under that policy. When available, you must arrange to be named as an additional insured under insurance policies maintained by vendors of Franchisee Products. You must pay any deductibles and any liability not covered by insurance. You also must purchase your own auto liability, worker's compensation, unemployment and other legally required insurance.

You may be required to pay \$300-\$1,000 annually for general liability insurance, and \$600-\$1,500 annually for automobile liability insurance.

#### Order and Invoice Forms

You must use our order forms and invoice forms. We are the only approved supplier of the order forms and invoice forms. We do not charge you for these forms.

#### GSA Contract

If you elect to participate under the GSA Contract, you must abide by our GSA/DLA/Federal Government business policies and procedures. You may not sell Approved Winzer Products, or products that are the same as or similar to Approved Winzer Products, to Federal Government accounts except through the GSA Contract and System.

Except as described in this Item, you are not required to purchase or lease any goods, services, supplies, furniture, fixtures, equipment, inventory, computer hardware or real estate relating to the establishment or operation of the franchised business from us or from other suppliers.

### **Item 9**

#### **FRANCHISEE'S OBLIGATIONS**

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

| <b>Obligation</b>  | <b>Section In Franchise Agreement or Other Agreement</b> | <b>Disclosure Document Item</b> |
|--|--|---------------------------------|
| (a) Site selection and acquisition/lease                     | Not applicable   | 11                              |
| (b) Pre-opening purchases/leases                             | Not applicable   | 7 & 11                          |
| (c) Site development and other pre-opening requirements      | Not applicable   | 11                              |
| (d) Initial and ongoing training                             | 3.5 & 4.1-4.3  | 7 & 11                          |
| (e) Opening  | 3.1  | 7 & 11                          |
| (f) Fees   | 5.9, 6.1, 6.2, 6.6, 7.3, 13.6, 13.7, 15.5                | 5, 6 & 7                        |
| (g) Compliance with standards and policies/Operations Manual | 3.7 & 4.10   | 8 & 11                          |
| (h) Trademarks and proprietary information                   | 8 & 10   | 13 & 14                         |
| (i) Restrictions on products/services offered                | 1.3  | 16                              |
| (j) Warranty and customer service requirements               | 4.4 & 9  | 11                              |
| (k) Territorial development and sales quotas                 | 3.1 & 3.3  | 12                              |
| (l) Ongoing product/service purchases                        | 3.1-3.4  | 8                               |

| <b>Obligation</b>                                       | <b>Section In Franchise Agreement or Other Agreement</b> | <b>Disclosure Document Item</b> |
|---|--|---------------------------------|
| (m) Maintenance, appearance and remodeling requirements | Not applicable   | Not applicable                  |
| (n) Insurance   | 3.2(a) & 5.5-5.7,  | 7 & 11                          |
| (o) Advertising   | 3.1, 3.10, 4.12, 4.13 & 8.3                              | 11                              |
| (p) Indemnification                                     | 3.2(b), 5.9, Att. 4 ¶9 & Exh. H                          | 11, 13 & 14                     |
| (q) Owner's participation/management/staffing           | 3.1 & 3.9  | 1 & 15                          |
| (r) Records and reports                                 | 4.5 & 5.4  | 21                              |
| (s) Inspections and audits                              | 5.4  | 17                              |
| (t) Transfer  | 12   | 17                              |
| (u) Renewal   | 2.2  | 17                              |
| (v) Post-termination obligations                        | 13.7   | 17                              |
| (w) Non-competition covenants                           | 10.3   | 17                              |
| (x) Dispute Resolution                                  | 14   | 17                              |
| (y) Waiver of Jury Trial                                | 14.9   | 17                              |

### **Item 10**

### **FINANCING**

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

### **Item 11**

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, Winzer Franchise Company, Inc. is not required to provide you with any assistance.**

Before you open the franchised business, we (or our designee) will:

1. Prepare a list of your initial Protected Customers (if applicable) (Section 1.2 and Attachment 1 to the franchise agreement).
2. Provide initial training for you and your Permitted Representatives to educate you about the System (Section 4.1 of the franchise agreement). The initial training is described below.
3. Provide you with a copy of the proprietary software of our parent, WC ("proprietary software"), and help install it on your order entry device (iPad or PC) (Section 4.9 of the franchise agreement). We further describe the proprietary software below.
4. Lend you a copy of the Confidential Operations Manual (see Exhibit F for table of contents), and answer any questions you may have about it (Section 4.10 of the franchise agreement).
5. Provide you with start-up materials, such as catalogs, brochures, promotional items, business cards, etc. (Section 4.13 of the franchise agreement).

During the operation of the franchised business, we (or our designee) will:

1. Use reasonable efforts to meet or exceed industry quality standards and fill rates, and to sell quality products (Section 4.4 of the franchise agreement).
2. Use reasonable efforts to provide you with mandatory specifications, standards, operating procedures and rules that we make relating to your other obligations under the franchise agreement and operation of the franchised business, as well as non-mandatory recommendations, guidelines and information (Sections 3.7 and 4.11 of the franchise agreement).
3. Provide you with a periodically updated Approved Winzer Products list in the proprietary software (Section 4.11 of the franchise agreement).
4. Maintain comprehensive general liability insurance and product liability insurance, including product liability coverage on Approved Winzer Products and on Franchisee Products billed through Winzer, in amounts, and with deductibles, expiration dates, coverages and other terms as we decide, for our own and your protection. The insurance policies may list any number of beneficiaries or additional insureds. On your written request, we will provide you with copies of the policies. We may stop or change this program at any time on at least 30 days' prior written notice to you (Section 5.5 of the franchise agreement).
5. Sell Approved Winzer Products at the prices and terms in effect when you place the order. The prices and terms will be updated and available on your order entry device (iPad or PC) and in the online PDF catalog when you place an order. You may set the price for sales of Approved Winzer Products to consumers (end users), but each order must be in the format we require. We may reject any order that is not documented in the format we require (Section 6.3 of the franchise agreement). We are not obligated to assist you in establishing prices for sales to consumers, and do not set minimum or maximum prices at which you must sell products or services. We are not obligated to assist you in establishing prices for sales to consumers, and do not set minimum or maximum prices at which you must sell products or services.
6. Send you a Periodic Gross Profits Statement 2-3 times a month for the Billing Period that will show your Periodic Gross Profits (Sections 6.4 and 6.5 of the franchise agreement). Currently, we transmit this statement electronically. For receivables we collect from your Protected Customers, you must indemnify us on this obligation, which may be secured in part by a security interest in certain collateral. We may collect from you under this security interest, and we may file a Uniform Commercial Code Financing Statement ("UCC-1") to perfect our security interest.
7. Collect and report sales and use taxes for sales of Approved Winzer Products, not including sales and use taxes returned or credited. You must obtain any documentation we request (Section 6.7 of the franchise agreement).
8. Provide you with certain maintenance for the proprietary software, as described below in this Item 11.
9. Consult with groups of franchisees before making any major changes in our product line (Section 4.6 of the franchise agreement).

10. Provide you with timely, accurate and useful sales reports for the franchised business (Section 4.5 of the franchise agreement). Currently, we transmit these reports electronically.

11. Use reasonable efforts to make available proprietary software that is useful to you in conducting the franchised business (Section 4.7 of the franchise agreement).

12. Provide you with updated product information materials on a regular basis (Section 4.8 of the franchise agreement).

13. Send you periodic updates for the Confidential Operations Manual to reflect new information, specifications or procedures (Section 4.10 of the franchise agreement).

14. Purchase any receivable of yours from the sale of Franchisee Products for the net amount of the account, unless we have reason to believe that the terms of sale are not commercially reasonable. For any receivable that we purchase from you, we will use our resources to collect the receivable, subject to our right to require you to repurchase the receivable (Section 7 of the franchise agreement).

15. Assist you in developing a plan to sell your franchise if you notify us in writing that you wish to retire (Section 12.3 of the franchise agreement).

#### Advertising and Promotion

We do not have an advertising council, and you need not participate in local or regional advertising cooperatives with other franchisees. There is no requirement that you or we spend a minimum amount on advertising. There is no advertising fund.

Except as follows, we do not place any restrictions on your advertising. You must submit to us all proposed advertising, promotional materials and other printed materials using the Marks. You must obtain our prior written approval before using any Marks in advertising or other promotional activities (Section 8.3 of the franchise agreement). You may not send advertising directly to another franchisee's Protected Customer. You may not establish or maintain a separate web site for the franchised business on the Internet or any comparable electronic network of computers and you may not otherwise offer or sell Approved Winzer Products on the Internet (Section 3.10 of the franchise agreement), but you may use our web site to allow your designated customers to place orders using the Internet.

#### Computer Hardware and Software

You must use the following computer hardware and software:

Hardware: In the operation of the franchised business, you must use an order entry device (iPad or PC) with adequate memory, speed and storage to run the proprietary software of our parent, WC ("proprietary software") (described below). We highly recommend that you (and any Permitted Representatives) use an iPad, so that you are able to enter orders while you are at a customer's location. Your order entry device must have a high-speed broadband connection and battery charging equipment. We will assist you in determining the appropriate hardware and operating systems needed to support the proprietary software. The order entry device is not proprietary to us. You may use any type of iPad or PC that will run the proprietary software and

any other required software to transmit orders. We estimate that the cost will range from \$1,442 to \$2,178, depending on the type of iPad or PC you purchase.

You must pay for all maintenance of your order entry device at your own expense. As of the date of this disclosure document, we do not require you to sign any hardware maintenance or support contracts with us or any 3<sup>rd</sup> party suppliers. We and WC do not guarantee, warranty, maintain or support any computer hardware in any manner. You should determine for yourself whether or not any 3<sup>rd</sup> party supplier from whom you purchase any component of your order entry device is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your order entry device, and determine the additional cost for the services.

Software: You must use the proprietary software (Section 3.4 of the franchise agreement). We currently charge no fee for use of the proprietary software, but we have the right to charge you a \$50 to \$100 per month fee for use of the proprietary software, which fee is subject to reasonable increases. WC owns the proprietary software and all data entered into the software on all computer servers, on leased software or by any service providers. WC may provide certain maintenance for the proprietary software as we or WC consider appropriate (including the correction of program errors and the distribution of any new releases of or modifications to the proprietary software). There is no additional cost to you for this maintenance. You must accept and use upgrades and changes to the proprietary software as they become available, and you must upgrade your order entry device at your own expense (or discontinue using components of the computer) if WC releases updates or upgrades to the proprietary software that your existing computer will not run (Section 3.4 of the franchise agreement). There is no contractual limitation on the frequency or cost of the upgrades or changes. We or WC will advise you on how to obtain upgrades or changes, and the cost of periodic upgrades or changes. You will use the proprietary software in sales reporting, customer order taking, and related activities. We and WC, from time to time and at any time, may access the order entry device and all data and related information in the proprietary software, through the Internet or other means. There is no limitation on our or WC's right to access this information.

To the extent that any software we require you to use contains modules that support any personnel-related functions, such as employee timekeeping, employee scheduling and payroll processing, your use of those modules is non-mandatory. You may use those modules or alternate software to handle personnel-related functions, or you may handle personnel-related functions in any other manner that you choose.

#### Internet and Intranet

Currently, we maintain [www.winzer.com](http://www.winzer.com) as a corporate web site on the Internet, and we use other web sites, digital media, services and means to advertise and promote the franchise system, and Winzer products and services. Your designated customers may use our web site to place orders using the Internet.

#### Confidential Operations Manual

We will lend you a copy of our Confidential Operations Manual which contains both mandatory specifications, standards and procedures and non-mandatory guidelines and recommendations. The Confidential Operations Manual is confidential and remains our property. We may modify the Confidential Operations Manual in our sole discretion to reflect changes in

our system, but the modifications will not alter your status and rights under the franchise agreement. The table of contents for the Confidential Operations Manual is included in this disclosure document as Exhibit F. The Confidential Operations Manual contains 57 pages.

### Training

You will receive the following initial training before you open the franchised business:

#### **INITIAL TRAINING**

| <b>Subject</b>                           | <b>Hours of Training</b> |                   | <b>Location</b>                            |
|--|--------------------------|-------------------|--|
|  | <i>Classroom</i>         | <b>On-The-Job</b> |  |
| Order Entry                              | 4 to 6                   | Optional          | At your location remotely, or in Plano, TX |
| Purchasing                               | 0.5                      | Optional          | At your location remotely, or in Plano, TX |
| Marketing                                | 1                        | Optional          | At your location remotely, or in Plano, TX |
| Billing & Collections                    | 1 to 2                   | Optional          | At your location remotely, or in Plano, TX |
| GSA/Government Sales                     | 1                        | Optional          | At your location remotely, or in Plano, TX |
| Category Management                      | 1                        | Optional          | At your location remotely, or in Plano, TX |
| Specials & VSN Overview                  | 1                        | Optional          | At your location remotely, or in Plano, TX |
| Customer Service                         | 1                        | Optional          | At your location remotely, or in Plano, TX |
| Franchise Program/Periodic Gross Profits | 1 to 2                   | --                | At your location remotely, or in Plano, TX |
| Order Entry System Overview              | 1 to 2                   | Optional          | At your location remotely, or in Plano, TX |
| <b>Totals</b>                            | 12.5 to 17.5             |                   |  |

Our instructors as of the date of this disclosure document included:

| Instructor      | Years of Experience with Us<br>(Including Experience with<br>WC Before October 2012) | Years of Experience with<br>Subject Matter |
|-----------------|--|--|
| Howard Kalish   | 2 months   | 30   |
| Kellee Rogillio | 23   | 22   |
| Amanda Patrick  | 6  | 6  |
| Tina Serpico    | 22   | 22   |
| Leisha Tippens  | 26   | 26   |
| Tami Erickson   | 11   | 36   |
| Jason Looft     | 14   | 30   |
| Lydia Nunez     | 39   | 40   |
| Cody Patterson  | 1  | 9  |
| Jessica Vice    | 13   | 16   |
| Mike Ritchie    | 1  | 17   |

The materials used in the initial training include our Confidential Operations Manual, an iPad and/or PC, our catalogs, our reports and credit policy guidelines, user guides, and other handouts.

We currently conduct the initial training at your location remotely, or at our headquarters and warehouse in Plano, Texas. The hours devoted to each subject may vary based on how quickly trainees grasp the material, their prior experience with the subject, and scheduling.

We generally provide the initial training promptly after you sign your franchise agreement, and we schedule the initial training as often as needed. You and your Permitted Representatives must attend and successfully complete the initial training to our satisfaction. The franchise agreement defines “Permitted Representatives” to be persons, other than you, involved in sales or customer contacts for the franchised business, whether as employees or as independent contractors. No other persons associated with you may or must complete the initial training. You must successfully complete the initial training to our satisfaction promptly after signing the franchise agreement (generally within 4 weeks) and must begin operating the franchised business promptly after successfully completing the initial training to our satisfaction (generally within 4 weeks). You may begin operating the franchised business immediately after successfully completing the initial training to our satisfaction. The initial training includes 1½ to 2 days of classroom training on operational matters, product information, marketing techniques, basic computer operations, and other topics we select. We pay your reasonable travel, lodging and food expenses related to attending the initial training, but you must pay any other incidental expenses of attending the initial training, and the travel, lodging and food costs for your Permitted Representatives to attend the training (see Item 7). If you request, we will provide you a training program of 1 to 3 days’ duration

at your location within the 1<sup>st</sup> 3 months after you begin operations, at our cost. If you request additional training or assistance from us, we currently do not charge for the training or assistance, but we have the right to charge you reasonable fees for the training or assistance and to seek reimbursement from you for our travel expenses.

We may periodically provide additional training (which may be virtual) or in-person meetings. You may choose whether or not to participate in the training, or to attend the in-person meetings at your expense. We do not currently charge fees for the training or in-person meetings, but we have the right to charge reasonable fees.

It is your responsibility to utilize all training resources to adapt to any system and/or software changes. You may be required to read published documents resulting from training sessions or meetings.

#### Site Selection

We do not select or approve your site, nor are we obligated to assist you in selecting a site. Most franchisees operate from their home. Your license to use the Marks does not become effective, and you may not open and operate the franchised business until after you have paid the initial franchise fee, you and we have executed the franchise agreement, and you have satisfied all of the pre-opening conditions in the franchise agreement.

#### Typical Length Of Time Before Opening.

The typical length of time between the signing of the franchise agreement or the 1<sup>st</sup> payment of any consideration for the franchised business and the opening the franchised business ranges from immediately to about 1 week. Factors affecting this length of time usually include whether you hire personnel, or whether you operate as a sole proprietorship or form a business entity.

### **Item 12**

#### **TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from our affiliates, or from other channels of distribution or competitive brands that we control. You may not offer or sell products through the Internet, catalog sales, telemarketing or other alternate channels of distribution. However, you may offer, solicit, advertise and sell products anywhere, so long as you offer, solicit, advertise and sell only in accordance with our standards and specifications, including any restrictions on the types of advertising that you may conduct, and you do not offer, solicit, advertise or sell by any means to other franchisees' Protected Customers (defined below).

#### Licensed Market

The Licensed Market is customer-centered, and is not geographical in nature. The Licensed Market includes any person who is a consumer and not a Wholesaler of Approved Winzer Products or Franchisee Products in the Automotive Market, Chemical Market, or Industrial Market. The Automotive Market includes value-added direct sales to customers who are automotive dealerships, body shops, repair shops and service centers, as well as truck, fleet and other wheeled transportation dealerships and maintenance shops, and as well as automotive, truck, fleet and other



wheeled transportation maintenance, repair and operating supplies operations. The Chemical Market includes value-added direct sales to customers who are users of bulk, liquid and aerosol chemicals for maintenance, production and repair operations. The Industrial Market includes value-added direct sales to customers who are road and structural repair and maintenance shops, plant manufacturing and production operations, and water treatment, construction, mining, farming, refining, building, facilities and equipment operations.

#### Protected Customers

A Protected Customer of yours is: 1) a pre-existing customer of yours listed on Attachment 1 to the franchise agreement, who is not a Protected Customer of another WINZER franchisee, to which you make ongoing sales; 2) a new customer obtained by you after the franchise agreement is executed to which you make ongoing sales, if the customer is not then a pre-existing customer of us or a Protected Customer of another WINZER franchisee, and if we, in our sole discretion, designate the new customer as your Protected Customer; or 3) any other customer that we, in our sole discretion, designate as your Protected Customer. Only we, in our sole discretion, may determine that a Customer is a Protected Customer or is no longer a Protected Customer

We will not grant other franchisees the right to sell Approved Winzer Products to your Protected Customers, except as described below:

A Protected Customer with multiple locations (including a National Account) will be considered a Protected Customer only as to its delivery location, and will not be considered a Protected Customer as to its other locations.

If any Protected Customer is a National Account and we have reason to believe that the Protected Customer may be at risk of ceasing to do business with you or with us, or if you do not agree to honor pricing, service or other terms that we negotiated with the National Account, we may assign the National Account to another franchisee or other franchisees, and we will no longer designate the customer as your Protected Customer.

If you do not make at least 1 sale of Approved Winzer Products to a Protected Customer within any 6-month period, we, in our sole discretion, may designate that customer as no longer your Protected Customer, and may designate that customer as a Protected Customer of another franchisee. However, this will not cause the loss of Protected Customer status for a seasonal customer (e.g., a snowmobile repair shop), if you have advised us in advance, and if we, in our sole discretion, have agreed in advance that the Protected Customer qualifies as a seasonal customer, and if you have made at least 1 sale of Approved Winzer Products to the Protected Customer within the last 9 months.

#### Our Reserved Rights

We and our affiliates may operate businesses that distribute Approved Winzer Products and other products that are similar to or the same as Approved Winzer Products, under the same or different trademarks, to any customers, including your and other franchisees' Protected Customers, National Accounts, other consumers or end-users, and Wholesalers, through any channels of distribution, including the Internet. We are not required to compensate you if we or our affiliates do so.

WC, our immediate parent and an affiliate, currently owns a distributor with multiple branch locations in Texas that sell retail fasteners that are similar to or the same as Approved Winzer Products, under the FastServ Supply® trademark. WC's principal business address is the same as ours. We do not maintain offices and training facilities that are separate from WC's offices and training facilities. We and WC work together to resolve any disputes between our franchisees and WC about Protected Customers.

If we or our affiliates identify existing fastener, chemical, industrial, automotive or maintenance supply businesses in which the principal owners do not wish to become WINZER franchisees, we or our affiliates may acquire and operate these businesses. We may resell these businesses as WINZER franchises. Any acquisitions of this kind will not affect your rights to your Protected Customers.

In or outside of the Licensed Market, we and our affiliates may license the use of alternate proprietary marks or methods; offer and sell or license others to offer and sell Approved Winzer Products; and perform or license others to perform the same services as those licensed under this Agreement.

Neither we nor our affiliates have plans to franchise businesses operating under different trademarks that sell products that are similar to or the same as Approved Winzer Products.

#### Performance Requirements

If you are a legal entity, you must designate an individual who is acceptable to us as an operating principal of the franchised business. You (or your operating principal) must keep regular business hours and must devote a substantial amount of personal attention and continuous best efforts to developing, managing and operating the franchised business. In order to remain a WINZER franchisee, you (or your operating principal) must meet and maintain a minimum level of sales of Approved Winzer Products that we call the Required Monthly Averages, beginning the 1<sup>st</sup> full month after you sign the franchise agreement. The Required Monthly Averages are a contractually required minimum amount of sales based on the Rolling Monthly Average. Your Rolling Monthly Average is based on your Annual Gross Sales. These required averages are negotiated between you and us at the time you sign the franchise agreement. A sale is considered to be made to a customer when you place an order for Approved Winzer Products to be shipped to a designated purchasing location of that customer.

#### Relocation; Other Rights

You may relocate the franchised business only with our consent, which we may grant or deny in our sole discretion.

You do not have any options, rights of first refusal or other rights to acquire additional franchises under the franchise agreement.

### **Item 13**

#### **TRADEMARKS**

Our parent, WC, owns or is in the process of being assigned ownership of the following Marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

| <u>MARK</u>   | <u>REGISTRATION<br/>NUMBER</u> | <u>REGISTRATION<br/>DATE</u> |
|---|--------------------------------|------------------------------|
|    | 1,387,833                      | March 25, 1986               |
| SERVICE THAT WORKS  | 1,583,871                      | February 20, 1990            |
|    | 2,156,329                      | May 12, 1998                 |
|    | 2,375,298                      | August 8, 2000               |
|    | 2,991,158                      | September 6, 2005            |
|    | 4,598,159                      | September 2, 2014            |
| SHOP PRO  | 5,128,865                      | January 24, 2017             |
|  | 5,129,129                      | January 24, 2017             |
|  | 6,400,543                      | June 29, 2021                |

All required affidavits and renewals for the Marks have been filed, and WC intends to file all other required affidavits and renewals for the Marks. WC has granted us a license to use and sublicense the use of the Marks. The term of the license is for 10 years with automatic 10-year renewals; however, the license agreement may be terminated for cause if we breach any of our duties or obligations under the license agreement and fail to cure the breach within the permitted cure period. According to the terms of the license agreement, if the license is terminated due to our default, you will continue to be able to use the Marks under the terms of your franchise agreement.

There are no currently effective material determinations of the USPTO, any Trademark Trial and Appeal Board, any state trademark administrator or any court, nor are there any pending interference, infringement, opposition or cancellation proceedings or material litigation, involving any of the trademarks in any manner that is material to the franchised business. There are no

decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of another trademark to protect the trademark.

There are no currently effective agreements that significantly limit our right to use or license the use of the Marks in any manner that is material to the franchised business.

We license the Marks to you to identify the franchised business. You must follow our requirements when you use the Marks. You may not use the Marks or any confusingly similar word or mark as part of the name of a legal entity, a web site address, e-mail address, domain name, or in any search engine, or with any prefix, suffix or other modifying word, term, design or symbol.

If we decide to modify or discontinue the use of any Mark, you must comply with our directions at your expense. You will have no rights of compensation because of any modification or discontinuation of any Mark.

We are not aware of any superior prior rights in the Marks or infringing uses of the Marks that could materially affect your use, either in this state or the state where the franchised business is located.

#### Claims and Infringements

We will control any administrative proceedings or litigation involving the trademarks. You must notify us immediately of any claims or infringements against the Marks, and you must cooperate with us without compensation in any legal proceedings involving the Marks. We are not required to take any action when notified of these claims or infringements. We have the sole right to determine whether to begin or defend any litigation involving the Marks and will, at our expense, control and conduct any litigation involving the Marks. We have no obligation to protect your right to use the Marks other than if you are named as a defendant in any action solely because the plaintiff alleges that you do not have the right to use the Marks. If you immediately notify us of such action, we will defend the action and indemnify you for all damages in connection with the action.

If any claims or infringements arise, we may require you to modify or discontinue use of the subject Marks, and you will have no rights arising from such modified or discontinued use.

### **Item 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

##### Patents

We have no patents or pending patent applications that are material to the franchise.

##### Copyrights

We and WC have not registered any copyrights with the United States Copyright Office (Library of Congress), but various marketing, sales, training, management and computer software materials that we or WC have created are protected under the U.S. Copyright Act, whether or not we or WC have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, for the sole purpose of promoting the franchised business.

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

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

You must modify or discontinue use of any subject matter covered by a copyright if directed by us.

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

#### Claims and Infringements

We will control any administrative proceedings or litigation involving any of our patents, patent applications or copyrights. You must notify us immediately of any claims or infringements against the patents or copyrights, and you must cooperate with us without compensation in any legal proceedings involving the patents, patent applications or copyrights. We are not required to take any action when notified of these claims or infringements. We have the sole right to determine whether to begin or defend any litigation involving the patents, patent applications or copyrights, and will, at our expense, control and conduct any litigation involving the patents, patent applications or copyrights. We have no obligation to protect your right to use the patents or copyrights other than if you are named as a defendant in any action solely because the plaintiff alleges that you do not have the right to use the patents or copyrights. If you immediately notify us of such action, we will defend the action and indemnify you for all damages in connection with the action.

If any claims or infringements arise, we may require you to modify or discontinue use of the subject patents or copyrights, and you will have no rights arising from such modified or discontinued use.

#### Proprietary Information

We have a proprietary, copyrighted Confidential Operations Manual. All documents provided to you, including the Confidential Operations Manual, are for your exclusive use during the term of the franchise, and may not be reproduced, loaned or shown to any person outside our system. You must notify us promptly if you learn about any unauthorized use of any proprietary information in the Confidential Operations Manual. We are not obligated to take any action, but may respond as we consider appropriate.

You must have each employee or independent contractor sign a Permitted Representative Agreement before you grant him or her access to our Confidential Operations Manual or any other proprietary and confidential information, in which he or she agrees to the confidentiality of the System, agrees not to use any information about the System for his or her own benefit without an appropriate license, and agrees not to compete in certain respects with the franchised business and other franchisees' businesses (see Exhibit H in this disclosure document).

## **Item 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You must personally operate or supervise the franchised business. If you are a legal entity, you must designate an operating principal who is acceptable to us to personally operate or supervise the franchised business. The operating principal, if any, may but is not required to have an equity interest in the franchised business. You (or your operating principal) must attend and successfully complete initial training to our satisfaction, unless you are a former WINZER sales representative. While you (or your operating principal) operate the franchised business, you may not own, operate or be involved in any business that is in competition with us, including any business that sells products which are similar to products that are offered or could be offered by us.

Each person other than yourself involved in sales or customer contact in the franchised business, whether as an employee or as an independent contractor, must be a Permitted Representative, and must sign the Permitted Representative Agreement (Exhibit H in this disclosure document). You may not hire or engage a Permitted Representative if his or her involvement in the franchised business, in our reasonable business judgment, would be a violation of any court order, settlement agreement, non-competition covenant, or similar document. If the Permitted Representative refuses, we will not permit you to engage that person. You must notify each Permitted Representative on hiring or engagement that we have a franchise program. You must require and cause each Permitted Representative to comply with each term of the franchise agreement that explicitly relates to Permitted Representatives, and with each other term of the franchise agreement, and each operating procedure we establish in writing in the Confidential Operations Manual or otherwise, relating to sales, order placement, reporting, trademark use, non-disclosure and other activities involving the Permitted Representative's participation. Any violation by a Permitted Representative will be considered a violation by you.

We do not require any spouse who is not an owner of the franchised business or a Permitted Representative to sign any personal guaranty, or any confidentiality or non-competition agreement.

## **Item 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You may sell Approved Winzer Products that are manufactured or distributed by us. Currently, you have access to our Approved Winzer Products list through the proprietary software of our parent, WC, on your order entry device (iPad or PC) and on our web site.

If you wish to sell any product that is not on our Approved Winzer Products list (known as Franchisee Products), you must request our approval, follow our procedures, and pay a Service Fee to us on the sales of Franchisee Products. Your Retail Sales of Franchisee Products may not continuously exceed ten percent (10%) of your Retail Sales of Approved Winzer Products. Winzer reserves the right to modify this threshold percentage as needed on at least 30 days' prior written notice to you. You may not sell any products that are Approved Winzer Products as Franchisee Products.

We may change the Approved Winzer Products that you sell, but we will consult with groups of franchisees before making any major changes in our Approved Winzer Products line. There are no other limits on our right to make changes in the authorized products you may sell.

You may sell to any customer, located anywhere, who is not a Protected Customer of another WINZER franchisee, but if you elect to participate under the GSA Contract, you must abide by our GSA/DLA/Federal Government business policies and procedures. Your customers are consumers, not Wholesalers, of Approved Winzer Products and Franchisee Products. You may not sell to a Wholesaler unless you follow the procedures that are designed to prevent a Wholesaler from reselling Approved Winzer Products to a Protected Customer of another WINZER franchisee. You may not enter into an agreement or other arrangement to offer and sell products that are similar to Approved Winzer Products for any other company or entity while you are operating the franchised business.

### Item 17

## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

| Provision                                   | Section in Franchise Agreement | Summary  |
|---|--------------------------------|--|
| (a) Length of the franchise term            | 2.1                            | 5 years.   |
| (b) Renewal or extension of the term        | 2.2                            | If you are in good standing, you may renew for an additional 5 years. You must renew on the then-current form of the franchise agreement.  |
| (c) Requirements for you to renew or extend | 2.2                            | Substantially comply with franchise agreement; notify us of intent to renew at least 90 days before the expiration date of franchise agreement; pay all money owed to us, our affiliates, suppliers; sign our then-current form of franchise agreement; execute a general release.<br><br>If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement. |
| (d) Termination by you                      | 13.1                           | On at least 30 days' prior written notice to us, you may voluntarily terminate your franchise only during the 1st 6 full months of its term, unless (a) you are a renewing franchisee, (b) you are a transferee, (c) you entered into your franchise agreement in connection with a sale to us of some or all of your pre-existing business, or (d) we paid any consideration to you in connection with the granting of your franchise.  |
| (e) Termination by us without cause         | Not applicable                 | We cannot terminate your franchise unless you default.   |

| <b>Provision</b>                           | <b>Section in Franchise Agreement</b> | <b>Summary</b>  |
|--|---------------------------------------|---|
| (f) Termination by us with cause           | 13.3 and 13.4                         | We may terminate your franchise if you: are insolvent or make an assignment for the benefit of creditors or if a proceeding is instituted against you in bankruptcy law; are convicted or plead guilty to a felony or a crime involving moral turpitude or any other crime that we believe may have an adverse impact on us, the System, the Marks, or the franchised business; submit false order forms; endorse a check made out to us; you or your heirs attempt to assign the franchise without our consent or your heirs fail to assign within 90 days after your death; misrepresent sales volumes; disclose any confidential information; misuse the System or the Marks; are involved in any act that impairs the goodwill associated with us, the System, the Marks or the franchised business; abandon the franchised business; violate any material term of the franchise agreement; fail to maintain your Required Monthly Averages; fail to make a payment to us; refuse to let us audit your records (including the records of your Permitted Representatives); become involved in any act which is a detriment to the System; fail to pay 3 <sup>rd</sup> parties; fail to devote personal attention and continuous best efforts to the franchised business; fail to generate positive Periodic Gross Profits resulting in negative remuneration for 3 or more Billing Periods during any rolling 6-month period; are repeatedly in default. |
| (g) “Cause” defined – curable defaults     | 13.4                                  | Subject to local law, you have 10 days to cure if you fail to make a payment to us, and you have 30 days to cure if you: violate a material term of the franchise agreement; fail to maintain your Required Monthly Averages; refuse to let us audit your records (including the records of your Permitted Representatives); become involved in any act which is a detriment to the System; fail to pay 3 <sup>rd</sup> parties; fail to devote personal attention and continuous best efforts to the franchised business; are repeatedly in default.   |
| (h) “Cause” defined – non-curable defaults | 13.3, 17.2(m)                         | We may terminate your franchise on prior written notice if you: are insolvent or make an assignment for the benefit of creditors, or if a proceeding is instituted against you in bankruptcy law; are convicted or plead guilty to a felony or a crime involving moral turpitude or any other crime that we believe may have an adverse impact on us, the System, the Marks or the franchised business; submit false order forms; endorse a check made out to us; attempt to assign the franchise without our consent or your heirs fail to transfer after your death; misrepresent sales volumes; disclose any confidential information; misuse the System or the Marks; are involved in conduct that materially impairs the goodwill associated with us, the System, the Marks or the franchised business; abandon the franchised business; or violate any material terms of Article 17 in the franchise agreement (Government Contracts) or the Winzer GSA/DLA/Federal Government business policies and procedures.  |



| <b>Provision</b>  | <b>Section in Franchise Agreement</b> | <b>Summary</b>   |
|---|---------------------------------------|--|
| (i) Your obligations on termination/non-renewal                                   | 13.7                                  | Pay all amounts owed to us; stop using the Marks and the System; return Confidential Operations Manual and all materials belonging to us, honor all obligations that by their nature survive termination, expiration or non-renewal of the License.  |
| (j) Assignment of agreement by us   | 12.5                                  | No restriction on our right to sell our assets or stock, go public, merge, acquire or be acquired.   |
| (k) “Transfer” by you – definition  | 12.1                                  | Includes transfer of any interest in the franchise agreement, the franchise, any capital or common stock in the franchisee, or all or substantially all of the assets of the franchised business.  |
| (l) Our approval of transfer by franchisee  | 12.1 and 12.2                         | You must obtain our prior written consent for all transfers, but we will not unreasonably withhold our consent.  |
| (m) Conditions for our approval of transfer                                       | 12.2                                  | You must not be in default of the franchise agreement; execute a general release; transferee must exhibit ability to operate the franchised business; transferee must have adequate credit rating; transferee must have adequate financial resources; transferee cannot compete with us; transferee must sign then-current form of franchise agreement and complete our initial training; you and transferee must sign all documentation we require, and we must be satisfied with the transfer documentation.   |
| (n) Our right of 1st refusal to acquire your business                             | Not applicable                        | Not applicable   |
| (o) Our option to purchase your business  | Not applicable                        | Not applicable   |
| (p) Your death or disability  | 12.6                                  | You must name a person (your “designee”) who will be responsible for actively directing your affairs regarding the franchised business in the event of your death, disability or other verifiable health condition that significantly impairs your ability to operate the franchised business. Your heirs may keep or transfer business under the terms of Section 12 within 90 days from the date of your death or disability if they are not in default of the franchise agreement, sign general releases, exhibit the ability to operate the franchised business, have an adequate credit rating, have adequate financial resources, don’t compete with us, complete required training, and enter into adequate assignment agreement and related documents. We must be satisfied with transfer documentation. If you fail to name a designee and your heirs fail to continue operating the franchised business or complete a transfer within 90 days from the date of your death or disability, we may terminate the franchise. |
| (q) Non-competition and non-disclosure covenants during the term of the franchise | 10.1 - 10.3                           | You may not offer or sell products that are similar to Approved Winzer Products for or through another company during the term of the License.   |

| <b>Provision</b>  | <b>Section in Franchise Agreement</b> | <b>Summary</b>  |
|---|---------------------------------------|---|
| (r) Non-disclosure covenants after the franchise is terminated or expires | 10.3                                  | You may not use, or allow the use of, or communicate to others our confidential information for 1 year after termination, expiration or non-renewal of the License (subject to state law). You may not disclose any of our confidential information during or after the term of the License. Your Permitted Representatives must sign confidentiality agreements, subject to state law (see Exhibit H in this disclosure document).   |
| (s) Modification of the agreement   | 15.4                                  | No modification is effective unless made in writing and signed by both you and us.  |
| (t) Integration/merger clause   | 15.4                                  | Only the terms of the franchise agreement, including its attachments, are binding (subject to state law). Any representations or promises outside of this disclosure document and the franchise agreement may not be enforceable.   |
| (u) Dispute resolution by arbitration or mediation                        | 14                                    | All disputes must be arbitrated in Collin County, Texas, other than any dispute involving the Marks, or your breach of confidentiality, or if we exercise our right to terminate due to your default under Section 13.3 of the franchise agreement, or if you fail to comply with post-term obligations, or if the dispute involves an asset purchase agreement entered into when you acquired your franchise in connection with a sale to us of some or all of your existing business. (subject to state law). |
| (v) Choice of forum   | 14.10                                 | All disputes must be resolved in Collin County, Texas, but actions to enforce decision of arbitrator may be brought in any court of competent jurisdiction. See state specific addenda. (subject to applicable state law).  |
| (w) Choice of law   | 15.3                                  | Texas law applies, except to the extent that (1) the Lanham Act or the Federal Arbitration Act governs, or (2) the Uniform Commercial Code of the state of your principal place of business controls the creation and enforcement of liens, or (3) any local law applies (see state specific addenda). (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 this disclosure document. Financial performance information that differs from any included in this Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet that you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by

providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Paul Seibert, 4060 E. Plano Parkway, Plano, Texas 75074-1800 at 214-341-2122, the Federal Trade Commission and any appropriate state regulatory agencies.

**Item 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1**

**Systemwide Outlet Summary for Fiscal Years Ended July 31, 2023, 2024 and 2025**

| <b>Outlet Type</b> | <b>Year</b> | <b>Outlets At Start Of Year</b> | <b>Outlets At End Of Year</b> | <b>Net Change</b> |
|--------------------|-------------|---------------------------------|-------------------------------|-------------------|
| Franchised         | 2023        | 299                             | 275                           | -24               |
|                    | 2024        | 275                             | 267                           | -8                |
|                    | 2025        | 267                             | 256                           | -11               |
| Company-Owned      | 2023        | 11                              | 10                            | -1                |
|                    | 2024        | 10                              | 7                             | -3                |
|                    | 2025        | 7                               | 7                             | 0                 |
| <b>Total</b>       | <b>2023</b> | <b>310</b>                      | <b>285</b>                    | <b>-25</b>        |
|                    | <b>2024</b> | <b>285</b>                      | <b>274</b>                    | <b>-11</b>        |
|                    | <b>2025</b> | <b>274</b>                      | <b>263</b>                    | <b>-11</b>        |

**TABLE NO. 2**

**Transfers of Outlets From Franchisees to New Owners (Other than Franchisor or an Affiliate) For Fiscal Years Ended July 31, 2023, 2024 and 2025**

| <b>State</b> | <b>Year</b> | <b>Number of Transfers</b> |
|--------------|-------------|----------------------------|
| All States   | 2023        | 0                          |
|              | 2024        | 0                          |
|              | 2025        | 0                          |
| <b>Total</b> | <b>2023</b> | <b>0</b>                   |
|              | <b>2024</b> | <b>0</b>                   |
|              | <b>2025</b> | <b>0</b>                   |

**TABLE NO. 3**

**Status of Franchised Outlets  
For Fiscal Years Ended July 31, 2023, 2024 and 2025**

| State | Year | Outlets<br>At<br>Start<br>Of<br>Year | Outlets<br>Opened | Terminations | Non-<br>Renewals | Reacquired<br>By<br>Franchisor | Cease<br>Operations<br>for Other<br>Reasons | Outlets At<br>End Of<br>Year |
|-------|------|--------------------------------------|-------------------|--------------|------------------|--------------------------------|---|------------------------------|
| AL    | 2023 | 4                                    |                   |              |                  |                                |   | 4                            |
|       | 2024 | 4                                    |                   |              |                  |                                |   | 4                            |
|       | 2025 | 4                                    |                   |              |                  |                                |   | 4                            |
| AR    | 2023 | 2                                    |                   |              |                  |                                |   | 2                            |
|       | 2024 | 2                                    |                   |              |                  |                                |   | 2                            |
|       | 2025 | 2                                    |                   |              |                  |                                |   | 2                            |
| AZ    | 2023 | 8                                    |                   |              |                  |                                | 1   | 7                            |
|       | 2024 | 7                                    | 1                 |              |                  |                                | 1   | 7                            |
|       | 2025 | 7                                    |                   | 1            |                  |                                | 1   | 5                            |
| CA    | 2023 | 38                                   | 1                 |              |                  |                                |   | 39                           |
|       | 2024 | 39                                   |                   |              |                  |                                | 2   | 37                           |
|       | 2025 | 37                                   | 2                 |              |                  |                                | 3   | 36                           |
| CO    | 2023 | 3                                    |                   |              |                  |                                |   | 3                            |
|       | 2024 | 3                                    |                   |              |                  |                                |   | 3                            |
|       | 2025 | 3                                    |                   |              |                  |                                |   | 3                            |
| CT    | 2023 | 4                                    |                   |              |                  |                                |   | 4                            |
|       | 2024 | 4                                    |                   |              |                  |                                | 1   | 3                            |
|       | 2025 | 3                                    |                   |              | 1                |                                |   | 2                            |
| DE    | 2023 | 1                                    |                   |              |                  |                                |   | 1                            |
|       | 2024 | 1                                    |                   |              |                  |                                |   | 1                            |
|       | 2025 | 1                                    |                   |              |                  |                                |   | 1                            |
| FL    | 2023 | 26                                   | 1                 | 2            | 1                |                                | 2   | 22                           |
|       | 2024 | 22                                   | 6                 | 1            |                  |                                | 2   | 25                           |
|       | 2025 | 25                                   | 1                 | 4            |                  |                                |   | 22                           |
| GA    | 2023 | 13                                   |                   |              |                  |                                |   | 13                           |
|       | 2024 | 13                                   | 2                 | 1            |                  |                                | 1   | 13                           |
|       | 2025 | 13                                   | 1                 |              |                  |                                |   | 14                           |

|    |      |    |   |   |   |  |   |    |
|----|------|----|---|---|---|--|---|----|
| HI | 2023 | 1  |   |   |   |  |   | 1  |
|    | 2024 | 1  |   |   |   |  |   | 1  |
|    | 2025 | 1  |   |   |   |  |   | 1  |
| IA | 2023 | 0  |   |   |   |  |   | 0  |
|    | 2024 | 0  |   |   |   |  |   | 0  |
|    | 2025 | 0  |   |   |   |  |   | 0  |
| ID | 2023 | 1  | 1 | 1 |   |  |   | 1  |
|    | 2024 | 1  |   |   |   |  |   | 1  |
|    | 2025 | 1  |   |   |   |  |   | 1  |
| IL | 2023 | 12 |   | 1 |   |  |   | 11 |
|    | 2024 | 11 |   |   |   |  |   | 11 |
|    | 2025 | 11 | 1 |   |   |  | 1 | 11 |
| IN | 2023 | 5  |   |   |   |  |   | 5  |
|    | 2024 | 5  | 1 | 1 | 1 |  |   | 4  |
|    | 2025 | 4  |   |   | 1 |  |   | 3  |
| KS | 2023 | 3  |   |   |   |  |   | 3  |
|    | 2024 | 3  |   |   |   |  |   | 3  |
|    | 2025 | 3  |   |   |   |  |   | 3  |
| KY | 2023 | 2  |   | 1 | 1 |  |   | 0  |
|    | 2024 | 0  |   |   |   |  |   | 0  |
|    | 2025 | 0  |   |   |   |  |   | 0  |
| LA | 2023 | 2  |   |   |   |  |   | 2  |
|    | 2024 | 2  |   |   |   |  |   | 2  |
|    | 2025 | 2  |   |   |   |  |   | 2  |
| MA | 2023 | 8  |   |   |   |  |   | 8  |
|    | 2024 | 8  | 1 |   |   |  |   | 9  |
|    | 2025 | 9  |   |   | 1 |  |   | 8  |
| MD | 2023 | 3  |   |   |   |  |   | 3  |
|    | 2024 | 3  |   |   |   |  |   | 3  |
|    | 2025 | 3  | 1 |   |   |  |   | 4  |
| ME | 2023 | 1  |   |   |   |  |   | 1  |
|    | 2024 | 1  |   |   |   |  |   | 1  |
|    | 2025 | 1  |   |   |   |  |   | 1  |
| MI | 2023 | 6  | 1 | 1 |   |  | 1 | 5  |
|    | 2024 | 5  |   |   |   |  |   | 5  |
|    | 2025 | 5  |   |   |   |  |   | 5  |

|    |      |    |   |   |   |  |   |    |
|----|------|----|---|---|---|--|---|----|
| MN | 2023 | 5  |   |   |   |  |   | 5  |
|    | 2024 | 5  |   |   |   |  |   | 5  |
|    | 2025 | 5  |   |   |   |  |   | 5  |
| MO | 2023 | 5  |   | 1 |   |  | 1 | 3  |
|    | 2024 | 3  |   |   |   |  |   | 3  |
|    | 2025 | 3  |   |   |   |  | 1 | 2  |
| MS | 2023 | 3  |   | 1 |   |  |   | 2  |
|    | 2024 | 2  |   |   |   |  |   | 2  |
|    | 2025 | 2  |   |   |   |  |   | 2  |
| NC | 2023 | 15 | 2 | 1 |   |  | 2 | 14 |
|    | 2024 | 14 |   |   |   |  | 3 | 11 |
|    | 2025 | 11 | 1 |   |   |  | 1 | 11 |
| ND | 2023 | 0  |   |   |   |  |   | 0  |
|    | 2024 | 0  |   |   |   |  |   | 0  |
|    | 2025 | 0  |   |   |   |  |   | 0  |
| NE | 2023 | 2  |   |   |   |  |   | 2  |
|    | 2024 | 2  | 1 |   |   |  |   | 3  |
|    | 2025 | 3  |   |   |   |  |   | 3  |
| NH | 2023 | 1  |   |   |   |  |   | 1  |
|    | 2024 | 1  |   |   |   |  | 1 | 0  |
|    | 2025 | 0  |   |   |   |  |   | 0  |
| NJ | 2023 | 6  |   | 1 |   |  |   | 5  |
|    | 2024 | 5  |   | 1 |   |  |   | 4  |
|    | 2025 | 4  |   |   |   |  |   | 4  |
| NM | 2023 | 1  |   |   |   |  |   | 1  |
|    | 2024 | 1  | 1 |   |   |  |   | 2  |
|    | 2025 | 2  |   |   |   |  |   | 2  |
| NV | 2023 | 5  |   |   |   |  | 1 | 4  |
|    | 2024 | 4  |   |   |   |  |   | 4  |
|    | 2025 | 4  | 1 |   |   |  |   | 5  |
| NY | 2023 | 14 |   |   |   |  |   | 14 |
|    | 2024 | 14 | 1 |   | 2 |  | 1 | 12 |
|    | 2025 | 12 |   |   |   |  | 1 | 11 |
| OH | 2023 | 9  |   |   |   |  |   | 9  |
|    | 2024 | 9  |   |   |   |  | 1 | 8  |
|    | 2025 | 8  |   |   | 1 |  | 1 | 6  |

|    |      |    |   |   |   |  |   |    |
|----|------|----|---|---|---|--|---|----|
| OK | 2023 | 9  |   | 1 |   |  | 1 | 7  |
|    | 2024 | 7  | 1 | 1 |   |  | 1 | 6  |
|    | 2025 | 6  |   | 1 | 1 |  |   | 4  |
| OR | 2023 | 2  |   |   |   |  |   | 2  |
|    | 2024 | 2  |   |   |   |  |   | 2  |
|    | 2025 | 2  |   |   |   |  |   | 2  |
| PA | 2023 | 17 |   | 1 |   |  |   | 16 |
|    | 2024 | 16 | 1 |   |   |  |   | 17 |
|    | 2025 | 17 |   |   |   |  |   | 17 |
| SC | 2023 | 4  |   |   |   |  |   | 4  |
|    | 2024 | 4  |   |   |   |  |   | 4  |
|    | 2025 | 4  |   |   |   |  |   | 4  |
| SD | 2023 | 1  |   |   |   |  |   | 1  |
|    | 2024 | 1  | 1 |   |   |  | 1 | 1  |
|    | 2025 | 1  |   |   |   |  |   | 1  |
| TN | 2023 | 4  |   |   |   |  |   | 4  |
|    | 2024 | 4  |   | 1 |   |  |   | 3  |
|    | 2025 | 3  | 2 |   |   |  |   | 5  |
| TX | 2023 | 39 |   | 3 |   |  | 3 | 33 |
|    | 2024 | 33 | 2 | 3 | 3 |  |   | 29 |
|    | 2025 | 29 | 6 | 3 | 1 |  | 2 | 29 |
| UT | 2023 | 3  |   |   |   |  | 1 | 2  |
|    | 2024 | 2  | 1 |   |   |  |   | 3  |
|    | 2025 | 3  |   | 1 |   |  |   | 2  |
| VA | 2023 | 4  |   |   |   |  |   | 4  |
|    | 2024 | 4  | 1 |   |   |  |   | 5  |
|    | 2025 | 5  |   |   |   |  |   | 5  |
| VT | 2023 | 1  |   |   |   |  |   | 1  |
|    | 2024 | 1  |   |   |   |  | 1 | 0  |
|    | 2025 | 0  |   |   |   |  |   | 0  |
| WA | 2023 | 4  |   |   |   |  |   | 4  |
|    | 2024 | 4  | 2 |   |   |  |   | 6  |
|    | 2025 | 6  |   |   |   |  |   | 6  |
| WI | 2023 | 1  |   |   |   |  |   | 1  |
|    | 2024 | 1  |   |   |   |  |   | 1  |
|    | 2025 | 1  |   |   |   |  |   | 1  |



|              |             |            |           |           |          |          |           |            |
|--------------|-------------|------------|-----------|-----------|----------|----------|-----------|------------|
| PR           | 2023        | 1          |           |           |          |          |           | 1          |
|              | 2024        | 1          |           |           |          |          |           | 1          |
|              | 2025        | 1          |           |           |          |          |           | 1          |
| <b>Total</b> | <b>2023</b> | <b>299</b> | <b>6</b>  | <b>15</b> | <b>2</b> | <b>0</b> | <b>13</b> | <b>275</b> |
|              | <b>2024</b> | <b>275</b> | <b>23</b> | <b>9</b>  | <b>6</b> | <b>0</b> | <b>16</b> | <b>267</b> |
|              | <b>2025</b> | <b>267</b> | <b>16</b> | <b>10</b> | <b>6</b> | <b>0</b> | <b>11</b> | <b>256</b> |

Note: 2025 Details for Terminations, Non-Renewals, Reacquired by Franchisor, and Ceased Operations for Other Reasons can be found in Exhibit B.

#### **TABLE NO. 4**

#### **Status of Company-Owned Outlets For Fiscal Years Ended July 31, 2023, 2024 and 2025**

| <b>State</b> | <b>Year</b> | <b>Outlets At<br/>Start Of<br/>Year</b> | <b>Outlets<br/>Opened</b> | <b>Outlets Re-<br/>Acquired From<br/>Franchisees</b> | <b>Outlets<br/>Closed</b> | <b>Outlets Sold<br/>To<br/>Franchisees</b> | <b>Outlets At<br/>End Of<br/>Year</b> |
|--------------|-------------|---|---------------------------|--|---------------------------|--|---------------------------------------|
| NM           | 2023        | 1                                       | 0                         | 0  | 1                         | 0  | 0                                     |
|              | 2024        | 0                                       | 0                         | 0  | 0                         | 0  | 0                                     |
|              | 2025        | 0                                       | 0                         | 0  | 0                         | 0  | 0                                     |
| NV           | 2023        | 2                                       | 0                         | 0  | 0                         | 0  | 2                                     |
|              | 2024        | 2                                       | 0                         | 0  | 2                         | 0  | 0                                     |
|              | 2025        | 0                                       | 0                         | 0  | 0                         | 0  | 0                                     |
| TX*          | 2023        | 8                                       | 0                         | 0  | 0                         | 0  | 8                                     |
|              | 2024        | 8                                       | 0                         | 0  | 1                         | 0  | 7                                     |
|              | 2025        | 7                                       | 0                         | 0  | 0                         | 0  | 7                                     |
| <b>Total</b> | <b>2023</b> | <b>11</b>                               | <b>0</b>                  | <b>0</b>   | <b>1</b>                  | <b>0</b>                                   | <b>10</b>                             |
|              | <b>2024</b> | <b>10</b>                               | <b>0</b>                  | <b>0</b>   | <b>3</b>                  | <b>0</b>                                   | <b>7</b>                              |
|              | <b>2025</b> | <b>7</b>                                | <b>0</b>                  | <b>0</b>   | <b>0</b>                  | <b>0</b>                                   | <b>7</b>                              |

We have been in the fastener, chemical, industrial, automotive and maintenance supply business since March 2012. Our parent, WC, has been in the fastener and maintenance supply business since 1977, and granted franchises from 1991 to February 2012. We occasionally acquire existing businesses whose principal does not wish to operate a franchise. We operate the businesses under the same general terms and conditions as a franchised business, and may operate the businesses under trade names that generally incorporate the WINZER trade name into the business name. We may offer these businesses for resale as franchised businesses in the future.

\*WC owns all of the outlets in Table 4 above. The 7 outlets in Texas have all been re-branded under the FastServ Supply® trademark. You may use the FastServ® trademark, but not the FastServ Supply® trademark.

**TABLE NO. 5**

**Projected Openings as of July 31, 2025**

| <b>State</b> | <b>Franchise Agreements Signed But Outlet Not Opened as of July 31, 2025</b> | <b>Projected New Franchised Outlets in Fiscal Year Ended July 31, 2026</b> | <b>Projected New Company-Owned Outlets in Fiscal Year Ended July 31, 2026</b> |
|--------------|--|--|---|
| All States   | 0  | 0  | 0   |
| <b>Total</b> | <b>0</b>   | <b>0</b>   | <b>0</b>  |

All numbers in the Tables 1-5 above are as of July 31, 2023, 2024 and 2025, our fiscal year ends.

Exhibit A includes a list of the names of the franchisee names (if applicable), outlet business addresses and telephone numbers of our franchisees, and also includes a list of company-owned outlets, as of July 31, 2025.

Exhibit B is a list of the names, cities and states, and current business telephone numbers (or if unknown, last known home telephone numbers) of our franchisees whose franchises, in our fiscal year ended July 31, 2025, were transferred (0), terminated (10), not renewed (6), or reacquired by us (0), or who ceased operations for other reasons (11). No franchisees failed to communicate with us within 10 weeks of the issuance date of this disclosure document.

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

There are no trademark-specific franchisee organizations associated with the franchise system.

No current or former franchisees have signed confidentiality clauses with during our last 3 fiscal years which would restrict them from speaking openly with you about their experience with us.

**Item 21**

**FINANCIAL STATEMENTS**

Exhibit D includes a copy of GradeEight's guarantee of our performance under the franchise agreement.

Exhibit E includes GradeEight's consolidated audited financial statements for the fiscal years ended July 31, 2023, 2024 and 2025. Also included in Exhibit E are GradeEight's unaudited financial statements as of August 31, 2025.

## **Item 22**

### **CONTRACTS**

Exhibit C includes our franchise agreement, state riders, and Attachment 1 – Initial Protected Customers.

Exhibit H includes the current form of Permitted Representative Agreement.

Exhibit I includes a sample General Release.

Exhibit J includes a Franchisee Disclosure Acknowledgment Statement.

## **Item 23**

### **RECEIPTS**

Exhibit L includes detachable Receipts acknowledging your receipt of this disclosure document.

## **ADDENDUM TO DISCLOSURE DOCUMENT FOR USE IN CALIFORNIA**

1. Item 3 is modified to add the following paragraph:

No person named in Item 2 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, 15 U.S.C.A. 78a et seq., suspending or expelling that person from membership in such association or exchange.

2. Item 17 is amended to add:

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.

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).

The franchise agreement requires binding arbitration. The arbitration will occur Collin County, Texas with the costs being borne by the prevailing party.

The franchise agreement requires litigation to be conducted in Collin County, Texas. This provision might not be enforceable for any cause of action arising under California law.

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.

The franchise agreement requires application of the laws of the State of Texas. This provision might not be enforceable under California law.

3. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

4. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by

rule or order require, before a solicitation of a proposed material modification of an existing franchise.

**5. Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.**

6. OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

7. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

8. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **ADDENDUM TO DISCLOSURE DOCUMENT FOR USE IN HAWAII**

- (1) Item 1 is amended to add the following:

The name and address of our agent in this state authorized to receive service of process is: the Commissioner of Securities of the Department of Commerce and Consumer Affairs, 335 Merchant Street, Honolulu, Hawaii 96813.

- (2) Item 17, Summary column for (i) is amended to add the following:

Under Hawaii law, on termination or refusal to renew the franchise, you are entitled to be compensated for the fair market value, at the time of the termination or expiration of the franchise, of your inventory, supplies, equipment and furnishings purchased from us or a supplier we designated; except that personalized materials that have no value to us need not be compensated for. If we refuse to renew the franchise for the purpose of converting your business to one we own and operate, we, in addition to the remedies described above, will compensate you for the loss of goodwill. We may deduct from the compensation reasonable costs incurred in removing, transporting and disposing of your inventory, supplies, equipment and furnishings under this requirement, and may offset from the compensation any moneys you owe us.

- (3) Item 20 is amended to add the following:

Registrations are effective for these franchises in the states of California, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, Rhode Island, Texas, Utah, Virginia, Washington, and Wisconsin.

Proposed registrations or filings for these franchises are or will be shortly on file in no other state.

No states have refused, by order or otherwise, to register these franchises.

No states have revoked or suspended the right to offer these franchises.

There are no states in which a proposed registration of these franchises has been withdrawn.

- (4) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **HAWAII DISCLAIMER**

**THESE FRANCHISES WILL BE OR 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 DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

Registered agent in Hawaii authorized to receive service of process:

Commissioner of Securities  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street  
Honolulu, HI 96813

## ADDENDUM TO DISCLOSURE DOCUMENT FOR USE IN ILLINOIS

Illinois law governs the franchise agreement.

All initial fees and payments owed by you shall be deferred until the franchisor has satisfied its pre-opening obligations to you and you have commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to the franchisor's financial condition.

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 of an agreement 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.

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the franchisor and its affiliates.

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



## **ADDENDUM TO DISCLOSURE DOCUMENT FOR USE IN MARYLAND**

- (1) Item 5 of this disclosure document is modified to add the following:

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

- (2) Item 17 of this disclosure document is modified to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought in 3 years after the grant of the franchise.

- (3) Item 17 of this disclosure document, under the Summary column of part (f) , is modified to state that provisions allowing termination on bankruptcy may not be enforceable under the federal bankruptcy law (11 U.S.C. Section 101 et seq.).

- (4) Item 17 of this disclosure document, under the Summary column of part (m), is modified to state that the general release required as a condition of renewal, sale, and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

- (5) Item 17 of this disclosure document, under the Summary column of part (v), is modified to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

- (6) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 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.

## **ADDENDUM TO DISCLOSURE DOCUMENT FOR USE IN MINNESOTA**

(1) Item 17 of this disclosure document is modified to include the following language after “general release” in the Summary column of parts (c), (m) and (p):

(for claims except those arising under the Minnesota Franchise Act)

(2) Item 17 of this disclosure document is modified to include the following paragraphs:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stats. Sec 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this disclosure document or the franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(3) The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

(4) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **ADDENDUM TO DISCLOSURE DOCUMENT FOR USE 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 SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21 ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any

national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our sole discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in the good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **ADDENDUM TO DISCLOSURE DOCUMENT FOR USE IN NORTH DAKOTA**

1. The Summary column of Item 17(c) of this Disclosure Document is modified to read as follows:

You may renew your franchise, subject to Winzer approving the location of your business during the renewal period, if you: give advance written notice of intent to renew; sign then-current form of operating agreement; have complied with modernization and replacement provisions; have been in good standing for at least 6 months; have right to maintain possession; pay renewal fee; and sign (together with each Principal Owner) general release, except as to claims arising under the North Dakota Franchise Investment Law.

2. The Summary column of Item 17(r) of this Disclosure Document is modified by adding the following sentence:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

3. The Summary column of Item 17(u) of this Disclosure Document is amended by adding the following sentences:

Under North Dakota law, if applicable, the site of arbitration must be agreeable to all parties and may not be remote from your place of business.

4. The Summary column of Item 17(v) of this Disclosure Document is amended to read as follows:

North Dakota law, if applicable, prohibits us from requiring you to consent to the jurisdiction of courts outside North Dakota, including courts in Texas.

5. The Summary column of Item 17(w) of this Disclosure Document is modified to read as follows:

If North Dakota law applies, the law of North Dakota.

6. If North Dakota law applies, we are prohibited from requiring you to waive trial by jury for any claims arising under North Dakota law.

7. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **ADDENDUM TO DISCLOSURE DOCUMENT FOR USE IN RHODE ISLAND**

Item 17, Summary columns for (u), (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.



8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Non solicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Item 5 is amended to add:

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

**ADDENDUM TO DISCLOSURE DOCUMENT FOR USE IN INDIANA, MICHIGAN,  
SOUTH DAKOTA, VIRGINIA AND WISCONSIN**

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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.

**EXHIBIT A**

**FRANCHISEES**  
**(AS OF JULY 31, 2025)**

| FRANCHISEE       | ADDRESS                       |                        |    |       | PHONE NUMBER   |
|------------------|-------------------------------|------------------------|----|-------|----------------|
| Bryan Rainwater  | 1912 Hwy 278 E                | Cullman                | AL | 35055 | (256) 339-4629 |
| Mike Everett     | 529 County Rd. 928            | Delta                  | AL | 36258 | (256) 239-9043 |
| Jim Runyans      | P.O. Box 1934                 | Pell City              | AL | 35125 | (205) 420-1527 |
| Hollis Sellew    | 12853 Woodhaven Dairy Rd West | Silverhill             | AL | 36576 | (251) 752-2175 |
| Keith Schmidt    | PO Box 3193                   | Batesville             | AR | 72503 | (501) 940-9959 |
| Mike Brenner     | P.O. Box 964                  | Mabelvale              | AR | 72103 | (501) 960-9608 |
| Dan Gutzwiller   | 4460 E Navajo Drive           | Cottonwood             | AZ | 86326 | (928) 853-5990 |
| Cal Evatt        | 1128 E. Silverwood Dr         | Phoenix                | AZ | 85048 | (480) 390-9681 |
| Ron Halmekangas  | 35021 N 12th St               | Phoenix                | AZ | 85086 | (480) 352-9119 |
| Fred Auer        | 35404 N. 87th Place           | Scottsdale             | AZ | 85266 | (480) 686-6500 |
| Joe Barnard      | 3231 N El Camino Rinconado    | Tucson                 | AZ | 85749 | (520) 907-4778 |
| Dave Duffy       | 10253 Nevada Ave              | Chatsworth             | CA | 91311 | (818) 216-5450 |
| Oscar Buttner    | 4835 Sapphire Road            | Chino Hills            | CA | 91709 | (714) 322-4885 |
| Ken Peterson     | 725 Mission Avenue            | Chula Vista            | CA | 91910 | (619) 838-6232 |
| Michael Ross     | 1884 Winrow Rd                | El Cajon               | CA | 92021 | (619) 647-7992 |
| Thomas Mulhall   | 722 Bounty Dr Apt 2213        | Foster City            | CA | 94404 | (415) 519-6023 |
| Tony Maiorana    | 1412 Countrywood Ave #86      | Hacienda Heights       | CA | 91745 | (626) 893-9363 |
| Morrie Lew       | 4575 W. 120th St.             | Hawthorne              | CA | 90250 | (310) 613-7997 |
| Barry Glosser    | 18681 Spyglass Rd             | Hidden Valley Lake     | CA | 95467 | (707) 478-8974 |
| Steve Bassett    | 7255 Hard Scramble Trails     | Julian                 | CA | 92036 | (760) 521-8722 |
| Corinne Baker    | 5575 Lake Park Way Ste 100-13 | La Mesa                | CA | 91942 | (619) 670-7600 |
| Ron Espinosa     | 926 Avenida Mojorca Unit N    | Laguna Woods           | CA | 92637 | (949) 874-6059 |
| Ethan Slapinski  | 209 Chesley Ct                | Lincoln                | CA | 95648 | (916) 862-1387 |
| Kirk Minor       | 28 Falcon Ave                 | Long Beach             | CA | 90802 | (562) 833-0380 |
| Jim Jones        | 13157 Mindanao Way #15        | Marina Del Rey         | CA | 90292 | (310) 717-7436 |
| Jaime Sanchez    | 27757 Aspel Rd Unit 1118      | Menifee                | CA | 92585 | (951) 529-0842 |
| Smokey Dawson    | PO Box 177                    | Mira Loma              | CA | 91752 | (714) 350-9840 |
| Brian Maltby     | 40055 Temecky Way             | Murrieta               | CA | 92562 | (760) 736-0010 |
| Curt Hill        | 24433 Wayman St.              | Newhall                | CA | 91321 | (818) 399-7105 |
| Mac Shamieh      | 18910 Mayall St               | Northridge             | CA | 91324 | (818) 636-3179 |
| Tim Hyland       | 64 Crissy Place               | Novato                 | CA | 94949 | (707) 318-9833 |
| Sean Holabird    | 5647 Beauregard Way           | Orangevale             | CA | 95662 | (916) 295-7714 |
| Kevin Herrera    | 917 Inverness Dr.             | Paso Robles            | CA | 93446 | (805) 704-6829 |
| Tiffany Pate     | 826 Mimosa Creek Lane         | Ramona                 | CA | 92065 | (760) 840-7436 |
| Bill Keller      | 23 Las Cruces                 | Rancho Santa Margarita | CA | 92688 | (949) 599-6750 |
| John Witherspoon | 702 Calle Casita              | San Clemente           | CA | 92673 | (949) 246-8207 |
| Tom DeLeone      | 5421 Camino Mojado            | San Clemente           | CA | 92673 | (949) 614-3750 |

## EXHIBIT A

| FRANCHISEE                      | ADDRESS                  |                   |    |       | PHONE NUMBER   |
|---------------------------------|--------------------------|-------------------|----|-------|----------------|
| Eric Kay                        | 6086 Crawford St         | San Diego         | CA | 95120 | (619) 770-7899 |
| Bob Jackson                     | 6310 Mayo Drive          | San Jose          | CA | 95123 | (408) 482-5563 |
| Larry Arnold                    | 1316 Echo Valley Drive   | San Jose          | CA | 95120 | (408) 997-0538 |
| Shawn Farrow                    | 10826 Easthaven Court    | Santee            | CA | 92071 | (619) 200-0427 |
| Ramiro Rocha                    | 649 Ventura Drive        | Soledad           | CA | 93960 | (408) 667-3768 |
| Ed Rawlings                     | 770 Kilkare Road         | Sunol             | CA | 94586 | (510) 681-8554 |
| Bret Fiege                      | 690 Fawn Glen Drive      | Tracy             | CA | 95376 | (415) 385-9804 |
| Jeff Finkelstein                | 1320 Glenavon Avenue     | Venice            | CA | 90291 | (818) 472-8222 |
| Mike Kalicki                    | 35817 Rhone Ln           | Winchester        | CA | 92596 | (760) 250-9119 |
| Dana Hislop                     | 4819 Topanga Canyon Blvd | Woodland Hills    | CA | 91364 | (818) 585-1747 |
| Scott Brown                     | PO Box 3508              | Grand Junction    | CO | 81502 | (916) 803-0432 |
| Jeff Hruby                      | 11835 E Fair Ave         | Greenwood Village | CO | 80111 | (303) 668-8431 |
| Paul Callanan                   | 302 East Cleveland       | Lafayette         | CO | 80026 | (720) 890-4304 |
| Bernie O'Donnell                | 205 Castle Road          | Bristol           | CT | 06010 | (860) 250-8974 |
| Frank Guerrera                  | 205 Countryside Dr.      | Rocky Hill        | CT | 06067 | (860) 808-6244 |
| Danny Townsend                  | 15 Welington Rd          | Wilmington        | DE | 19803 | (302) 290-2028 |
| Candace Miranda                 | 3850 NE 86th LN          | Anthony           | FL | 32617 | (419) 345-8284 |
| Larry Preston                   | 7414 SE 114th LN         | Bellevue          | FL | 34420 | (352) 895-0472 |
| Terry Madden                    | 2107 St. Andrews Dr      | Cantonment        | FL | 32533 | (850) 324-9466 |
| Terri Adams                     | 340 Lake Kathryn         | Casselberry       | FL | 32707 | (407) 620-5301 |
| Randy Aronson                   | 5935 SW 113th Ave        | Cooper City       | FL | 33330 | (954) 347-3028 |
| Frank Morrissey                 | 18 Dalewood Dr           | DeBary            | FL | 32713 | (347) 863-6426 |
| John Jefferys                   | 12882 Ivory Stone Loop   | Ft Myers          | FL | 33913 | (808) 870-8294 |
| Frank Perez                     | 4023 Northwest 87th Ave  | Hollywood         | FL | 33024 | (954) 483-5183 |
| Dave Woodruff                   | 3786 Eagle Isle Circle   | Kissimmee         | FL | 34746 | (803) 422-5352 |
| Michele Thompson                | 2641 Reagan Trail        | Lake Mary         | FL | 32746 | (321) 231-5665 |
| Alex Bruhn                      | 2988 Gilford Way         | Naples            | FL | 34119 | (239) 595-7362 |
| Rose Corso                      | 461 Granada Street       | New Smyrna Beach  | FL | 32169 | (386) 566-4393 |
| Aaron Safford                   | 6526 Sugarbush Drive     | Orlando           | FL | 32819 | (407) 222-1059 |
| Michael James                   | 3727 East Esther         | Orlando           | FL | 32812 | (407) 340-1565 |
| Jonathan Iser                   | 775 Fruit Cove           | Saint Johns       | FL | 32259 | (386) 983-1391 |
| Karen Rappaport                 | 4400 Baycedar Ln         | Sarasota          | FL | 34241 | (941) 232-3331 |
| Andy Spetalnick                 | 304 Polaris Drive        | Satellite Beach   | FL | 32937 | (770) 842-6853 |
| Vince Blank                     | 12536 Wildebeest Way     | Spring Hill       | FL | 34610 | (813) 924-5598 |
| Larry Andrews                   | 13326 Moran Drive        | Tampa             | FL | 33618 | (813) 215-3027 |
| Kathy Figgis                    | 4153 Montegrappa Way     | Wesley Chapel     | FL | 33543 | (203) 209-0008 |
| Jerry LaPointe                  | 175 Lake Meryl Dr        | West Palm Beach   | FL | 33411 | (954) 292-0491 |
| Giedre Ganatauskaite - Carrillo | 1423 Capri Lane Apt 3901 | Weston            | FL | 33326 | (954) 918-8555 |
| Rod Witt                        | 304 Winston Falls Ct     | Canton            | GA | 30114 | (404) 519-9417 |

## EXHIBIT A

| FRANCHISEE           | ADDRESS                       |                  |    |       | PHONE NUMBER   |
|----------------------|-------------------------------|------------------|----|-------|----------------|
| Teddy O'Kelley       | 1735 Hwy 98 East              | Danielsville     | GA | 30633 | (706) 318-0371 |
| Lee Davenport        | 1477 Pate Rd                  | Juliette         | GA | 31046 | (478) 972-5277 |
| Chris Whittle        | 315 Bell Rd                   | LaFayette        | GA | 30728 | (423) 693-5014 |
| Teresa (Clay) Adkins | 210 Old Pond Road             | LaGrange         | GA | 30241 | (706) 302-1321 |
| John Counts          | 5269 Luthersville Rd          | Luthersville     | GA | 30251 | (678) 972-9767 |
| Aundi Prather        | 63 South Bethany Rd.          | McDonough        | GA | 30252 | (678) 449-9003 |
| Michael Brennan      | 599 Toccoa River Forest Lane  | Mineral Bluff    | GA | 30559 | (706) 455-0411 |
| Robin Neal           | 1614 Glade Creek Parkway      | Mt Airy          | GA | 30563 | (706) 968-9487 |
| Troy Cantrell        | 6392 Yellow Creek Rd          | Murrayville      | GA | 30564 | (770) 287-5439 |
| Kerry Henson         | 95 Kelley Lane Terrace        | Newnan           | GA | 30265 | (678) 618-2366 |
| Justin Sprinkle      | 1509 Cove Creek Circle        | Norcross         | GA | 30093 | (912) 344-5513 |
| Kenneth Belk         | 43 Fiddlers Ct                | Savannah         | GA | 31419 | (912) 658-3687 |
| Dennis Farmer        | 706 Scruggs St                | Waycross         | GA | 31501 | (912) 617-0200 |
| Gary Hendershot      | 87-1080 Huamoa St             | Waianae          | HI | 96792 | (808) 630-4719 |
| Dan Christensen      | 2200 E. Oakridge St.          | Boise            | ID | 83716 | (208) 761-5799 |
| Nick Mastro          | 886 Pine Hill Dr              | Antioch          | IL | 60002 | (224) 715-3542 |
| Kelle Mulligan       | 713 N Dixon Ave               | Dixon            | IL | 61021 | (815) 378-5821 |
| Mark Demian          | 2408 E 2350th Rd              | Marsellies       | IL | 61341 | (815) 258-1572 |
| Dale VanDerVliet     | 11627 East Gregg Blvd.        | Momence          | IL | 60954 | (815) 353-3136 |
| Sean Mulligan        | 201 Nancy Street              | Mount Morris     | IL | 61054 | (815) 289-0421 |
| Melissa Nelson       | 7748 W. Winona St             | Norridge         | IL | 60706 | (847) 207-0156 |
| Mike Low             | 412 E Kyle                    | Ogden            | IL | 61859 | (217) 369-0382 |
| Tony Rubens          | 333 Busse Hwy, POBox 42       | Park Ridge       | IL | 60068 | (312) 218-6606 |
| Derrick Michaels     | 2408 28th St                  | Rock Island      | IL | 61201 | (309) 314-7838 |
| Mark Poynor          | 115 W. Main Street, Suite 200 | W Dundee         | IL | 60118 | (847) 494-6290 |
| Bill Leonard         | 108 E. Burlington Ave.        | Westmont         | IL | 60559 | (630) 247-7173 |
| Krysta Buckner       | 7815 Inverness Glens Dr       | Fort Wayne       | IN | 46804 | (260) 267-8994 |
| Mark Hupfer          | 2489 Turning Tree Drive       | Nashville        | IN | 47448 | (317) 502-6214 |
| David Helton         | 2608 North 28th Street        | Terre Haute      | IN | 47804 | (812) 230-4869 |
| Charles Cox          | 4254 N Eagle Lake Ct          | Bel Aire         | KS | 67220 | (316) 570-4223 |
| Craig Simon          | 15831 Kenneth Rd.             | Stanley          | KS | 66224 | (816) 679-4956 |
| Marvin Chrisman      | 400 S. Grove St               | Yates Center     | KS | 66783 | (316) 833-6656 |
| Ed Price             | PO Box 126                    | Ama              | LA | 70031 | (504) 415-8412 |
| Tim Matthews         | 30070 Oak Shadow Dr           | Walker           | LA | 70785 | (225) 921-1348 |
| Tim Gould            | 740 Maple Road                | Longmeadow       | MA | 01106 | (413) 427-3109 |
| Mike Corbett         | PO Box 853                    | Marlborough      | MA | 01752 | (508) 361-8269 |
| Gus Pinto            | 2 Perkins Ln                  | Mattapoissett    | MA | 02739 | (508) 509-4967 |
| Maryanne Thurrott    | 150 Mystic St                 | Medford          | MA | 02155 | (781) 690-6652 |
| Ken Powtak           | 828 Walnut Street             | Newton           | MA | 02459 | (617) 784-8806 |
| Steve Gendron        | 879 Front Street              | So. Weymouth     | MA | 02190 | (617) 901-1482 |
| Richard Harris       | 270 South Street              | W<br>Bridgewater | MA | 02379 | (508) 561-0142 |

## EXHIBIT A

| FRANCHISEE           | ADDRESS                     |                 |    |       | PHONE NUMBER   |
|----------------------|-----------------------------|-----------------|----|-------|----------------|
| Steven Ellis         | 65 Whitney Ave              | Westwood        | MA | 02090 | (781) 589-5999 |
| James Matteo         | 136 Carvel Beach Rd         | Carvel Beach    | MD | 21226 | (443) 854-2931 |
| Donna Hughes         | 29799 Apple Drive           | Cordova         | MD | 21625 | (443) 786-2291 |
| Kevin DiMisa         | 6171 Osprey Ridge Dr        | Mt. Airy        | MD | 21771 | (240) 441-7487 |
| Bob Chapman          | 2607 Clarion Court #102     | Odenton         | MD | 21113 | (301) 351-5149 |
| Don Monk             | 39 Walker Hill Road         | Temple          | ME | 04984 | (207) 491-1828 |
| Phil Spiess          | 6731 Campau Lake Dr         | Alto            | MI | 49302 | (616) 446-9070 |
| Todd Coy             | 4129 Crandall Rd.           | Howell          | MI | 48855 | (517) 861-0399 |
| Monica Bethuy        | 7575 Shea Rd                | Ira             | MI | 48023 | (586) 256-4190 |
| Bob Lutz             | 1761 Parish Rd              | Kawkawlin       | MI | 48631 | (989) 460-7720 |
| Rick Dobberstein     | 3729 East Territorial Road  | Pleasant Lake   | MI | 49272 | (517) 740-4035 |
| Jim Etterman         | 1350 Hillview Forest Road N | East Gull Lake  | MN | 56401 | (320) 267-6679 |
| Barry Kline          | 2430 Lamplighter Lane       | Golden Valley   | MN | 55422 | (612) 720-5907 |
| Dominic Minor        | 4601 13th Ave S             | Minneapolis     | MN | 55407 | (763) 742-4200 |
| Ken Christen         | 740 N. 27th Avenue          | St. Cloud       | MN | 56303 | (320) 266-1330 |
| Jerry Larson         | 11411 Ferman Avenue SW      | Waverly         | MN | 55390 | (612) 701-9398 |
| Kevin Tomc           | 6911 North Hardesty Ave     | Kansas City     | MO | 64119 | (816) 665-9875 |
| Lloyd Pierson        | P.O. Box 538                | Lamar           | MO | 64759 | (417) 437-2714 |
| Mike Watson          | 366 West Petross            | Pearl           | MS | 39208 | (601) 672-2771 |
| Elizabeth Webb       | 105 Hawthorne Ridge         | Ridgeland       | MS | 39157 | (601) 506-2709 |
| Vince Nelson         | 157 Bay Dr                  | Chocowinity     | NC | 27817 | (252) 347-2680 |
| John Trundle         | 276 Benning Cir             | Clayton         | NC | 27527 | (919) 796-9553 |
| Darren Neely         | 4403 Parker Ct              | Farmville       | NC | 27828 | (252) 413-9467 |
| Donat Roux           | 301 Brantwood Drive         | Goldsboro       | NC | 27534 | (919) 344-3457 |
| Jim Faulkwell        | 7304 Brittney Lane          | Kenly           | NC | 27542 | (252) 363-2837 |
| Michael LeFlore      | 532 Foxfield Lane           | Matthews        | NC | 28105 | (704) 408-6411 |
| Meg Denton           | 1508 Cedar Pointe Dr        | Mebane          | NC | 27302 | (336) 263-8337 |
| Ernest (Algie) Jones | 1918 Algie Road             | Nashville       | NC | 27856 | (252) 885-0686 |
| Kirk Hager           | 107 Brookmead Drive         | Statesville     | NC | 28625 | (704) 657-7819 |
| Lee Haywood          | 7203 Mackintosh Place       | Summerfield     | NC | 27358 | (336) 339-3286 |
| Randall Spiva        | 4871 Friendship-Ledford Rd  | Winston-Salem   | NC | 27107 | (336) 978-6006 |
| Angela Hulse         | 515 University St           | Hastings        | NE | 68901 | (402) 469-2776 |
| Mark Foglesong       | 9300 Benziger Drive         | Lincoln         | NE | 68526 | (402) 430-4013 |
| Tim Shriver          | 11715 Jackson Road          | Omaha           | NE | 68154 | (402) 630-0603 |
| Joe Vandergrift      | 116 West Linden Ave         | Lindewold       | NJ | 08021 | (609) 502-8738 |
| Rod Glockner         | 538 Waterside Blvd          | Monroe Township | NJ | 08831 | (201) 314-8334 |
| Mary Mongiardini     | 15 Intercoastal Way         | Point Pleasant  | NJ | 08742 | (732) 245-9710 |
| Greg Petersen        | 438 Westwood Dr             | West Deptford   | NJ | 08096 | (484) 354-8669 |
| Cipriano Anaya       | 1505 N Catherine Dr.        | Hobbs           | NM | 88240 | (575) 361-8565 |
| Mark Mares           | 1628 22nd Ave SE            | Rio Rancho      | NM | 87124 | (505) 450-8489 |

# EXHIBIT A

| FRANCHISEE          | ADDRESS                                 |                 |    |       | PHONE NUMBER   |
|---------------------|---|-----------------|----|-------|----------------|
| Drew Rega           | 452 E Silverado Ranch Blvd PMB 346      | Las Vegas       | NV | 89183 | (253) 431-3676 |
| Annette Scaldeferri | 126 Chatara Way                         | Las Vegas       | NV | 89148 | (702) 845-3515 |
| Russ Ramsey         | 7320 Smoke Ranch Rd. Unit #E            | Las Vegas       | NV | 89128 | (702) 232-0717 |
| Craig Morrill       | 3690 Greenfield Lakes St                | Las Vegas       | NV | 89122 | (702) 480-7670 |
| Dave Gieseke        | 1756 IRONWOOD DR                        | Minden          | NV | 89423 | (510) 418-6291 |
| Timothy Rogers      | P O Box 23                              | Alton           | NY | 14413 | (585) 739-0542 |
| Joseph Lufkin       | 19 Kinney Road                          | Argyle          | NY | 12809 | (518) 361-9981 |
| Mark Surman         | 94 West Ave                             | Arkport         | NY | 14807 | (585) 770-0841 |
| Jim Pulver          | 14 Holiday Harbour                      | Canandaigua     | NY | 14424 | (585) 455-8052 |
| Mike Dantone        | 1018 Commack Rd                         | Dix Hills       | NY | 11746 | (631) 877-2293 |
| Bruce Hylen         | 106 Woodberry Lane                      | Fayetteville    | NY | 13066 | (315) 523-0168 |
| Dave Ringel         | 98 Perrine Pike                         | Hillsborough    | NY | 08844 | (908) 334-7701 |
| Rich Ramoska        | 75 Smith Street                         | Lake Grove      | NY | 11755 | (631) 379-3753 |
| Chris DiMaggio      | c/o Joe Dimaggio 98 Riverside Dr Apt 4A | New York        | NY | 10024 | (631) 421-4545 |
| Manny Rodriguez     | 142 Smith Street                        | Peekskill       | NY | 10566 | (914) 433-1551 |
| Josh Cohen          | 20A Midland Ave                         | White Plains    | NY | 10606 | (917) 312-1827 |
| Gary Kinniard       | 2010 Hyatts Road                        | Delaware        | OH | 43015 | (614) 581-1818 |
| Eric Montgomery     | 7791 Samberly Road                      | Dublin          | OH | 43016 | (614) 783-8677 |
| David Davies        | 7437 Essex Dr                           | Mentor          | OH | 44060 | (216) 780-2215 |
| Jack Schwab         | 5950 Valley Parkway                     | North Royalton  | OH | 44133 | (440) 823-7970 |
| Doug Beechler       | 2903 N State Route 72                   | Sabina          | OH | 45169 | (740) 406-8360 |
| Michael McWhorter   | 3159 Bear Hollow Road                   | Uniontown       | OH | 44685 | (330) 573-5457 |
| David Erwin         | 1411 Paradise Parkway                   | Claremore       | OK | 74017 | (918) 691-6771 |
| Dennis Gelonek      | PO Box 146                              | Fairland        | OK | 74343 | (316) 650-6208 |
| Donna Young         | PO Box 483                              | Shady Point     | OK | 74956 | (918) 413-2671 |
| Terry Sims          | 1907 North Lark                         | Weatherford     | OK | 73096 | (580) 302-0147 |
| Scott Lee           | 14270 SW 97th Ave                       | Tigard          | OR | 97224 | (503) 519-8746 |
| Ty Hollister        | P.O. Box 503                            | Troutdale       | OR | 97060 | (503) 661-5088 |
| Keith Hohl          | 443 Hoch Road                           | Blandon         | PA | 19510 | (610) 780-7975 |
| William Fischer     | 1913 Conestoga Rd                       | Chester Springs | PA | 19425 | (484) 680-8380 |
| Mary Waters         | 1800 White Oak Circle                   | Dauphin         | PA | 17018 | (717) 439-7157 |
| Roy Kavcsak         | 476 Dale Drive                          | Erie            | PA | 16511 | (814) 403-3178 |
| Brian Buchert       | 218 E. Buchert Rd                       | Gilbertsville   | PA | 19525 | (610) 413-6835 |
| Jolene Blong        | 143 N. Llanwellyn Avenue                | Glenolden       | PA | 19036 | (610) 389-9907 |
| David Albanesius    | 1305 Woodview Way                       | Malvern         | PA | 19355 | (215) 480-7752 |
| Nathan Kapr         | 284 State Street                        | Mount Pleasant  | PA | 15666 | (724) 858-5358 |
| Timothy Scott       | 783 Hecla Rd                            | Mt Pleasant     | PA | 15666 | (724) 757-2831 |
| Chuck Schweikert    | 6709 Ryan Court                         | Orefield        | PA | 18069 | (610) 393-5645 |
| Bob Wize            | 123 Oakwood Rd                          | Pittsburgh      | PA | 15237 | (412) 996-0956 |
| Steve Maniglia      | 1007 Homer Avenue                       | Pittsburgh      | PA | 15237 | (412) 352-1284 |



## EXHIBIT A

| FRANCHISEE         | ADDRESS                          |                  |    |       | PHONE NUMBER   |
|--------------------|----------------------------------|------------------|----|-------|----------------|
| Chris James        | 1505 Litchfield Rd               | Sayre            | PA | 18840 | (570) 423-5007 |
| Bob Neubert        | 88 Cowpath Road                  | Telford          | PA | 18969 | (215) 534-2499 |
| Steven Neubert     | 1005 River Road                  | Upper Black Eddy | PA | 18972 | (610) 428-2155 |
| Steven Brown       | 723 Joseph Ave                   | Warminster       | PA | 18974 | (267) 767-7193 |
| Brad Dunbar        | 1011 Squires Dr                  | West Chester     | PA | 19382 | (610) 283-5386 |
| Emiliano Reyes     | Calle Amapola 3D 39 Lomas Verdes | Bayamon          | PR | 00956 | (787) 614-0150 |
| Greg Belle         | 117 Eisenhower Street            | Easley           | SC | 29642 | (864) 787-3977 |
| Jeff Rosenberg     | 3040 Walking View Ct             | Graniteville     | SC | 29829 | (678) 485-6697 |
| Michael Sharpe     | 1580 Mike Stuck Rd               | Little Mountain  | SC | 29075 | (803) 414-4835 |
| Rudy Krevolin      | 3841 Masters Court               | Myrtle Beach     | SC | 29577 | (845) 489-3044 |
| Chris Slama        | 13 Horseshoe Lane                | Spearfish        | SD | 57783 | (402) 276-5200 |
| Mark Godfrey       | 842 Pine Hills Road              | Humboldt         | TN | 38343 | (731) 618-2656 |
| Todd Clabough      | 951 Hairetown Rd                 | Jonesborough     | TN | 37659 | (423) 791-4138 |
| Doug Young         | 10823 Carmichael Rd              | Knoxville        | TN | 37932 | (865) 680-1181 |
| Lea Hunter         | 105 Christi Place                | Pleasant View    | TN | 37146 | (615) 943-8303 |
| Matthew Bryant     | 2109 Woodcliff Dr                | Smyrna           | TN | 37167 | (629) 219-6185 |
| Trey Ford          | 3478 Catclaw Dr Suite 247        | Abilene          | TX | 79606 | (214) 498-9828 |
| Michael Robertson  | 186 County Road 1556             | Alba             | TX | 75410 | (817) 521-4455 |
| Tony Poynor        | PO Box 8840                      | Bacliff          | TX | 77518 | (832) 578-3981 |
| Barry Sheffield    | 1050 Park Meadow Dr              | Beaumont         | TX | 77706 | (409) 781-9086 |
| Jaime Swift        | 105 Ridges End                   | Boerne           | TX | 78006 | (575) 639-1081 |
| Darin Mc Niel      | 1221 Adyson Ridge Dr.            | Bulverde         | TX | 78163 | (210) 260-0212 |
| Manny Montes       | 3752 Tierra Isela                | El Paso          | TX | 79938 | (915) 373-7015 |
| Dan Murphy         | 11524 Garibay Court              | El Paso          | TX | 79936 | (915) 479-7086 |
| Donald Stull       | 2318 Pontiac Dr                  | Harker Heights   | TX | 76548 | (315) 200-0316 |
| Robert Moore       | 301 PR 326                       | Hillsboro        | TX | 76645 | (254) 580-3341 |
| Kari Roush         | 415 Corsicana St                 | Hillsboro        | TX | 76645 | (254) 266-0508 |
| Darrell Johnston   | 8316 Hiltoncrest                 | Houston          | TX | 77064 | (281) 703-0250 |
| Ferdinand Thompson | 9842 Mountain Chestnut Rd        | Houston          | TX | 77070 | (832) 620-8177 |
| David Priddy       | 2969 Main St Apt 417             | Ingleside        | TX | 78362 | (361) 523-8195 |
| Joe Phillips       | PO Box 999                       | Lake Dallas      | TX | 75065 | (940) 231-9400 |
| Hannah Bryant      | 3700 W County Rd 145             | Midland          | TX | 79706 | (817) 694-8795 |
| Greg Ford          | PO Box 129                       | Millersview      | TX | 76862 | (432) 202-0974 |
| Mark Konen         | 1028 San Pedro                   | New Branfels     | TX | 78132 | (210) 997-6256 |
| Guy Bryan          | 456 Rio Drive                    | New Braunfels    | TX | 78130 | (830) 708-3630 |
| Jerry Patterson    | PO BOX 14964                     | Odessa           | TX | 79768 | (432) 528-4000 |
| Fred Demmon        | 3230 Regal Oaks                  | Pearland         | TX | 77581 | (713) 515-2845 |
| Harry Huffman      | 2118 Twin Creeks Cir             | Pilot Point      | TX | 76258 | (940) 453-0767 |
| Terry Webb         | 8601 E FM 3523                   | Slaton           | TX | 79364 | (806) 777-7427 |
| Seth Miller        | 180 Meadow Brook Ct              | Springtown       | TX | 76082 | (817) 771-6870 |

## EXHIBIT A

| FRANCHISEE       | ADDRESS                  |                |    |       | PHONE NUMBER   |
|------------------|--------------------------|----------------|----|-------|----------------|
| Mike Lively      | 965 County Rd 223        | Stephenville   | TX | 76401 | (254) 433-2551 |
| Eddie Matlock    | 9129 Eddy Water Circle   | Tyler          | TX | 75703 | (903) 245-4305 |
| Howard Westbrook | 16150 Chris Lane         | Tyler          | TX | 75703 | (903) 714-5081 |
| Kelly Mitchell   | 375 Beach St             | Vidor          | TX | 77662 | (409) 651-9147 |
| Luke Beasley     | 611 North Gibson St      | Waxahachie     | TX | 75165 | (972) 824-7228 |
| Craig Carlyle    | 358 East 550 S           | Kaysville      | UT | 84037 | (801) 792-5988 |
| R D Searle       | 1052 West 570 North      | Orem           | UT | 84097 | (801) 319-3637 |
| JoAnn Graves     | 11912 Buttercup Ln       | Fredericksburg | VA | 22407 | (702) 372-3991 |
| Gerald Huntoon   | 11357 Nuckols Rd Ste 109 | Glen Allen     | VA | 23059 | (804) 241-1354 |
| Lonnie Baldwin   | 15067 Endstone Trail     | Midlothian     | VA | 23112 | (804) 513-1468 |
| Roger Freeman    | 105 Longview Dr          | Stafford       | VA | 22556 | (703) 296-4836 |
| Van Miles        | 1209 Tarington Landing   | Virginia Beach | VA | 23464 | (757) 537-0522 |
| Jason Beachell   | 2300 NW 7th St           | Battle Ground  | WA | 98604 | (360) 991-6675 |
| Kyle Mullins     | P.O. Box 373             | Lind           | WA | 99341 | (509) 491-2726 |
| Scott Griffis    | PO Box 1468              | McKenna        | WA | 98558 | (253) 459-5456 |
| Bob Baker        | 7126 38th Avenue SW      | Seattle        | WA | 98126 | (206) 915-3597 |
| Paul Genest      | 23665 Old Day Creek Rd   | Sedro Woolley  | WA | 98284 | (360) 840-9802 |
| Jeff Hise        | 19421 95th Dr SE         | Snohomish      | WA | 98296 | (206) 396-0475 |
| Lynn Simonen     | W300N1751 Timberbrook Rd | Pewaukee       | WI | 53072 | (414) 687-1809 |

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

**EXHIBIT A (CONTINUED)**  
**COMPANY-OWNED OUTLETS**  
**(AS OF JULY 31, 2025)**

|                            |                |    |       |              |
|----------------------------|----------------|----|-------|--------------|
| 1945 International Blvd    | Brownsville    | TX | 78521 | 956-544-1957 |
| 1214 S Texas Ave           | Bryan          | TX | 77803 | 979-779-7666 |
| 4822 Baldwin Blvd          | Corpus Christi | TX | 78408 | 361-888-4228 |
| 1303 Blue Ridge Dr Ste 301 | Georgetown     | TX | 78626 | 512-836-1611 |
| 520 Market St              | Laredo         | TX | 78040 | 956-722-0049 |
| 1117 W Hwy 83              | Pharr          | TX | 78577 | 956-787-5569 |
| 200 Brooklyn Ave           | San Antonio    | TX | 78215 | 210-226-0244 |

WC owns all of the outlets in the list above. These outlets have been re-branded under the FastServ Supply® trademark. You may use the FastServ® trademark, but not the FastServ Supply® trademark.

**EXHIBIT B**  
**FORMER FRANCHISEES**

Following is a list containing the names, cities and states, and the current business telephone numbers (or if unknown, the last known home telephone numbers) of WINZER franchisees whose franchises, in our fiscal year ended July 31, 2025, were transferred, terminated, not renewed, or reacquired by us, or who ceased operations for other reasons.

**TERMINATED**

|   |   |   |   |
|---|---|---|---|
| *Benjamin Breon<br>San Tan Valley, AZ<br>(425) 231-5126 | **George Trigo<br>Kissimmee, FL<br>(609) 649-6508 | **Steve Stars<br>Jacksonville, FL<br>(904) 607-0726 | *Dan DeHart<br>Palm Coast, FL<br>(904) 944-1001 |
| *Bob Line<br>Cape Coral, FL<br>(713) 870-9850           | *Brock Kauk<br>Elk City, OK<br>(580) 225-3190     | **Danny Fitzpatrick<br>Odessa, TX<br>(432) 770-3553 | *Roy Farris<br>Sugarland, TX<br>(832) 766-0152  |
| ***Tommy Jordan<br>Garland, TX<br>(469) 766-7380        | *William Hamilton<br>Taylor, UT<br>(801) 690-6871 |   |   |

\*These franchisees failed to meet minimums or failed to launch.

\*\*These franchisees abandoned their businesses.

\*\*\*This franchisee was in violation of his franchise agreement.

**NOT RENEWED**

|   |  |   |
|---|--|---|
| Charlie Trombley<br>Lebanon, CT<br>(860) 830-3703 | Jerome Rinehart<br>Vincennes, IN<br>(812) 881-0985   | Eddie Beatrice<br>North Reading, MA<br>(781) 439-2299 |
| Mike Petite<br>Aurora, OH<br>(216) 408-7036       | Larry Chadwell<br>Broken Arrow, OK<br>(918) 706-8869 | Mike Lloyd<br>Grapevine, TX<br>(817) 691-1113         |

**REACQUIRED BY US**

None

## TRANSFERS

None

## CEASED OPERATIONS FOR OTHER REASONS

|   |  |  |  |
|---|--|--|--|
| *Shelley Lahr<br>Phoenix, AR<br>(602) 909-9500  | ****Dave Gieseke<br>Minden, NV<br>(510) 418-6291   | *Jack Skie<br>Lakeside, CA<br>(619) 368-6809     | **Traci Marglon<br>San Ramon, CA<br>(925) 804-0009 |
| ***Mike Jarman<br>Grafton, IL<br>(618) 304-0610 | ***Steven Heaton<br>Kirkwood, MO<br>(314) 494-5335 | *Rick Plumley<br>Goldsboro, NC<br>(919) 705-4058 | **John Rackmyer<br>Rochester, NY<br>(585) 978-2458 |
| *Kathy Dennis<br>Lorain, OH<br>(440) 258-1886   | *Clint Austin<br>Mansfield, TX<br>(817) 319-2358   | *Don Foutz<br>Rockwall, TX<br>(972) 772-0828     |  |

\* These franchisees retired, sold or transferred their accounts to existing or new franchisees, and ceased operations.

\*\* These franchisees became deceased or voluntarily resigned.

\*\*\* These franchisees became permitted representatives for existing franchisees.

\*\*\*\* This franchisee moved to another state, but remains active.

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

## **EXHIBIT C**

### **FRANCHISE AGREEMENT, STATE RIDERS, AND ATTACHMENT 1**

# FRANCHISE AGREEMENT

BETWEEN

WINZER FRANCHISE COMPANY, INC.  
4060 E. Plano Parkway  
Plano, Texas 75074-1800

AND

\_\_\_\_\_  
Name of Franchisee

\_\_\_\_\_  
Street

\_\_\_\_\_  
City State Zip Code

( ) \_\_\_\_\_  
Area Code Telephone

Franchisee No. \_\_\_\_\_

BUSINESS NAME OF FRANCHISEE:

\_\_\_\_\_

EFFECTIVE DATE OF FRANCHISE AGREEMENT:

\_\_\_\_\_, \_\_\_\_\_

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## FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is entered into by and between **WINZER FRANCHISE COMPANY, INC.**, a Texas corporation (“Winzer”) and \_\_\_\_\_

(“Franchisee” or “you”) as of the Effective Date.

### RECITALS

All initially capitalized terms not otherwise defined are defined in Article 18– Definitions.

Winzer distributes and sells a wide range of products, including Approved Winzer Products, for resale to Customers in the Licensed Market. Winzer has expended time, skill, money and effort to develop a System that may be supplemented, improved upon and/or otherwise modified periodically in Winzer’s sole discretion. Winzer has identified the System by and owns certain Marks, including the WINZER® Mark, for use in connection with the System and the Business.

Accordingly, you and Winzer agree as follows:

### ARTICLE 1 - APPOINTMENT

**1.1 Grant of License.** Winzer grants to you, and you accept, a non-exclusive license, right, authority and obligation (“License”), subject to the terms and conditions of this Agreement, to establish and operate the Business (a single business) in the Licensed Market. Winzer grants you the non-exclusive license, right and privilege to use the Marks and the System in connection with the operation of the Business, subject to the terms and conditions of this Agreement. You specifically acknowledge that the Licensed Market is not geographical, and that Customers are consumers and not Wholesalers. You acknowledge that the System may be supplemented, improved upon and/or otherwise modified periodically in Winzer’s sole discretion. In the interest of preserving the integrity and reputation of the System, Winzer shall have full control and sole discretion over such developments, and you shall comply with all reasonable requests and requirements of Winzer as a result of such changes to the System. You expressly agree that all rights, title and interest in and to the Marks, the System and Winzer’s goodwill, are owned by Winzer and shall remain solely owned by Winzer and are being revealed to you solely to enable you to establish and operate the Business.

**1.2 Your Protected Customers.** Your initial Protected Customers (if applicable) are designated on Attachment 1, and your other Protected Customers will be designated by Winzer in accordance with Section 18.1(35). During the Term, if you are in compliance with this Agreement, Winzer will not grant a license to another Person authorizing the sale of Approved Winzer Products to any of your Protected Customers. Any Protected Customer with multiple locations (including a Protected Customer that Winzer has designated as a National Account) will be deemed a Protected Customer only as to its delivery location and will not be deemed a Protected Customer as to its other locations. If Winzer has determined, in its sole discretion, that a Protected Customer is a National Account, and if Winzer believes in its reasonable business judgment that the National Account may cease to do business with you or with Winzer, or if you do not honor all of the terms

negotiated by Winzer with the National Account (including pricing, service and other terms), Winzer may assign the National Account to another franchisee or other franchisees, and the National Account will no longer be designated as your Protected Customer. If you do not make at least 1 sale of Approved Winzer Products to a Protected Customer within any 6-month period, Winzer, in its sole discretion, may designate that Customer as no longer your Protected Customer, and may designate that Customer as a Protected Customer of another franchisee. However, this will not cause the loss of Protected Customer status for a seasonal customer (e.g., a snowmobile repair shop), if you have advised Winzer in advance, and if Winzer, in its sole discretion, has agreed in advance that the Protected Customer qualifies as a seasonal customer, and if you have made at least 1 sale of Approved Winzer Products to the Protected Customer within the last 9 months.

**1.3 Other Franchisees' Protected Customers and Winzer's Customers.** Neither you nor any Permitted Representative may solicit the sale of or sell Approved Winzer Products or Franchisee Products to any Protected Customer of any other franchisee or Winzer during the Confidentiality Period. Neither you nor any Permitted Representative may sell to or distribute through a Wholesaler unless you agree to follow procedures that will prevent a Wholesaler from reselling Approved Winzer Products or Franchisee Products to any Protected Customer of any other franchisee or Winzer during the Confidentiality Period.

**1.4 Winzer's Reservation of Rights.** In or outside of the Licensed Market, Winzer or its affiliates may operate businesses that distribute Approved Winzer Products and other products that are similar to or the same as Approved Winzer Products, under the same or different trademarks, to any customers, including your and other franchisees' Protected Customers, National Accounts, other consumers or end-users, and Wholesalers, through any channels of distribution, including the Internet. Winzer is not required to compensate you if Winzer or its affiliates do so. In or outside of the Licensed Market, Winzer or its affiliates also may license the use of alternate proprietary marks or methods; offer and sell or license others to offer and sell Approved Winzer Products; and perform or license others to perform the same services as those licensed under this Agreement.

## **ARTICLE 2 - TERM OF LICENSE**

**2.1 Term.** The initial term of the License under this Agreement ("Term") is 5 years, starting on the Effective Date.

**2.2 Option to Renew.** If you have fulfilled the following conditions to Winzer's satisfaction, you may renew the License at the end of the Term for an additional 5-year term ("Renewal Term"):

(a) You must substantially comply with this Agreement during the entire Term, including substantially satisfying all financial obligations to Winzer, its subsidiaries and affiliates, and your suppliers.

(b) You must have given written notice to Winzer of renewal as provided in Subsection 2.3 of this Agreement.

(c) You must sign Winzer's then-current form of franchise agreement being offered to new franchisees, including attachments (with appropriate modifications to reflect that it relates to the renewal of the License, and provided that you will not be required to pay the then-current initial franchise fee or any renewal fee), which agreement and attachments will supersede in all respects

this Agreement and any attachments. You agree that any terms of and modifications to this Agreement and any attachments expire when the Term expires, and that Winzer has no obligation to execute any similar terms or modifications for the Renewal Term. Winzer knows of no reason at this time why the renewal agreement would not contain a renewal option similar to this Section 2.2.

(d) You must sign a general release, in a form prescribed by Winzer, of all claims against Winzer, its Representatives, parent, subsidiaries and affiliates, and Representatives of Winzer's parent, subsidiaries and affiliates (except claims for current Periodic Gross Profits).

**2.3 Notice of Renewal to Winzer.** If You desire to renew the License, you must give Winzer written notice not more than 180 days and not less than 90 days prior to the expiration date of this Agreement. Within 30 days after its receipt of such timely given notice, Winzer will give you written notice of any reasons which could cause Winzer not to renew the License, including any deficiencies which require correction and a schedule for correction of the deficiencies by you. During the last 90 days before the expiration of this Agreement, Winzer has the right to withhold any unpaid remuneration equal to open customer accounts receivable balances to ensure that all accounts receivable will be paid on expiration of this Agreement. Any remaining funds will be released to you at renewal or on confirmation by Winzer that all customer accounts receivable balances and all other outstanding amounts you owe have been paid.

### **ARTICLE 3 - YOUR DUTIES AND OBLIGATIONS**

**3.1 Promotion and Management of Business.** You must attend and successfully complete the New Franchisee Training Program to Winzer's satisfaction promptly after the Effective Date, and you must begin operating the Business promptly after attending and successfully completing the New Franchisee Training Program to Winzer's satisfaction. You (or your Operating Principal, if you are a legal entity) must devote a substantial amount of personal attention and continuous best efforts throughout the Term to developing, managing and operating the Business. You are expected to diligently promote, market and work to increase sales of Approved Winzer Products, to increase your customer base, and to provide quality service and warranty support to your customers. During the Term, you may not own, operate, have any interest in, be employed by or perform any service for any business which offers products that are the same as or similar to products that are or could be offered under this Agreement, without the prior written approval of Winzer. If Winzer offers products as Approved Winzer Products, you may not sell the products except through the Business as Approved Winzer Products or otherwise in compliance with provisions of the Manual. You must personally manage all aspects of the Business and abide by the covenants in Sections 10.1 and 10.2 during the Term.

**3.2 Franchisee Products.** If Winzer does not offer products as Approved Winzer Products (including Special Orders), then you must request permission from Winzer to sell the products as Franchisee Products or otherwise in compliance with provisions of the Manual. If Winzer offers products as Approved Winzer Products, you may not sell the products or any similar products as Franchisee Products (see Section 3.1). You may sell Franchisee Products only under the following conditions, and under such other terms and conditions as Winzer may periodically specify in its Manual or otherwise in writing:

(a) When available, you must arrange to be named as an additional insured under insurance policies maintained by the vendors of Franchisee Products.

(b) In addition to your agreement to indemnify Winzer pursuant to Section 5.7, you further agree to defend, indemnify and hold Winzer harmless from any claims, damages, judgments and losses, including any attorneys' fees, arising out of, in connection with, or as a result of any claims relating to your sales of Franchisee Products.

**3.3 Required Monthly Averages.** You must meet and maintain your Required Monthly Averages as, beginning your 1<sup>st</sup> full month and continuing throughout the Term or Winzer may terminate the License. However, if you become ill or incapacitated, on your request, Winzer will suspend your Required Monthly Averages for a period of time not to exceed 90 days.

**By providing your initials below, you acknowledge that your Required Monthly Averages during the Term of the License are as follows:**

|  |  |
|--|--|
| Year 1 (beginning on the 1st day of your 1st full month) |  |
| Year 2   |  |
| Year 3   |  |
| Year 4   |  |
| Year 5   |  |

|                            |
|----------------------------|
|                            |
| <b>Franchisee Initials</b> |

**3.4 Computer; Software; Forms.** You must own or purchase an order entry device (iPad or PC) that complies with the specifications established by Winzer, and must comply with Winzer's requirements applicable to use of the proprietary software of Winzer's parent, Winzer Corporation ("Winzer Software") (see Section 4.7). You must use all of the features of the Winzer Software in operating the Business. You must accept and use upgrades of the Winzer Software as they become available, and you must upgrade your order entry device at your own expense (or discontinue using components of the computer) if WC releases updates or upgrades of the Winzer Software that your existing computer will not run. You must use the Order Forms and invoice forms specified by Winzer.

**3.5 New Franchisee Training Program.** Unless you are a Renewing Franchisee, you must attend and successfully complete the New Franchisee Training Program to Winzer's satisfaction, before operating the Business.

**3.6 Ethics and Compliance With Laws.** You and each Permitted Representative must comply with all federal, state and local laws, including all traffic and safety regulations. You must file all federal and state tax returns and timely pay all Federal Withholding Taxes, Federal Insurance Contribution Taxes, and all other federal, state and local income sales and other taxes. You and each Permitted Representative must refrain from engaging in any deceptive or unfair trade practice or any other sales, recruiting, advertising or other practices that are unethical or unprofessional, or that may harm Winzer, its franchisees or the goodwill or reputation associated with you, Winzer, Winzer's franchisees generally, the Marks or the System. Unethical or unprofessional practices include, but are not limited to: dishonesty in dealing with a Customer; theft of goods from a Customer; submission of a false or fraudulent Order Form to Winzer; falsely representing to Winzer that Approved Winzer Products or Franchisee Products have been ordered by a Customer; or use of profane language, or abusive and threatening behavior or language, directed toward Winzer Representatives or Customers.

**3.7 Compliance With System and Manual.** You recognize the value of Winzer's knowledge and experience and the value of the System. You acknowledge and agree that you must operate the Business in conformity with the System. You may not offer or sell to Customers any Approved Winzer Products or Franchisee Products outside of the System or the Business except in compliance with provisions of the Manual. You must operate the Business in conformity with the operating procedures established by Winzer in the Manual or otherwise in writing. Winzer will loan you a copy of the Manual for your use during the Term. The Manual will cover certain operational aspects of the Business. Winzer will send you updates to the Manual in Winzer's sole discretion. Any changes made by Winzer in the Manual relating to operating issues of the Business (but not containing any new material issues) of which you are notified in any update or otherwise in writing will be binding upon you, and your signature will not be required to make such changes effective.

**3.8 Payment Obligations.** You must timely pay all amounts owed to Winzer and other creditors relating to the Business.

**3.9 Permitted Representatives.** Every person, other than you, involved in sales or customer contact in the Business, whether as an employee or as an independent contractor, must become a Permitted Representative and must sign our Permitted Representative Agreement. For a reasonable fee (currently \$500), Winzer provides you with onboarding products and services for each Permitted Representative (e.g., sales materials, first set of business cards, software licensing). You may not hire or engage a Permitted Representative if the Permitted Representative's involvement in the Business, in Winzer's reasonable business judgment, would be a violation of any court order, settlement agreement, noncompetition covenant or similar document. You must notify each Permitted Representative, upon hiring or engagement, that Winzer has a franchise program. You must require and cause each Permitted Representative to comply with each term of this Agreement that explicitly relates to Permitted Representatives, and with each other term of this Agreement, and each operating procedure established by Winzer in writing in the Manual or otherwise, relating to sales, order placement, reporting, trademark use, non-disclosure and other activities involving the Permitted Representative's participation. In this regard, you acknowledge and agree that any Permitted Representative's acts, omissions or violations will be considered, for purposes of this Agreement, an act, omission or violation by you. Otherwise, Winzer will not exercise any control over a Permitted Representative, each of whom will be entirely under your control and direction.



**3.10 Web Site and Social Media.** You must use Winzer's approved web site. You may not maintain a separate web site for the Business on the Internet. You may not otherwise offer or sell Approved Winzer Products or Franchisee Products on the Internet except through Winzer's approved system. You may not create social media or mobile media accounts for the Business without Winzer's prior written approval.

**3.11 E-Commerce.** Winzer provides a web site through which your Customers may purchase Approved Winzer Products. This is the only approved method for you to conduct online sales. You may not sell Approved Winzer Products through any other web site or online store. You must follow the e-commerce policies specified in the Manual.

#### **ARTICLE 4 - WINZER'S DUTIES**

**4.1 New Franchisee Training Program.** Before you begin to operate the Business, Winzer will provide a New Franchisee Training Program. The New Franchisee Training Program will include classroom training in Plano, Texas or at another location that Winzer designates. Winzer will pay your reasonable travel, lodging and meal expenses related to attending the New Franchisee Training Program, but you must pay any other incidental expenses related to attending the New Franchisee Training Program, and you must pay all travel, lodging, food and other expenses for any of your Permitted Representatives who attend the New Franchisee Training Program.

**4.2 Other Training or Assistance.** Unless you are a Renewing Franchisee, at your request, Winzer will provide you a 1-to-3-day training program at your location within the 1<sup>st</sup> 3 months after you start operation of the Business. This training will be at Winzer's cost. If you request additional training or assistance, Winzer has the right to charge you reasonable fees for the training or assistance, ranging from \$100 to \$750 per occurrence, which fees are subject to reasonable increases, and to seek reimbursement from you for the reasonable travel expenses Winzer incurs in connection with providing the training or assistance.

**4.3 Periodic Training or Meetings.** Winzer may periodically provide training (which may be virtual) or hold meetings at Winzer's headquarters or at other locations designated by Winzer. Winzer may charge you reasonable fees for the training and meetings, ranging from \$50 to \$500 per training or meeting, which fees are subject to reasonable increases. If you or your Permitted Representatives choose to attend the meetings, you must pay the travel, lodging, meal and miscellaneous expenses of your attendees.

**4.4 Quality Assurances.** Winzer will use reasonable efforts to meet or exceed industry standards and fill rates, and to sell quality products.

**4.5 Sales Reports.** Winzer will use reasonable efforts to provide you with timely, accurate and useful reports of sales from your Business.

**4.6 Major Changes to Product Line.** Winzer will use reasonable efforts to consult with groups of franchisees before making major changes in the Approved Winzer Products line.

**4.7 Useful Software and License.** Winzer will use reasonable efforts to make available to you proprietary software that is useful in conducting your Business. Winzer hereby grants you a license to use the Winzer Software in accordance with all requirements specified in the Manual. The license is nontransferable, nonexclusive, limited and restricted, and may be used solely in the

conduct of the Business. You agree that the Winzer Software and related documentation are proprietary and confidential to Winzer, and that you are not being granted any title or ownership to the Winzer Software. Winzer currently does not charge a fee for use of the Winzer Software, but has the right to charge you a \$50 to \$100 per month fee for use of the Winzer Software, which fee is subject to reasonable increases. Winzer reserves the right to suspend any and all access to the Winzer Software in its sole discretion.

**4.8 Product Information Materials.** Winzer will use reasonable efforts to provide you with updated product information materials on a routine basis.

**4.9 Order Entry Device.** Before you begin to operate the Business, Winzer will assist you in installing and configuring the Winzer Software on your order entry device (iPad or tablet PC).

**4.10 Manual.** Before you begin to operate the Business, Winzer will lend you a copy of the Manual and will answer your questions about it. Winzer will provide you with updates to the Manual on a periodic basis. The Manual contains both mandatory specifications, standards, operating procedures and rules, and non-mandatory guidelines and recommendations for the development of the Business. The mandatory provisions of the Manual, including the mandatory specifications, standards, operating procedures and rules applicable to the System, and any modifications that Winzer makes to those provisions, are provisions of this Agreement as if fully stated in this Agreement.

**4.11 Approved Winzer Products List.** Winzer will provide you with an Approved Winzer Products List. Winzer will periodically provide you with updates to the Approved Winzer Products List.

**4.12 Web Site and Electronic Communication.** Winzer may maintain a web site or web sites on the Internet or any comparable electronic network or other existing or future form of electronic communication, including but not limited to, social media and mobile media, to advertise and promote the System and the products and services marketed by Winzer and its franchisees. Any representations and warranties of any kind whatsoever, express or implied, regarding Winzer's web site(s) and/or other electronic communication, including representations and warranties as to the operation, functionality, lack of interruption or resources of the web site(s) and/or other electronic communications, are expressly excluded. Without limiting the foregoing, Winzer disclaims any warranties of merchantability and fitness for a particular purpose as to the web site(s) and other electronic communication. As to any malfunctioning of Winzer's web site(s) and other electronic communication, Winzer will not be liable to you for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, including but not limited to, loss of revenue or anticipated profits or lost business, even if you have advised Winzer that such damages are possible as a result of any breach of warranty or malfunction.

**4.13 Start-Up Materials.** Before you begin to operate the Business, Winzer will provide you with start-up materials, such as catalogs, brochures, promotional items, etc.

## **ARTICLE 5 - THE PARTIES' RELATIONSHIP**

**5.1 Independent Contractor.** Your Business is separate from Winzer's business. Under this Agreement, you are an independent contractor with entire control and direction of the Business, subject only to the terms of this Agreement. This Agreement is not intended to and does not create

a fiduciary or other special relationship between the parties, or make any party a principal, agent, legal representative, parent, affiliate, subsidiary, joint venturer, partner, employer, joint employer, employee or servant of any other party for any purpose. In that regard:

(a) Winzer has no right or duty to operate the Business and disclaims any liability under this Agreement for any damages arising out of the operation of the Business.

(b) You are solely responsible for recruiting, interviewing, hiring, determining the terms of employment of, compensating, keeping the time of, processing the payroll of, providing work resources to, scheduling, supervising, disciplining and firing your personnel, and your personnel are not Winzer's employees, independent contractors or agents. Winzer has no right or duty to supervise, or to exercise control over, your personnel in the operation of the Business, and disclaim any rights or responsibilities as to your personnel. You are solely responsible for consulting with your own third-party human resources ("HR") service provider and/or legal counsel concerning compliance with applicable laws and regulations related to employees and independent contractors, and for complying with those laws and regulations

(c) Except as provided in this Agreement, you are solely responsible for training your personnel. To the extent that Winzer provides you with materials and other resources related to training your management and non-management personnel and maintaining the goodwill of the System and the Marks, and not in order to give Winzer control of the day-to-day operation of the Business, you must use those resources as Winzer directs. To the extent that Winzer provides you with guidelines, recommendations, materials and other resources related to training your management and non-management personnel on other matters, you may use those resources, or may choose to use alternate resources, so long as your personnel are trained to operate the Business in a System-compliant, legal and safe manner.

(d) You are solely responsible for establishing and enforcing your own policies related to personnel practices and labor relations. To the extent that Winzer provides you with guidelines, recommendations and materials related to personnel practices and labor relations, you may use those resources, or may choose to use alternate resources. You are solely responsible for consulting with your own third-party HR service provider and/or legal counsel concerning compliance with applicable personnel and labor relations laws and regulations, and for complying with those laws and regulations

**5.2 Notice to Public, Etc.** During the term of the Business, you agree to hold yourself out, to the public, public officials, your suppliers and others, as an independent contractor operating the Business pursuant to rights granted by Winzer, but not jointly with Winzer. You agree to take any reasonable action that Winzer considers necessary to that end, including exhibiting notices of the parties' relationship in a conspicuous manner at the Business, and on web sites, letterhead, forms, business cards, electronic communications, advertisements, and other materials Winzer designates. Winzer reserves the right to specify and change the content and form of these notices.

**5.3 Statements to and Acknowledgements by Your Personnel.** During the term of the Business, you shall hold yourself out to all current prospective employees and independent contractors, as an independent contractor operating the Business pursuant to rights granted by Winzer, but not jointly with Winzer. You shall take any reasonable action that Winzer considers necessary to that end, including (i) stating conspicuously on each employment application that the

prospective employee is applying to be your employee and not an employee of Winzer, (ii) printing your entire business name, not Winzer's brand name and/or logo, on your payroll checks and/or payroll-related communications to your personnel, and (iii) requiring your personnel to sign acknowledgements that they are not employees of Winzer, even though they are selling products and services identified by Winzer's brand name and/or logo, are receiving communications that contain Winzer's brand name and/or logo, may have applied for a job with you through Winzer's web site(s), or may communicate with or receive non-mandatory feedback, coaching or recommendations from Winzer representatives in emails or other electronic or written communications, or during telephone calls, meetings or inspections. Winzer reserves the right to specify and change the content and form of these statements and acknowledgements.

**5.4 Financial Records and Reports; Inspections or Audits.** You must keep complete and accurate Business Records. You must submit to Winzer any financial or statistical reports, records, statements, tax returns or other information that Winzer deems to be required or desirable, in the forms and at the times and places Winzer states, in the Manual or otherwise in writing. On Winzer's request, you must permit Winzer and its representatives to inspect or audit your Business Records (including those Business Records kept by your Permitted Representatives) during regular business hours. During any inspection or audit, you agree to cooperate fully and to give any assistance reasonably requested. If an examination or audit discloses sales of Franchisee Products that do not comply with Sections 3.1 and 3.2, Winzer may reclassify the sale as a sale of Approved Winzer Products, and you must promptly pay any amounts owed to Winzer, plus interest in accordance with Section 16.2, calculated daily from the due date until paid. If an examination or audit discloses any unreported product sales or underpayment of any fee for any reason, you must promptly pay a Service Fee on any unreported product sales or pay the deficient amount, plus interest in accordance with Section 16.2, calculated daily from the due date until paid. If an examination or audit is made necessary by your failure to furnish in a timely manner any financial or statistical reports, records, statements, tax returns or other information that Winzer requests, or an audit or examination discloses more than 5% of the sales of your Business are subject to reclassification from a sale of Franchisee Products to a sale of Approved Winzer Products, you must also reimburse Winzer for the cost of having your Business Records examined or audited, including any reasonable expenses for travel, meals and similar expenses. These rights will be in addition to any other rights or remedies that Winzer has under this Agreement or otherwise.

**5.5 Insurance Procured by Winzer.** Until further notice to you, Winzer will maintain the Required Policies at its expense. Winzer may maintain the Required Policies for you or for Winzer, or for a group of WINZER franchisees as Winzer decides, and the Required Policies may list any number of beneficiaries or additional insureds as Winzer decides. You are responsible for any liability not covered by the insurance (for example, any liability under any deductible or above any coverage limit). On your written request, Winzer will provide you with copies of the Required Policies. Winzer may stop or change this program on reasonable written notice to you.

**5.6 Insurance Procured by You.** If Winzer notifies you that it will not purchase the Required Policies, Winzer will notify you of the insurance that you must obtain and maintain, and you must obtain that insurance within 30 days of Winzer's written notice to you. As to the insurance, Winzer may specify policy amounts, deductibles, terms, expiration dates and types of risks, for your protection, and for the protection of Winzer, Winzer Corporation and each of their respective officers, directors, employees and agents. Any requirements may differ from Winzer's practices

regarding the Required Policies. The insurance company writing such coverage must be rated no less than A-X by A.M. Best. The insurance policy must name Winzer, Winzer Corporation and each of their respective officers, directors, employees and agents as additional insureds for premises operations and products completed operations, and cannot contain any language that modifies the definition of "insured contract" as defined by ISO form CG 00 01. You must maintain comprehensive general liability insurance, including premises operations coverage, with limits not less than \$1,000,000 per occurrence and aggregate limits of \$2,000,000 for each aggregate and with a deductible of not more than \$2,500. Winzer may periodically increase or modify any insurance coverage requirements.

**5.7 Additional Insurance Procured by You.** You are encouraged to consider whether to obtain additional insurance of your choice. Nothing in this Agreement, including Sections 5.5 or 5.6, implies that the insurance required by Winzer will be sufficient for your needs. In addition to the insurance obtained by Winzer pursuant to Section 5.5 or by you pursuant to Section 5.6, you must also obtain the following insurance, and Winzer may periodically increase or modify these insurance coverage requirements:

(a) Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with at least a \$500,000 combined single limit. You must name Winzer as an additional insured on your automobile liability policy.

(b) Worker's compensation, employer's liability and unemployment insurance, and any other insurance that may be required by law.

**5.8 Notice of Adverse Actions, Awards, Claims, Decrees, Demands, Injunctions, Orders, Proceedings, Suits or Writs.** You must notify Winzer of the commencement of any adverse action, suit or proceeding, or the issuance of any adverse award, decree, order, writ, garnishment, levy or injunction by any court, agency or other governmental instrumentality, or any other adverse claim or demand made against you, the Business, or Winzer within 3 days of receiving notice of the action, award, claim, decree, demand, injunction, order, proceeding, suit or writ. You must cooperate with Winzer in every way possible to defend such claim or demand. You must, when requested, make appearances at depositions and other court proceedings to represent or reinforce such defenses. If the defense does not involve issues concerning the operation of your Business or issues concerning the personal liability of you or any of your Permitted Representatives, Winzer will reimburse you for all reasonable out-of-pocket costs incurred in connection with assisting in the defense.

**5.9 Your Indemnification.** You must indemnify, defend and hold Winzer harmless from all claims, actions, damages, judgments, attorneys' fees and other costs, expenses and losses, arising out of, in connection with, or as a result of your negligence, or any acts or omissions by you and any of your Permitted Representatives in connection with the operation of the Business (including any disputes between you and any Permitted Representative), including claims, damages, judgments, and losses arising from any unauthorized sales of Approved Winzer Products or Franchisee Products, statements or warranties made by you with respect to the products or with respect to Winzer. You acknowledge (i) that Winzer does not have any reserved or general right to exercise control over, and does not exercise any indirect or direct control over, the day-to-day operation of the Business (including operations-related functions such as safety and security, the use of equipment and motor vehicles, and the delivery of products and services to customers, and

personnel-related functions such as recruiting, interviewing, hiring, determining terms of employment, compensating, timekeeping, payroll processing, providing work resources, scheduling, supervising, disciplining and firing), (ii) that all liability arising out of the operation of the Business is therefore your responsibility, and (iii) that your indemnification obligation under this Article 5 covers any “joint employer,” “agency,” “ostensible agency” or similar claims by third parties based on the establishment or operation of the Business. You are responsible for any liability not covered by any insurance policy, whether the policy was procured by Winzer or by you. Also, you must indemnify Winzer for any expenses arising out of any claim directly or indirectly related to or in connection with Winzer’s payments to you for uncollected receivables, if the claim does not arise from the negligent or wrongful conduct of Winzer. You acknowledge that Winzer may file a Uniform Commercial Code Financing Statement (“UCC-1”), to secure your indemnification obligation.

**5.10 Winzer’s Indemnification.** Winzer will indemnify, defend and hold you harmless from and against all claims, actions, damages, judgments, attorneys’ fees and other costs, expenses and losses, arising out of actual negligence by Winzer in operating Winzer’s own business.

## **ARTICLE 6 - FEES, PRODUCTS AND PERIODIC GROSS PROFITS**

**6.1 Initial Franchise Fee.** As consideration for the License granted herein, you must pay to Winzer an initial franchise fee in the amount of \$3,500 on or before the Effective Date. Your initial franchise fee must be paid in in the form of a personal or cashier’s check, and is fully earned and non-refundable on the Effective Date. By providing your initials below, you acknowledge and will provide this fee when due:

|                            |
|----------------------------|
|                            |
| <b>Franchisee Initials</b> |

### **6.2 Service Fee.**

(a) You must pay Winzer a Service Fee on the Retail Sales of all Approved Winzer Products and Franchisee Products equal to 16% of your Annual Gross Sales, as defined in Section 18.1(1), unless you qualify for the following reduced Service Fee percentages based on Annual Gross Sales:

| <b>Annual Gross Sales</b>     | <b>Service Fee Percentage</b> |
|-------------------------------|-------------------------------|
| <b>\$200,000 to \$349,999</b> | 14%                           |
| <b>\$350,000 to \$499,999</b> | 12%                           |
| <b>\$500,000 to \$749,999</b> | 10%                           |
| <b>\$750,000 to \$999,999</b> | 9%                            |
| <b>\$1,000,000 or more</b>    | 8%                            |

(b) If you have pre-existing customers, for 90 days after the Effective Date, your Service Fee may be based on the Annual Gross Sales reported by your pre-existing customers. After 90 days, you must pay in accordance with this Section 6.2.

**6.3 Sale of Approved Winzer Products and Franchisee Products.** Winzer will sell Approved Winzer Products to your Customers on terms in effect when you place the order. You may set any price you choose for sales to Customers of any Approved Winzer Products, Franchisee Products and Special Orders, but Winzer may reject any order if the terms of sale do not meet Winzer's billing and collection practices, or otherwise fails to comply with this Agreement or the Manuals. Each order must be documented on an Order Form, and Order Forms must be transmitted to Winzer by computer or as Winzer may periodically specify. Winzer may reject any order that is not documented in the format required by Winzer. Winzer may periodically prescribe the format or procedures for Order Forms in the Manual or otherwise in writing. Each Order Form must sufficiently describe the Approved Winzer Products, Franchisee Products and any Special Orders, and must clearly distinguish the Approved Winzer Products from any Franchisee Products or Special Orders that may be listed on the Order Form. Only Winzer may send invoices to Customers for Approved Winzer Products, Franchisee Products and Special Orders. You will have no claim to or interest in any Winzer Receivables. You may not sell products to Customers under any other circumstances without prior written permission from Winzer.

**6.4 Periodic Gross Profits.** The Periodic Gross Profits from your operation of the Business will be the total invoiced amount of the Retail Sales of Approved Winzer Products, Franchisee Products and Special Orders that are invoiced and shipped during the applicable Billing Period, minus: (a) an amount equal to Winzer's then-current Franchisee Costs, (b) applicable Service Fee payments, (c) amounts due to Winzer from you for any reason, including but not limited to, promissory notes or indemnification, and (d) Franchisee Taxes. Failure by you to generate positive Periodic Gross Profits from your operation of the Business resulting in negative remuneration for 3 or more Billing Periods during any rolling 6-month period during the term of the License is grounds for default and immediate termination with written notice under Section 13.3(k).

**6.5 Periodic Gross Profits Procedures.** During the Term, Winzer will send you a Periodic Gross Profits Statement for the previous Billing Period that will show the Periodic Gross Profits earned by you, less any charges, offsets or deductions.

**6.6 Billing and Collection; Deductions From Periodic Gross Profits.** Winzer's billing and collection practices affecting you and your Customers are fully described in the Manual. Your Customers are bound by the terms of their WINZER accounts. Since Winzer owns the accounts receivable from your Customers, and Winzer generally pays you before your Customer pays Winzer, Winzer reserves the right to exercise its sole discretion in the collection of receivables and in the shipment of future orders to past-due customers. You bear the risk of uncollected and not reasonably collectible invoices. In addition to the deductions described in Section 6.4, Winzer may deduct from Periodic Gross Profits: (a) third-party credit card and bill payment fees incurred relating to Customers paying their invoices by such methods; (b) bad check amounts; (c) fees for bad checks received from Customers (currently \$35 per bad check); (d) Nonsufficient Fund (NSF) fees; (e) the amounts of any credits given by Winzer to any Customers in settlement of any complaints or returns; (f) amounts associated with invoices that Winzer believes are not collectible within a reasonable amount of time; and (g) amounts associated with invoices that significantly exceed the Customer's historical purchases or credit limits. If Winzer collects a gross amount previously deducted from Periodic Gross Profits, Winzer will credit the amount, less Winzer's collection costs, on your next Periodic Gross Profits Statement. Winzer reserves the right to withhold Periodic Gross Profits generated from a sale of Franchisee Products until the invoice has

been paid in full by the Customer. After the invoice has been paid by the Customer, the withheld Periodic Gross Profits will be released on the next normally scheduled Periodic Gross Profit Statement.

**6.7 Sales Taxes.** Winzer is responsible for collecting and reporting sales and use taxes applicable to sales of Approved Winzer Products, less sales and use taxes on Approved Winzer Products that are returned or credited. You must obtain documentation that Winzer requests in connection with sales of Approved Winzer Products, Franchisee Products and Special Orders, including “resale certificates” and similar documentation from customers as to Approved Winzer Products that will be resold by customers. You must pay any Franchisee Taxes. If Winzer determines in its sole discretion that it must pay Franchisee Taxes on your behalf, then the amounts of Franchisee Taxes paid by Winzer will be obligations by you to Winzer, payable on demand.

**6.8 Interest.** Unless otherwise stated in a promissory note or a similar document, amounts owed by you to Winzer (a) will be due on demand by Winzer, which demand may be made for any reason or for no reason, and (b) will bear interest at the rate of 15% per annum, or the highest rate permitted by applicable law, whichever is lower, from the date of demand until paid. (In California, the interest rate will not exceed (a) 10% per annum, or (b) 5% per annum, plus the prevailing federal discount rate being charged to banks institutions by the Federal Reserve Bank of San Francisco, whichever is higher.)

**6.9 Training, Assistance and Meeting Fees.** See Sections 4.2 and 4.3.

**6.10 Winzer Software Fee.** See Section 4.7.

**6.11 Administrative Fee.** Currently, Winzer does not charge you an administrative fee if you ask Winzer to manually enter a Customer order or otherwise ask Winzer to provide a service that is available through use of the Winzer Software, but Winzer has the right to charge a fee of \$25 per occurrence, which fee is subject to reasonable increases.

**6.12 Fees For Other Products and Services.** Winzer has the right to charge you reasonable fees, subject to reasonable increases, for other products and services provided to you and your Permitted Representatives.

**6.13 Fee Increases; Reasonable Fees.**

(a) If Winzer has the right in this Agreement to increase a fee (such as when a fee is identified in this Agreement as “currently” being a specified amount or as being subject to reasonable increases), Winzer may increase the fee only to the extent that a current or different third-party supplier increases its charges or has higher charges (if the fee covers such supplier’s charges), and/or Winzer’s personnel compensation or benefit costs increase, and/or Winzer determines in its sole discretion that coverage, products, services or training not previously provided are required to be provided. No fee that Winzer has the right to increase will be more than doubled in any calendar year. Any fee increase will be subject to at least 30 days' prior written notice to you.

(b) No “reasonable fee” specified in this Agreement will be more than double Winzer’s actual costs related to providing the product, service or training covered by the fee. Winzer’s actual costs include all costs it incurs to arrange for or provide the products, services and/or training related to a fee, including charges for the products, services and/or training by third-party suppliers,



charges and related expenses of independent contractors, Winzer's reasonable transportation, lodging, meal and incidental expenses, and Winzer's reasonable professional fees and related expenses, but not including any allocation of Winzer's employee wage and benefit costs. Any implementation of a "reasonable fee" will be subject to at least 30 days' prior written notice to you.

## **ARTICLE 7 - PURCHASES OF SELECTED FRANCHISEE ACCOUNTS RECEIVABLE FOR COLLECTIONS ONLY**

**7.1 Purpose of This Article.** This Article 7 does not apply to the Retail Sales of Approved Winzer Products, or to the accounts receivable arising from such Retail Sales. This Article 7 will govern Winzer's purchases of your receivables arising from the Retail Sales of Franchisee Products.

**7.2 Winzer's Discretion in Purchasing.** Winzer may purchase any Franchisee Receivable that Winzer selects in its sole discretion, and is not required to purchase any Franchisee Receivable. Winzer normally will not purchase a Franchisee Receivable unless Winzer is able to sell or pledge the resulting Assigned Receivable to Winzer's Lender in exchange for payment or a loan advance from Winzer's Lender.

**7.3 Service Fees on Franchisee Receivables.** Even if Winzer does not purchase a Franchisee Receivable, Winzer may continue to perform certain billing and collection services on all Franchisee Receivables, and Winzer will be entitled to its Service Fee on those Franchisee Receivables.

**7.4 Purchase Price for Assigned Receivables.** For each Assigned Receivable, in its sole discretion, Winzer will pay you the Net Amount of such Assigned Receivable. Winzer will include the Net Amount of the Assigned Receivable in calculating Periodic Gross Profits.

**7.5 Periodic Gross Profits Withholding.** As provided in Section 6.6, Winzer reserves the right to withhold Periodic Gross Profits generated from a sale of Franchisee Products until the invoice has been paid in full by the Customer.

**7.6 Routine Purchases.** You are deemed to offer to sell to Winzer all of the Franchisee Receivables you create. Although Winzer has no obligation to purchase any Franchisee Receivables under Section 7.2, all of your Franchisee Receivables will be deemed purchased by Winzer unless Winzer notifies you of any Franchisee Receivables not purchased. Winzer will provide to you a periodic statement of Winzer's purchases of Franchisee Receivables, which will be considered correct and binding on you as an account stated unless you notify Winzer otherwise within 30 days.

**7.7 Dispositions by Winzer.** Winzer may sell or assign any or all Assigned Receivables to any purchaser, and may pledge or grant a security interest in any or all Assigned Receivables to Winzer's Lender. You have no interest in any Assigned Receivables.

**7.8 Your Representations.** To induce Winzer to purchase Franchisee Receivables, you are deemed to make certain representations every time you create a Franchisee Receivable that Winzer may purchase. If you are unwilling or unable to make all these representations at any time when a Franchisee Receivable could be purchased by Winzer, you must notify Winzer in writing in advance of Winzer's purchase of the Franchisee Receivable (and in any event by the earlier of (i) the end of the Billing Period in which the sale occurred, or (ii) the 3<sup>rd</sup> day after transmitting to

Winzer the Order Form related to such Franchisee Receivable) so Winzer may consider the lack of these representations in deciding whether to purchase such Franchisee Receivables. Your representations are as follows:

(a) On each sale to Winzer of a Franchisee Receivable, Winzer will be the sole owner of the resulting Assigned Receivable, free from any lien, claim or encumbrance.

(b) As to each Franchisee Receivable: (i) that the Franchisee Receivable is a valid debt based on an actual sale of goods from your own inventory; (ii) Franchisee Products that created the Franchisee Receivable were sold in the ordinary course of your Business, were ordered by, delivered to, and accepted by the customer; (iii) the customer is unconditionally obligated to pay the full Net Amount stated in the Order Form, plus shipping and handling fees, insurance charges, and taxes applicable to such sale, without offset or reduction; (iv) the Franchisee Receivable is immediately due for payment by the customer; (v) the customer has not paid anything on the Franchisee Receivable; (vi) the Franchisee Receivable will be fully paid by the customer in the normal course (and in any event, within 120 days of its invoice date); and (vii) the Franchisee Products that created the Franchisee Receivable are not Approved Winzer Products.

**7.9 Repurchases by You.** You must repurchase any Assigned Receivable designated by Winzer if any of the following occurs: (a) Winzer receives payment on the Assigned Receivable by means of a bad check; (b) the Assigned Receivable has not been collected within 120 days after its invoice date; (c) the Assigned Receivable has not been collected 60 days after its invoice date, and Customer has a history of delinquent payments; (d) the Assigned Receivable was based on an erroneous, false or fraudulent order by you, in Winzer's good faith judgment; (e) the Assigned Receivable is uncollectible due to Customer's bankruptcy, insolvency or other circumstances, in Winzer's good faith judgment; (f) 10% or more of the Assigned Receivable due from a customer remains unpaid more than 60 days after the invoice date; (g) Winzer determines, or receives notice from you, that the Assigned Receivable does not conform with any of your representations in Section 7.8; or (h) Customer has a history of delinquent payments and Winzer designates that you must repurchase Customer's Assigned Receivable less than 120 days after its invoice date (for example, 30 or 60 days after its invoice date).

**7.10 Repurchases For Gross Amount.** Winzer will pay you the Net Amount of a Franchisee Receivable when purchasing it, at which time it becomes an Assigned Receivable. You must pay Winzer the Gross Amount of the Assigned Receivable when repurchasing it under Section 7.9. Winzer may deduct the repurchase amount from Periodic Gross Profits. Winzer will not refund its Service Fee applicable to such Assigned Receivable.

**7.11 Winzer Ownership.** You agree that Assigned Receivables are solely Winzer's property, and you have no claim in them. You represent that any lien or claim by any customer of yours against you will not be a lien or claim against Winzer, and will not affect the Assigned Receivables.

**7.12 No Other Liens By You.** You must not grant a security interest in your collateral without Winzer's prior written consent.

**7.13 Winzer's Collection Efforts.** Until you are notified otherwise in writing, Winzer will, on its own behalf, make reasonable efforts to collect all payments on Assigned Receivables as Winzer's property, and Winzer will, on your behalf, make reasonable efforts to collect all payments on Franchisee Receivables. As partial compensation, Winzer will receive its Service Fee

on all such receivables. Winzer need not make any greater collection efforts than those Winzer normally makes.

**7.14 Your Receipts.** You must receive payments on, or grant any credit or adjustment to, Assigned Receivables only in compliance with the Manual.

**7.15 Disputes.** You must immediately report to Winzer all customer disputes or any other matter affecting the value or collectability of any Franchisee Receivables or Assigned Receivables. All such disputes must be promptly adjusted, at your own cost and expense. Winzer may, in its sole discretion, settle, adjust or compromise disputes relating to Assigned Receivables. Any settlement paid or credit given by Winzer to resolve such dispute will be charged to you.

## **ARTICLE 8 - PROPRIETARY MARKS**

**8.1 Grant of License.** Winzer grants you a non-exclusive license to use the Marks in operating your Business only in accordance with this Agreement. This License is non-transferable, except in accordance with Section 12.

**8.2 Rights of Winzer.** You must use the Marks in compliance with rules set forth at any time by Winzer. You may not use any Mark in connection with the sale of any unauthorized product or service or in any other manner.

**8.3 Winzer's Approval.** You must obtain Winzer's prior written approval for the use of the Marks, including the WINZER Mark, in your advertising, promotional, digital, or personal use, whether printed, written, or online. This includes but is not limited to, giveaways, stationery, forms, business cards, social media, email signatures, digital advertisements, and other Internet-based platforms.

**8.4 Restrictions.** You must not use any Marks or any variant or confusingly similar word or mark: (a) in connection with the offer of sale of any good or service other than Approved Winzer Products; (b) in any corporate or other legal entity name; (c) with any prefix, suffix, or other modifying word, term, design or symbol; (d) in or as part of any domain name for any Internet web site; (e) in or as part of any Internet or e-mail address; (f) in or as part of any list of names or words included in any search engine associated with any Internet web site; or (g) in any other manner that may incur any obligation or debt on behalf of Winzer.

**8.5 Ownership.** You will have no right, title or interest in or to any of the Marks except the limited right to use the Marks in accordance with the terms of this Agreement. You must not represent that you acquired any ownership in the Marks. All uses of and all goodwill associated with the Marks will be for the benefit of and the property of Winzer. You must not attribute any monetary value to goodwill associated with the Marks. You must not, during or after the Term, dispute or impugn the validity of or Winzer's rights in the Marks, do or permit any act or thing to be done in derogation of any of Winzer's rights in the Marks, or apply for, attempt to obtain or accept any registration in any of the Marks.

**8.6 Defense of Actions.** You must notify Winzer immediately of any claim or infringement against the Marks, Confidential Information or the System, and must without compensation cooperate in all respects with Winzer in any legal proceeding involving the Marks, Confidential Information or the System. Winzer will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks, its Confidential Information or the

System and, will, at its expense, control and conduct any such litigation. If you are named as a defendant in any action solely because the plaintiff alleges that you do not have the right to use the Marks, then if you immediately notify Winzer, Winzer will defend such action and will indemnify and hold you harmless of all damages assessed against you in such action. If Winzer prevails in a suit that results in the payment of damages or costs, such amounts will be the exclusive property of Winzer. **Other than specifically stated above, Winzer makes no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Marks.**

**8.7 Changes in Marks.** If Winzer ever decides it is advisable for you or Winzer to modify or stop the use of any Mark, you must promptly comply with Winzer's directions.

## **ARTICLE 9 - WARRANTY**

**All Approved Winzer Products are subject to warranty and liability limitations of Winzer's written product warranty, which Winzer can modify at any time in its sole discretion. Winzer has the sole right to resolve all warranty claims, either directly with the customer or through you, and such action will be binding on you.**

## **ARTICLE 10 - CONFIDENTIAL INFORMATION**

**10.1 Basic Agreement.** You acknowledge that the System involves Winzer revealing to you its Confidential Information for use only in connection with the operation of the Business. You may disclose Confidential Information during the Term only to your Permitted Representatives as needed in the Business. You must not, at any time, disclose or communicate any Confidential Information to any person outside of the WINZER franchise system. You must not, during the Confidentiality Period, use or allow the use of any Confidential Information in any manner not specifically authorized by Winzer for the benefit of yourself or any other person. You agree that use of any Confidential Information contrary to the terms of this Agreement is an act of infringement that will cause irreparable injury to Winzer.

**10.2 Permitted Representatives.** In order to protect the Confidential Information, you must require each Permitted Representative to execute Winzer's Permitted Representative Agreement (Exhibit H), before commencing employment or otherwise engaging in any other activities as a Permitted Representative. You must submit to Winzer a duplicate original of the executed Permitted Representative Agreement before the Permitted Representative commences employment or any other activities.

**10.3 Protection of the System.** You recognize your continuing obligation to use your best efforts to promote the Business during the Term and acknowledge that: certain methods of doing business and other elements comprising the System are proprietary, and have been developed by Winzer at great effort, skill, time and expense; and you will have regular and continuing access to valuable Confidential Information regarding the System. You accordingly agree to the covenants of this Article 10 in order to protect and preserve Confidential Information, the System and the identification of the Business under the Marks. You must not, without Winzer's prior written consent, directly or indirectly, for yourself or through, on behalf of or in conjunction with any person or entity:

(a) Disparage Winzer, its Representatives, the System, the Business or other Winzer franchisees, during or after the Term;

(b) Induce or try to induce any of Winzer's franchisees or suppliers, or any Customers other than your Protected Customers, to leave Winzer or cease doing business with Winzer, during the Confidentiality Period;

(c) Divert or attempt to divert any of your Protected Customers to any other company by direct or indirect inducement or otherwise, during the Term;

(d) Engage in activities other than those approved under the System; or own, operate, maintain, have any interest in, be employed by, engage in or perform any services for any business that offers or sells, or that franchises or licenses others to offer or sell, services or products to your Protected Customers that are the same as or substantially similar to Approved Winzer Products or any other products or services that were or could have been offered by you under this Agreement, during the Term.

**10.4 Remedies.** You agree that your violation of any term of this Article 10 will cause irreparable injury to Winzer for which no adequate remedy at law is available, and entitles Winzer to seek equitable and any other appropriate relief. You further agree that Winzer will be entitled to an accounting and repayment of all profits, compensation or other benefits that you have realized and/or may realize as a result of, arising out of or in connection with any such breach.

**10.5 Reduction of Covenants and Defenses.** You agree that Winzer may, in its sole discretion, reduce the scope of any covenant in this Article 10, effective immediately on written notice from Winzer, and you agree that you will promptly comply with any covenant so modified, which will be fully enforceable notwithstanding any other provision of this Agreement. You further agree that any claim you may have against Winzer, whether or not related to the Business, will not be a defense to the enforcement by Winzer of any provision of this Article 10.

## **ARTICLE 11 - YOUR ABILITY TO PERFORM UNDER THIS AGREEMENT**

**11.1 Representations as to Existing Agreements.** You represent and agree that you will not use any confidential information or trade secret of any former employer or any other person in performing your obligations under this Agreement, and that you will not hire or engage any Permitted Representative who does not or cannot also make the same representation and agreement. You represent that you are not subject to a currently valid or effective agreement of employment or non-competition, or any other agreement, that in any way impairs your ability to enter into this Agreement or to fully perform your obligations hereunder.

## **ARTICLE 12 - TRANSFER OF INTEREST**

**12.1 Transfer of Your Interest.** Neither you nor any individual, partnership, corporation or other entity that owns any interest in you must transfer any interest in this Agreement, or in the License or the Business, or in any capital or common stock in the License or Business, or in all or substantially all of the assets of the License or the Business (collectively the "franchise interest"), without Winzer's prior written consent.

**12.2 Conditions for Transfer.** Winzer will not unreasonably withhold its consent to a transfer, if the following conditions are met:

(a) You must not be in default of any term of this Agreement, including any obligation to pay any amount to Winzer or any of its subsidiaries or affiliates;

(b) You must execute a general release, in a form prescribed by Winzer, of all claims against Winzer and its representatives, and Winzer's subsidiaries and affiliates and their representatives (except claims for current Periodic Gross Profits);

(c) Winzer must be satisfied that the transferee (i) has the ability to successfully operate that Business, (ii) has an acceptable credit rating, (iii) has adequate financial resources and capital to operate to Business according to Winzer's requirements, and (iv) will not remain involved, directly or indirectly, in any business that in any way competes with a WINZER franchise;

(d) The transferee must execute on transfer Winzer's then-current form of the franchise agreement being offered to new franchisees, including attachments, which agreement and attachments will supersede this Agreement and any attachments, and the transferee must attend and successfully complete the New Franchisee Training Program to Winzer's satisfaction;

(e) You and the transferee must sign the documents necessary to transfer to the transferee any agreements or other documents that Winzer may reasonably require; and

(f) Winzer must be satisfied with form and content of any transfer documents on any transfer permitted under this Article 12.

**12.3 Retirement Assistance.** If you notify Winzer in writing that you desire to explore retirement options, then Winzer will use reasonable efforts to assist you in developing a plan for selling the Business, which may include:

(a) Assistance with transaction negotiations, and financial redistribution of monies between buyer and seller (provided, however, Winzer is not responsible for any costs of assessing the value of the Business or expenses for your legal counsel);

(b) A contract/repayment term that coincides with the Term;

(c) A revertible clause with the first right of refusal going to you, the seller.

**12.4 Security Interest.** You may not grant or receive a security interest in the Business or this Agreement without Winzer's prior written consent.

**12.5 Transfer by Winzer.** Winzer may assign this Agreement and its rights hereunder to any person in whole or in part from time to time. Without limitation, Winzer may sell its assets or stock, the Marks, or its System to a 3<sup>rd</sup> party; may go public; may engage in a private placement of its securities; may merge, acquire other corporations, or be acquired by another corporation, which could have the effect of Representatives or independent contractors of such former competitor calling on your Protected Customers; may undertake a recapitalization, spinoff, leveraged buyout or other financial restructuring; and, with regard to any or all of the above, you waive any claims related thereto, to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of Winzer as Winzer hereunder. In any assignment by Winzer, Winzer need not remain in its current business or distribute products. Nothing requires Winzer to continue to offer franchises.

**12.6 Your Death or Disability.** You must name a person (your “Designee”) who is responsible for actively directing the affairs of the Business in the event of your death, disability, or other verifiable health condition if you are an individual, or the death, disability, or other verifiable health condition of your Operating Principal if you are a legal entity, that significantly impairs your or the Operating Principal’s ability to operate the Business. Under such conditions, Winzer will work with your Designee and permit your heirs, legatees, personal representative, conservator or guardian, as applicable, to keep or transfer the Business within 90 days after the date of such event, subject to compliance with Section 12.2. If you fail to name a Designee and/or your heirs, legatees, personal representative, conservator or guardian, as applicable, fail to continue operating or transfer the Business within 90 days after the date of the event, Winzer has the right to terminate the License without giving an opportunity to cure. Please indicate your Designee below:

|                             |  |
|-----------------------------|--|
| Designee Name:              |  |
| Relationship to Franchisee: |  |
| Address:                    |  |
| City, State, Zip:           |  |
| Phone #:                    |  |
| Email Address:              |  |

**12.7 Your Transfer to a Legal Entity.** If a proposed transfer is to a legal entity controlled by you that is formed for the convenience of ownership, Winzer’s consent to the transfer may, in its sole and absolute right, be conditioned on the following requirements:

- (a) The legal entity’s activities will be confined exclusively to operating the Business.
- (b) You will own a majority stock interest or partnership interest in the transferee legal entity, and will act as its principal operating officer, member, shareholder or partner.
- (c) Copies of the transferee legal entity’s Certificate and Articles of Incorporation, Certificate and Articles of Organization, Certificate and Agreement of Partnership, By-Laws, resolution authorizing entry into this Agreement and any other significant governing documents, promptly will be furnished to Winzer and each stock certificate, evidence of ownership, or certificate of interest will have conspicuously endorsed on its face a statement in a form satisfactory to Winzer that it is held subject to, and that further transfer is subject to, all restrictions on transfers in this Agreement.
- (d) You will maintain a then-current list of all principals and beneficial owners, and periodically furnish the list to Winzer on request.
- (e) You will sign transfer documents as reasonably requested by Winzer.

## **ARTICLE 13 - DEFAULT AND TERMINATION**

**13.1 Early Voluntary Termination By You.** You may voluntarily terminate the License only during the 1st 6 full months of the Term, unless (a) you are a Renewing Franchisee, (b) you are a Transferee, (c) you entered into this Agreement in connection with a sale to Winzer of some or all of your pre-existing business, or (d) Winzer paid any consideration to you in connection with the

granting of the License. If you desire to voluntarily terminate the License, you must give at least 30 days' prior written notice of termination to Winzer.

**13.2 Other Termination By You Prohibited.** You acknowledge that termination of the License during the Term, other than as outlined in Section 13.1 or due to an approved transfer under Article 12, will cause Winzer actual damages comprised of losses of revenue and future profits, lost opportunity, costs, adverse effects on Winzer's strategic plans, additional costs to administer the System, costs of training, and costs to identify and find new or replacement franchisees. You acknowledge that the fact of these actual damages is certain and reserve to Winzer the right to recover such actual damages, plus interest as specified in Section 6.8 from the date of demand until paid, if you terminate the License except in accordance with the terms of this Agreement.

**13.3 Immediate Termination, with Notice.** Winzer may terminate the License, without giving you an opportunity to cure, effective immediately on your receipt of written notice, if:

(a) You are insolvent; or you admit your inability to pay your debts as they become due; or you make an assignment for the benefit of your creditors; or a voluntary or involuntary proceeding is instituted against you in bankruptcy or any other insolvency law; or a receiver or other custodian of your Business or its assets is appointed; or execution is levied against your Business or its assets.

(b) You are convicted of or plead guilty to a felony, a crime involving moral turpitude, or any other crime, misdemeanor or offense that Winzer believes in its reasonable business judgment is likely to have an adverse impact on Winzer, the System, the Marks or the Business.

(c) You submit any false or fraudulent Order Forms to Winzer, or otherwise falsely represent to Winzer that Approved Winzer Products or Franchisee Products were ordered by a customer.

(d) You endorse any check made out to Winzer for cash or deposit to any account other than those specifically maintained by Winzer.

(e) You or your Designee, heirs, legatees, personal representative, conservator or guardian, as applicable, try to assign or transfer any franchise interest without Winzer's prior written consent as specified in Section 12.1 and Section 12.2; or your Designee, heirs, legatees, personal representative, conservator or guardian, as applicable, fail to transfer this Agreement and the Business within 90 days after your death or disability as specified in Section 12.6.

(f) You misrepresent actual or expected sales volumes or other material claims regarding your ability to perform under this Agreement, including Section 11.1.

(g) You disclose or divulge the contents of the Manual or other Confidential Information, contrary to the terms of this Agreement.

(h) You misuse or make unauthorized use of the System or the Marks or any other identifying characteristics of the System.

(i) You are involved in any conduct or act, including but not limited to, engaging in any deceptive or unfair trade practice, or unethical or unprofessional behavior which, in Winzer's



sole opinion, materially impairs the goodwill associated with Winzer, the System, the Marks or the Business. Unprofessional behavior includes, but is not limited to, use of profane language, or abusive and threatening behavior or language, directed toward a Winzer Representative or a Customer.

(j) You abandon the Business, fail to actively pursue the Business, cease to operate the Business, or otherwise forfeit the right to do or transact the Business in the jurisdiction where the Business is located, unless caused by conditions specified in Section 15.7.

(k) You fail to generate positive Periodic Gross Profits from your operation of the Business resulting in negative remuneration for 3 or more Billing Periods during any rolling 6-month period during the term of the License.

**13.4 Termination with Notice and Opportunity to Cure.** Except as set forth in Section 13.3, you will have 10 days after receipt of written notice from Winzer in which to remedy your failure to make payment to Winzer when due, and 30 days after receipt of written notice from Winzer in which to remedy any default under this Agreement. If any default so noticed is not cured within the specified time, the License will terminate without further notice to you. Such defaults include, but are not limited to, if:

(a) You violate or otherwise fail to comply with any material term, representation, warranty, standard, specification, procedure or requirement imposed by this Agreement, as the Agreement may periodically be reasonably supplemented by the Manual, or otherwise fail to satisfy any material obligation relating to the Business.

(b) You fail to maintain your Required Monthly Averages, unless Winzer is satisfied that the failure is caused by your temporary disability or an event of Force Majeure.

(c) You fail, refuse or neglect to promptly make any payment to Winzer, its subsidiaries or affiliates, when due under this Agreement, or any other agreement, note or contract.

(d) You fail, refuse or neglect to promptly deliver merchandise and/or invoices for merchandise that you have ordered for customers or invoiced to customers through the System.

(e) You refuse to permit Winzer to inspect or audit your Business Records according to this Agreement, or fail to timely submit financial or statistical reports, records, statements, tax returns or other information that Winzer requests, or repeatedly submit orders for product as Franchisee Products instead of as Approved Winzer Products; you sell Franchisee Products to a customer in which you own a direct or indirect interest, without Winzer's consent; or the Retail Sales of Franchisee Products continuously exceed ten percent (10%) (or such other threshold percentage that Winzer has designated on at least 30 days' prior written notice to you) of the Retail Sales of Approved Winzer Products.

(f) You become involved in any act or conduct which serves as a detriment to the System, including but not limited to: verbal abuse of any Winzer Representative and use of Winzer's electronic communication systems for the purpose of attacking Winzer or its Representatives; you are involved in unethical or unprofessional behavior directed toward any Winzer Representative or Customer; you knowingly solicit, call on, attempt to sell or sell Approved Winzer Products, Franchisee Products or Special Orders to a Protected Customer of Winzer or another franchisee; you sell to Wholesalers, rather than consumers, without following

Winzer's procedures; you sell products outside the System and the Business; or you use Confidential Information for the benefit of yourself, or a third party outside the WINZER franchise system, contrary to the terms of this Agreement.

(g) You fail, refuse or neglect to pay any third party, including any government taxing or licensing authority, any amount owing in connection with the Business when due.

(h) You fail to comply with the requirements of personal attention and continuous best efforts in operating the Business in accordance with Section 3.1.

(i) You are repeatedly in default under the Agreement for failure to substantially comply with any of the requirements imposed by this Agreement, whether or not cured after written notice.

**13.5 Cure Periods.** If a default cannot be cured in 10 days or 30 days, as applicable, you may avoid termination by immediately initiating action to cure any default and diligently proceeding to cure the default within such longer period of time as Winzer, in its sole discretion, may permit. If applicable law requires that you be given a longer period of time in which to cure any default, the cure period shall be extended to correspond to applicable law.

**13.6 Cure Remedies.** If you violate or otherwise fail to comply with any material term, representation, warranty, standard, specification, procedure or requirement specified under the Agreement, as periodically supplemented by the Manual, and your actions damage another franchisee, in addition to any other remedy available to Winzer, Winzer may specify that the cure of your default will include a temporary increase in your Service Fee during the cure period, payment to compensate the franchisee who was damaged by your action, or that Winzer may collect its lost profits on Franchisee Products that should have been ordered as Approved Winzer Products. You further agree that Winzer will be entitled to set off any amounts Winzer owes to you against any loss or damage to Winzer arising from your breach of this Agreement.

**13.7 Your Obligations on Termination, Expiration or Non-renewal.** Immediately on termination, expiration or non-renewal of the License, at any time, regardless of reason, you must:

(a) Pay Winzer all debts and other amounts you owe to Winzer for any reason under this Agreement, any promissory note or other agreement, including any Service Fee for unauthorized sales. Winzer may withhold Periodic Gross Profits payable to you in such amounts as deemed necessary by Winzer, in its sole discretion, to cover any outstanding notes or leases, any accounts Winzer anticipates are uncollectible, or any other chargebacks to you. In its sole discretion, Winzer may delay payment of the entire final Periodic Gross Profits payment until you comply with all of the provisions of this Section 13.7.

(b) Stop using the Marks and the System and refrain from doing anything, whether or not specified herein, that would directly or indirectly indicate that you are affiliated with Winzer.

(c) Return to Winzer (via prepaid express courier) the Manual and all other manuals, software, catalogs, brochures, decals, signs and other materials Winzer provided to you.

(d) Abide by and honor all obligations that, by their nature, survive termination, expiration or non-renewal of the License, including, without limitation, those in Article 10.

**13.8 Disclaimer.** Winzer disclaims any right under this Article 13 to terminate this Agreement based on any decision or action by you regarding recruiting, interviewing, hiring, determining the terms of employment of, compensating, keeping the time of, processing the payroll of, providing work resources to, scheduling, supervising, disciplining and firing your personnel.

#### **ARTICLE 14 - DISPUTE RESOLUTION**

**14.1 Arbitration.** Except as expressly provided in Section 14.5, all breaches, claims and disputes (collectively referred to as “breaches” or “breach”) between you and Winzer arising from this Agreement, including any allegation of fraud, misrepresentation or violation of any Federal, state or local law or regulation, will be determined exclusively by binding arbitration according to the rules of the American Arbitration Association.

**14.2 Notice of Dispute; Cure Period.** The party alleging breach must provide the other party with written notice of the facts of breach in detail, and neither party will have the right to commence any arbitration hearing until such notice is given. The party alleged to have breached this Agreement will have 30 days from the notice to correct the alleged breach. If the breach is not corrected within the 30-day period, then either party will have the right to arbitration.

**14.3 Waiver of Claims by You.** You must give Winzer immediate written notice of any alleged breach. If you do not give Winzer written notice of an alleged breach within 1 year from the date that you know of circumstances reasonably indicating that you may have a claim for breach by Winzer, then the alleged breach will be deemed to be waived by you, and you will be barred from commencing any legal or other action against Winzer for that alleged breach.

**14.4 Powers of Arbitrator.** The authority of the Arbitrator will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to this Agreement. The Federal Rules of Evidence (the “Rules”) will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda and any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who testifies against them or in favor of the other party. The Arbitrator will have no authority to add to, delete or modify the terms of this Agreement, or to enjoin or stay any termination of this Agreement. All findings, judgments, decisions and awards of the Arbitrator will be limited to the dispute or controversy set forth in the written demand for Arbitration, and the Arbitrator will have no authority to decide any other issues. The Arbitrator will not have the right or authority to award punitive damages to Winzer or to you, or to the officers, directors, shareholders, partners or personal guarantors of either (as applicable). All findings, judgments, decisions, and awards by the Arbitrator will be in writing, will be made within 30 days after the initial arbitration hearing has been completed, and will be final and binding on Winzer, you and the officers, directors, shareholders and personal guarantors of both. The written decision of the Arbitrator will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party in any jurisdiction.

**14.5 Disputes Not Subject to Arbitration.** The following disputes will not be subject to arbitration, even if arising from this Agreement, and Winzer is free to utilize any right or remedy it may have at law or equity:

- (a) Any dispute involving the Marks pursuant to Article 8 of this Agreement.

(b) Any dispute involving the Confidential Information which arises under or as a result of Article 10 of this Agreement.

(c) Any dispute involving immediate termination of this Agreement by Winzer pursuant to Section 13.3.

(d) Any monetary default by you under this Agreement or any related agreement or your failure to otherwise comply with any obligation that survives termination, expiration or non-renewal of this Agreement.

(e) Any dispute involving the Asset Purchase Agreement or other relevant transaction documents if you acquired the License in connection with a sale to Winzer of some or all of your pre-existing business or its assets.

**14.6 No Collateral Estoppel.** All arbitration findings and awards will be final and binding on Winzer and you. The arbitrator's findings and awards may not be used to collaterally estop Winzer, you or any other party from raising any like or similar issue, claim or defense in any other or subsequent arbitration, litigation, court hearing or other proceeding involving third parties or other franchisees.

**14.7 Limitation of Damages.** In the event of a dispute, each of the parties waives, to the fullest extent permitted by law, any right to or claim for punitive, exemplary, incidental, indirect, special or consequential damages arising out of any cause whatsoever, whether based on contract, tort or strict liability, and agrees that the recovery of either party will be limited to the recovery of any actual damages sustained by it.

**14.8 No Class Action.** No party except Winzer, you or the officers, directors, shareholders and personal guarantors (as applicable) will have the right to join in or become a party to any arbitration proceeding arising under this Agreement, and therefore, the arbitrator will not be authorized to permit class actions (as defined in the Federal Rules of Civil Procedure) or to permit any person or entity that is not a party to this Agreement to be involved in or to participate as an interested party in any arbitration hearings.

**14.9 Waiver of Jury Trial.** Except where prohibited by applicable state law, if any dispute is not subject to arbitration under this Agreement, then the parties agree that the trial of any legal action arising out of this Agreement or the relationship of the parties, will be heard and determined by a judge who will sit without a jury. Either party may file an original or copy of this Agreement with any Court as written evidence of the consent by the parties to the waiver of their right to trial by jury.

**14.10 Venue and Jurisdiction.** All arbitration hearings must take place exclusively in Collin County, Texas. All court hearings, mediation hearings or other hearings initiated by either party against the other party must have venue exclusively in Collin County, Texas. Winzer and you, and where applicable the respective officers, directors, shareholders and personal guarantors, agree and submit to personal jurisdiction in Collin County, Texas, in connection with any arbitration hearings, court hearings, or other hearings, including any lawsuit challenging the arbitration provisions of this Agreement or the decision of the Arbitrator, and waive any right to contest venue and jurisdiction in Collin County, Texas, and any claim that venue and jurisdiction are invalid.

Notwithstanding this Section 14.10, any actions to enforce the decision of the Arbitrator may be brought in any court of competent jurisdiction.

**14.11 Severability.** The parties intend that the provisions of this Article 14 be enforced to the fullest extent permissible under the laws and public policy in each jurisdiction where enforcement is sought. Accordingly, if any part of this Article 14 is adjudicated to be unenforceable, then this Article 14 will be deemed amended to delete that part, such deletion to apply only to the operation of this Article 14 in the particular jurisdiction in which the adjudication is made. Further, to the extent any provision of this Agreement is deemed unenforceable by virtue of its scope, the same will, nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought, and the scope in such a case will be determined by Arbitration as provided herein.

**14.12 Equitable Relief.** Winzer may seek to obtain an order of specific performance and/or temporary, preliminary or permanent injunctive relief on written notice to you but without the necessity of a bond from a court or agency of competent jurisdiction against actual or threatened conduct causing loss or damage that can be remedied under usual equity rules, including claims involving the Marks under Article 8, unauthorized use or disclosure of Confidential Information or enforcement of covenants under Article 10. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, on due hearing, and expressly waive all claims for damages caused by the wrongful issuance of any injunction.

## **ARTICLE 15 - MISCELLANEOUS**

**15.1 Winzer's Enforcement.** Failure by Winzer at any time to enforce any provision of this Agreement, will in no way affect the validity or act as a waiver of this Agreement, or any part, or the right of Winzer thereafter to enforce it. You acknowledge that Winzer operates a large and diverse business, and that Winzer is not obligated to enforce each Franchise Agreement in a uniform manner with respect to the other franchisees.

**15.2 Notices.** All notices or communications required by this Agreement will be in writing addressed to the recipient at the address on the cover page of this Agreement or such other address as a party has specified by written notice. A notice will be deemed to have been delivered: (a) if hand-delivered, on delivery against receipt or on refusal to accept the notice; (b) if delivered by overnight courier, the next business day after deposited with such courier, charges prepaid; (c) if by certified or other receipted mail, on receipt or on refusal to accept the notice; (d) if by email, on delivery if sent to the address that the other party has on file from the recipient, with proof of delivery, if sent during the recipient's normal business hours, or if sent after recipient's normal business hours, on the next business day; or (e) if faxed, on delivery during the recipient's normal business hours, or the next business day if sent after recipient's normal business hours. A party is not required to use more than 1 method and may choose any method of giving notice.

**15.3 Governing Law.** This Agreement will be governed by and construed according to the substantive laws of the State of Texas.

**15.4 Entire Agreement.** This Agreement, the documents referred to in this Agreement, and the Attachments to this Agreement, constitute the entire, full and complete agreement between you and Winzer concerning the subject matter of this Agreement, and except as specifically provided otherwise in this Agreement, supersede all prior related representations, understandings or

agreements between you and Winzer, except nothing in this Agreement or in any related agreement is intended to disclaim the representations made in Winzer's Franchise Disclosure Document (including its exhibits and amendments) provided to you in connection with the execution of this Agreement. No modification to this Agreement will be effective unless made in writing and signed by both you and an officer of Winzer.

**15.5 Cost of Enforcement or Defense.** In any disputes, the prevailing party will be entitled to recover from the other party the amount of all reasonable attorneys' fees and expenses of counsel and other related expenses.

**15.6 Time Periods.** All references to days will be calendar days unless specifically stated otherwise. References to anniversaries will be the calendar anniversary of the date mentioned. You further agree that if you violate any obligation under Article 10, then the specified time period will be extended by a period of time equal to the period of time beginning when the activities constituting such violation begin and ending when the activities constituting such violation terminate.

**15.7 Force Majeure.** Whenever a period of time is provided in this Agreement to perform any act, except payment of money, neither party will be liable for any delays directly caused by and event of Force Majeure, and the time period will be extended for the performance of the obligation by the amount of time of delay. This clause will not result in an extension of the Term and the non-performing party will use its best efforts to notify the other party and remedy its inability to perform.

**15.8 Place of Performance.** This Agreement has been accepted by Winzer and entered into in Plano, Texas, and is deemed to be performed by the parties in Collin County, Texas.

## **ARTICLE 16 - YOUR REPRESENTATIONS**

**16.1 Representations.** You acknowledge, represent and warrant to Winzer each of the following:

(a) That Winzer has reserved certain rights to own and operate Businesses; to franchise other Businesses; and otherwise to use the System, the Marks, Approved Winzer Products, know-how, techniques and procedures.

(b) That Winzer is relying on the completeness and accuracy of your representations and information set forth in this Agreement and any related agreement or in any applications, financial statements and submissions to Winzer.

(c) That if you were employed by or otherwise associated with any company that offers or sells products that are similar to Approved Winzer Products, that you terminated your relationship with such company before signing this Agreement; that you returned to such company all material and other information that the company designated as being confidential and proprietary to it; that you have no confidential or proprietary materials or information of such company in your possession, custody, or control; that you have not provided nor will you provide to Winzer, or to any of its employees, franchisees or agents, any confidential or proprietary information about the company; that you have or will comply with any lawful covenants in favor of said company for the duration of those covenants; that you have not violated and are not in violation of any lawful covenants in favor of said company; and that you will indemnify, defend,

and hold harmless Winzer from all claims, actions, judgments, damages, costs, expenses and losses arising out of, in connection with, or as a result of any of your acts that are in violation of these representations.

(d) That Winzer does not want or need you to use, and that the License will be terminated if you are found to have used, any of your former employer's confidential or proprietary information in connection with your operation of the Business.

(e) That the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). Further, that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
- (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

Further still, that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of this Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

## **ARTICLE 17 - TRANSACTIONS WITH GOVERNMENT ENTITIES**

**17.1 Government Contracts.** Periodically, Winzer enters into government contracts that permit transactions with government entities. The General Services Administration ("GSA") has awarded a contract to Winzer that authorizes the sale of products by Winzer and its franchisees to certain government agencies and other government entities ("GSA Contract"), and the Defense Logistics Agency ("DLA") awards contracts to Winzer on an ongoing basis that authorize the sale of products by Winzer and its franchisees to certain government agencies and other government entities ("Cage Code"). You may wish to periodically enter into transactions with federal, state and local government entities in accordance with the GSA Contract, the Cage Code, and other contracts negotiated by Winzer that permit transactions with government entities. Winzer will authorize you to transact business under the GSA Contract, the Cage Code, and other contracts that permit transactions with government entities, if you agree to comply with all policies, rules, regulations and guidelines established by Winzer in accordance with the GSA Contract, the Cage Code, and the other contracts, and agree to comply with the provisions of this Article 17.

### **17.2 Acknowledgments, Agreements and Representations Related to Government Contracts**

(a) Notwithstanding anything to the contrary in other ARTICLES of this Agreement, in the event of a conflict between the provisions of this Article 17 and the provisions of other ARTICLES of this Agreement, the provisions of this Article 17 will control.

(b) You agree that this Article 17, as periodically supplemented by the Manual, will govern all of your dealings under the GSA Contract, Cage Code, and any other contracts with federal, state or local government entities.

(c) You agree that you must at all times represent yourself as an authorized representative of Winzer, using Winzer's name and business information, when conducting business under the GSA Contract, the Cage Code, and any other government contract negotiated by Winzer, or when entering into any transaction with the federal government. You acknowledge that you are not allowed to conduct business using your business name and address and/or company status under the GSA Contract, the Cage Code, or any other government contract, in transactions with the federal government.

(d) If Winzer notifies you that Winzer has established a contract in its own name with any state or local government entity, you must at all times represent yourself as an authorized representative of Winzer when conducting business with that state or local government entity. If Winzer does not have a contract in its own name with a state or local government entity, you may conduct business with such state or local business entity using your business name and address and/or company status.

(e) In its sole discretion, Winzer may make portions of the GSA Contract, the Cage Code, and any other government contract negotiated by Winzer, available to you as Winzer deems necessary for your actions under this Article 17. In its sole discretion, Winzer may periodically provide to you portions of applicable laws and regulations governing transactions with federal, state and local government entities, and related materials governing transactions with federal, state and local government entities. You agree to be familiar with all materials provided by Winzer with respect to transactions with federal, state and local government entities.

(f) In addition to the requirements of Section 3.6, you agree to adhere to all applicable laws and regulations with respect to transactions with federal, state and local government entities, including all laws and regulations governing sales to federal, state and local government entities. You represent to Winzer that you are familiar with all applicable laws and regulations governing sales to federal, state and local government entities, and agree to monitor and become familiar with any revisions or changes to such applicable laws and regulations.

(g) In addition to the other training specified in Section 4.2, in its sole discretion, Winzer may periodically provide training to you related to transactions with federal, state and local government entities. You agree to attend all required training sessions.

(h) In accordance with Section 5.4, you must furnish all information requested by Winzer with respect to any transaction with a federal, state or local government entity in the format requested by Winzer. In particular, you acknowledge and agree that you must submit to Winzer, in advance, for Winzer's review and approval, all bids, contracts, orders, solicitations, requests for proposal ("RFP") and requests for quote ("RFQ"), before you quote, accept, submit or process any government bid, contract, order, or solicitation. You agree to inform Winzer of any request for information ("RFI") received by you from a federal, state or local government entity related to your transactions with any such entity.

(i) In addition to the indemnification provisions in Section 5.9, you agree to indemnify, defend and hold harmless Winzer from all claims, actions, damages, judgments, freight charges,



bid fees, attorneys' fees and other costs, expenses and losses, arising out of, in connection with or as a result of your transactions with any federal, state or local government entity, including any matters involving alleged violation of any applicable law or regulation related to such transactions by you or your Permitted Representatives.

(j) Section 6.3 is amended to provide that you must honor all price terms of the GSA Contract, the Cage Code, or any other government contract negotiated by Winzer, including quantity/volume discounts on orders from federal government accounts, or "Disaster Recovery" orders from state or local government accounts.

(k) Unless Winzer otherwise consents, you will have no authority or responsibility for the submission of invoices for payment by any federal, state or local government agency. You agree to promptly refer to Winzer any RFI received by you from any federal, state or local government entity regarding an invoice for payment.

(l) Sections 6.4 and 6.6 are amended to provide that Winzer may deduct from Periodic Gross Profits the freight charges and bid fees on sales to federal, state or local government entities for purposes of reimbursing Winzer for amounts that cannot be invoiced to a federal, state or local government entity.

(m) You agree that your violation of this Article 17 is a violation of Section 13.3(i), and that Winzer may terminate your authority to conduct further business under the GSA Contract, the Cage Code, or any other government contracts negotiated by Winzer, without giving you an opportunity to cure in such circumstance, immediately on your receipt of written notice. You also agree that Winzer may terminate the License without giving you an opportunity to cure in such circumstance, immediately on your receipt of a written notice of default.

(n) You acknowledge that Winzer deems customers under the GSA Contract, the Cage Code, and any other government contracts negotiated by Winzer, to be National Accounts within the meaning of Section 18.1(26) due to the special procurement procedures and/or pricing requirements of the GSA Contract, the Cage Code, and any other government contracts negotiated by Winzer. You agree that customers under the GSA Contract, the Cage Code, and any other government contracts negotiated by Winzer, are Winzer's customers and that no customers under the GSA Contract, the Cage Code, or any other government contracts negotiated by Winzer, are or can qualify to become your Protected Customers within the meaning of Section 18.1(35).

## **ARTICLE 18 - DEFINITIONS**

### **18.1 Definitions.**

(1) **"Annual Gross Sales"** means the total invoiced amount of all Retail Sales of Approved Winzer Products through the Business during the preceding 24-26 Billing Periods, less total credits and discounts given during such Billing Periods for any such Approved Winzer Products, and less the gross amount of any invoice to Customers arising from any order previously placed with Winzer, if Winzer deems such invoiced amount uncollected or not reasonably collectible, in Winzer's good faith judgment, including if: invoice paid by a bad check; invoice remains uncollected 120 days after its date; invoice remains uncollected 60 days after its date and Customer has a history of delinquent payments; invoice was based on an erroneous, false or fraudulent order by you, in Winzer's good faith judgment; or invoice deemed uncollectible due to

Customer's bankruptcy, insolvency or other circumstances. If Winzer collects a gross amount previously deducted, Winzer will credit the amount, less Winzer's collection costs, during the next Billing Period. During the 1<sup>st</sup> year of the Term, your Annual Gross Sales will be estimated based on an annualization of year-to-date sales and credits. Any sales made but not invoiced in any applicable Billing Period will not be included in any calculation for that Billing Period. Nothing in this definition implies any consent by Winzer to Retail Sales other than through you and your Permitted Representatives.

(2) **"Approved Winzer Products List"** means the list of Approved Winzer Products that can be found in the Winzer Software.

(3) **"Approved Winzer Products"** means quality packaged fasteners, nuts, bolts, clamps, adhesives, sealers, electrical components, cutting tools, fluid power fittings, chemicals, welding and shop supplies, janitorial supplies and other related products and services periodically designated by Winzer, and listed in the Winzer Software, that are shipped by Winzer (or are shipped by its approved vendor) directly to your Customers and invoiced directly to your Customers by Winzer.

(4) **"Assigned Receivable"** means a Franchisee Receivable purchased by Winzer, effective on the date of Winzer's purchase.

(5) **"Automotive Market"** means value-added direct sales to Customers who are automotive dealerships, body shops, repair shops and service centers, as well as truck, fleet and other wheeled transportation dealerships and maintenance shops, and as well as automotive, truck, fleet and other wheeled transportation maintenance, repair and operating supplies operations (see Section 18.1(23) for more information).

(6) **"Billing Period"** occurs 2-3 times each month and will always end on a business day as indicated on the currently published remuneration calendar.

(7) **"Business"** means a Winzer direct sales business you operate under this Agreement using the Marks and the System for the promotion, sale and support of Approved Winzer Products and Franchisee Products to Customers in the Licensed Market.

(8) **"Business Records"** means books and accounts of all financial and business transactions and activities relating to the Business, whether kept by you or your Permitted Representatives.

(9) **"Chemical Market"** means value-added direct sales to Customers who are users of bulk, liquid and aerosol chemicals for maintenance, production and repair operations (see Section 18.1(23) for more information).

(10) **"Confidential Information"** does not include your general knowledge of how to sell fasteners, chemicals, and industrial, automotive, and maintenance related supplies, or information you had before its disclosure to you by Winzer, or information that, at the time of disclosure to you by Winzer, had become a part of the public domain, or information that lawfully becomes a part of the public domain (but not through you or your Representatives). Confidential Information does include all other information relating to the operation of a WINZER® business, including your knowledge of the operating procedures of a WINZER business, the relationship between you and Winzer, Winzer's franchisee cost index or similar price indices applicable to

Approved Winzer Products, Winzer's Periodic Gross Profits method, Winzer's backlog, shipment and refund (credit) history and practices, the strengths and weaknesses of the WINZER franchise system, Winzer's corporate plans and Winzer's product introductions, Winzer's product acceptance, any customer complaints of which you become aware, records pertaining to customers or billings, modifications of the System, the Manual, Winzer's copyrighted materials and any other data that Winzer designates as confidential.

(11) **"Confidentiality Period"** means during the Term and an uninterrupted 1-year period after expiration, non-renewal, termination or transfer of the License, regardless of the cause.

(12) **"Customer"** means any person who is a consumer and not a Wholesaler of Approved Winzer Products and Franchisee Products.

(13) **"Effective Date"** means that date noted on the cover page of this Agreement, on which this Agreement becomes effective, and will be the date on which all of the following have occurred: (i) you have signed this Agreement and all related agreements; (ii) you have attended and successfully completed the New Franchisee Training Program to Winzer's satisfaction; (iii) you have paid Winzer all amounts due, including your initial franchise fee; (iv) you and Winzer have agreed on your list of initial Protected Customers; and (v) Winzer has signed this Agreement.

(14) **"Force Majeure"** means an Act of God, earthquake, epidemic, fire, flood, storm, war, riot, civil disturbance, strike, lockout, sabotage, casualty to equipment, government regulation or control or other similar causes beyond the reasonable control of either party to this Agreement.

(15) **"Franchisee Cost"** means an amount equal to Winzer's then-current Wholesale Price Cost or for an account that is part of the Gross Profit Sharing Program, an amount calculated under the then-current formula for Gross Profit Sharing, as specified in the Manuals.

(16) **"Franchisee Products"** means all goods and inventory, other than Approved Winzer Products or Special Orders, sold by you in connection with the Business (including "bill-only" or other sales as authorized by the Manual); provided, however, that Winzer has the sole discretion to determine whether it will authorize your sale of any particular products, goods or inventory items other than Approved Winzer Products or Special Orders. Any products that are Approved Winzer Products may not be sold as Franchisee Products.

(17) **"Franchisee Receivable"** means any account, as defined in the Uniform Commercial Code, arising from your sale of Franchisee Products, and any accounts receivable arising from your sale of Franchisee Products. Such account or accounts receivable will retain its designation as a Franchisee Receivable until it is purchased by Winzer and becomes an Assigned Receivable. Winzer may elect not to purchase a Franchisee Receivable.

(18) **"Franchisee Taxes"** means (a) any sales, use or similar taxes applicable to the sale of Franchisee Products, (b) any federal, state, county or local income, franchise, property, ad valorem or other taxes applicable to you or your operations, and (c) any penalty or interest for non-payment or untimely payment or reporting, or incorrect or untruthful reporting, of sales, use or similar taxes that would not have been applicable to such sales had you complied with your obligations to obtain the resale certificates or similar documents, or any of Winzer's documentation requests, or to verify the truthfulness of any customer's representations in such resale certificates or documents.

(19) **“Gross Amount”** means the total invoiced amount of a Franchisee Receivable, an Assigned Receivable or a Winzer Receivable, as applicable, including all taxes, shipping, handling and insurance.

(20) **“Gross Profit Sharing”** means the method of calculating Franchisee Cost for accounts that are part of the Gross Profit Sharing Program, as specified in the Manuals.

(21) **“Industrial Market”** means value-added direct sales to Customers who are road and structural repair and maintenance shops, plant manufacturing and production operations, and water treatment, construction, mining, farming, refining, building, facilities and equipment operations (see Section 18.1(23) for more information).

(22) **“License”** means the non-exclusive license and right granted to you by Winzer to operate the Business under the terms and conditions of this Agreement.

(23) **“Licensed Market”** means Customers in the Automotive Market (see Section 18.1(5) for definition), the Chemical Market (see Section 18.1(9) for definition), and the Industrial Market (see Section 18.1(21) for definition). The Licensed Market is Customer-centered, and is not geographical in nature.

(24) **“Manual”** means the Confidential Operations Manual, as it periodically exists, including any updates. In the event of any dispute as to the contents of the Manual, the master copy of the Manual maintained by Winzer is controlling.

(25) **“Marks”** means those trade names, service marks, trademarks, logos, emblems, slogans, trade dress and other indicia of origin, including but not limited to, the mark SERVICE THAT WORKS, WINZER and logo, and WINZER SERVICE THAT WORKS and logo, and any other Marks that may hereafter be designated by Winzer for use in connection with the System and the Business.

(26) **“National Account”** means a Customer or a potential Customer in the Licensed Market who (i) has multiple purchasing or “ship-to” locations; (ii) requires scientific information, special devices, special services, technical data, engineering data or special procurement procedures or pricing, including a GSA Program customer; or (iii) requires such other terms and conditions as Winzer may periodically specify in its Manual or otherwise in writing. Only Winzer, in its sole discretion, may determine that a Customer is a National Account or is no longer a National Account. You must honor all of the terms of any agreement between Winzer and a National Account in order to sell to a National Account, even if a location of the National Account has previously been designated as your Protected Customer.

(27) **“Net Amount”** of a Franchisee Receivable, an Assigned Receivable or a Winzer Receivable means the total invoiced amount of such receivable, less (i) Winzer’s Service Fee, (ii) all taxes, shipping, handling and insurance, and (iii) all discounts, credits, allowances and claims.

(28) **“New Franchisee Training Program”** means the initial training program on operational matters, product knowledge, marketing techniques, basic computer operations, and other topics periodically selected by Winzer to educate you with the System.

(29) **“Operating Principal”** means the designated individual who is acceptable to us and who is personally bound by the covenants and responsible for your obligations under this Agreement if you are a legal entity.

(30) **“Order Form”** means the electronic order transmission, or other order entry in the format required by Winzer, submitted by you to Winzer.

(31) **“Periodic Gross Profits”** has the meaning it is given in Article 6.

(32) **“Periodic Gross Profits Statement”** means the statement prepared by Winzer and sent to you each Billing Period of Periodic Gross Profits earned by you, less any charges, offsets or deductions.

(33) **“Permitted Representative”** means anyone whom you hire or engage to represent your Business in accordance with the provisions of Section 3.9.

(34) **“Person”**, whether or not capitalized, means a natural person, partnership, association, joint venture, corporation or any other legal entity.

(35) **“Protected Customer”** means: (a) a pre-existing Customer of yours as of the Execution Date (meaning a Customer to whom you have made at least 1 sale within the last 6 months), if (i) the Customer is not a Protected Customer of another WINZER franchisee, (ii) the Customer is identified on Attachment 1 (if applicable) as an initial Protected Customer, and (iii) you make on-going sales of Approved Winzer Products to the Customer; (b) a new Customer obtained by you after the Execution Date, if (i) the Customer is not then a pre-existing customer of Winzer or a Protected Customer of another WINZER franchisee, (ii) you make on-going sales of Approved Winzer Products to the Customer, and (iii) Winzer, in its sole discretion, has designated the Customer as Protected Customer; or (c) any other Customer that Winzer, in its sole discretion, designates as a Protected Customer. Shipment of promotional items, shipments without an invoice value (excluding the handling fee), and “bill-only” or “invoice-only” sales, are not sufficient to qualify a Customer as a Protected Customer. Only Winzer, in its sole discretion, may determine that a Customer is a Protected Customer or is no longer a Protected Customer.

(36) **“Renewal Term”** has the meaning set forth in Section 2.2.

(37) **“Renewing Franchisee”** means a person who has previously been a WINZER franchisee under a franchise agreement, and who is signing a new franchise agreement at the expiration of the Term of the License granted under the prior franchise agreement.

(38) **“Repeatedly”** means 3 or more times.

(39) **“Representative”** means, as to any person, such person’s officers, directors, shareholders, employees, agents and sales representatives.

(40) **“Required Monthly Averages”**, at any time, mean the levels of your Rolling Monthly Average as stated in Article 3.3 that you must maintain at such time.

(41) **“Required Policies”** means the comprehensive general liability insurance and product liability insurance policies, including product liability coverage on Approved Winzer Products and on Franchisee Products billed through Winzer, in amounts, and with deductibles, expiration dates, coverages and other terms as Winzer decides, for its and your protection.

(42) **“Repurchase Accounts”** are Assigned Receivables and Winzer Receivables that you are required to repurchase under Section 7.9.

(43) **“Retail Sales”** occur when Winzer invoices amounts for Approved Winzer Products that are shipped or delivered to designated purchasing locations of Customers, or when Winzer or you invoice amounts for Franchisee Products that are shipped or delivered to Customers. Retail Sales do not occur when Winzer ships or delivers products to you for your own use or for your inventory.

(44) **“Rolling Monthly Average”** means, at any time, 1/3 of your total Retail Sales during the preceding 6 Billing Periods.

(45) **“Service Fee”** means the fee you pay to Winzer as stated in Section 6.2.

(46) **“Special Order”** means any good, product or inventory that is procured by Winzer by special request on an infrequent basis. Special Orders are included in Approved Winzer Products.

(47) **“System”** means those skills, concepts, patents, copyrighted materials, business and marketing techniques, the Winzer Software, methods and specialized processes with uniform standards, specifications, methods, packaging and policies, including requirements for quality, ethical business practices, software usage and other operating requirements that may be supplemented, improved upon or otherwise periodically modified by Winzer in connection with the Business.

(48) **“Term”** has the meaning set forth in Section 2.1.

(49) **“Transferee”** means a person who is purchasing an existing Business and signing a new franchise agreement at the time of purchase to operate the Business under the terms and conditions of this Agreement.

(50) **“Wholesale Price Cost”** means the price that would be applicable were you to purchase such Approved Winzer Products from Winzer for resale and includes both Winzer’s cost of goods and a reasonable markup.

(51) **“Wholesaler”** means any intermediary in the supply chain who stocks products for future distribution, including but not limited to, distributors, retailers, government departments, branches and procurement agencies, and government and GSA contractors, distributors and prime vendors.

(52) **“Winzer Receivable”** means any account arising from Retail Sales of Approved Winzer Products and any other accounts receivable that arises from Retail Sales of Approved Winzer Products.

(53) **“Winzer Software”** means the proprietary software of Winzer’s parent, Winzer Corporation, licensed to you.

(54) **“Winzer’s Lender”** means any lender(s) or creditor(s) to which Winzer may periodically be indebted (whether one or more).

IN WITNESS WHEREOF, you acknowledge this Agreement will become effective only on acceptance and execution by Winzer in the State of Texas, as of the Effective Date.

**WINZER FRANCHISE COMPANY, INC. (WE  
or US):**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE (YOU):**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**DESIGNATION AND AGREEMENT OF OPERATING PRINCIPAL (ONLY IF YOU  
ARE A LEGAL ENTITY):**

The person designated to be Operating Principal under this Agreement is:

\_\_\_\_\_

Operating Principal hereby agrees to be personally bound by the covenants and responsible for Franchisee's obligations under this Agreement.

Signed: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## RIDER TO FRANCHISE AGREEMENT FOR USE IN ILLINOIS

This Rider is made as of \_\_\_\_\_, 20\_\_ (“Effective Date”) by and between WINZER FRANCHISE COMPANY, INC., a Texas corporation, having its principal place of business at 4060 E. Plano Parkway, Plano, Texas 75074-1800 (“Winzer”) and \_\_\_\_\_ (“Franchisee” or “you”).

Illinois law governs the franchise agreement.

Article 6 of the franchise agreement is amended to state that all initial fees and payments owed by you shall be deferred until Winzer has satisfied its pre-opening obligations to you and you have commenced business operations. The Illinois Attorney General’s Office imposed this deferral requirement due to Winzer’s financial condition.

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 of an agreement 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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



IN WITNESS WHEREOF, you acknowledge this Rider will become effective only on acceptance and execution by Winzer in the State of Texas, as of the Effective Date.

WINZER FRANCHISE COMPANY, INC.:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE (YOU):

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## RIDER TO FRANCHISE AGREEMENT FOR USE IN MARYLAND

This Rider is made as of \_\_\_\_\_, 20\_\_ (Effective Date”) by and between WINZER FRANCHISE COMPANY, INC., a Texas corporation, having its principal place of business at 4060 E. Plano Parkway, Plano, Texas 75074-1800 (“Winzer”) and \_\_\_\_\_ (“Franchisee” or “you”).

- (1) Article 6 is amended to add:

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

- (2) Sections 2.2(d), **Option to Renew**, and 12.2(b), **Conditions for Transfer**, are amended to include the following:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

- (3) Section 14.3, **Waiver of Claims by You**, is modified to include the following language:

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

- (4) Section 14.10, **Venue and Jurisdiction**, is amended to include the following language:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

- (5) Article 16, **Your Representations**, is modified to include the following paragraph:

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) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, you acknowledge this Rider will become effective only on acceptance and execution by Winzer in the State of Texas, as of the Effective Date.

WINZER FRANCHISE COMPANY, INC.:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE (YOU):

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **RIDER TO FRANCHISE AGREEMENT FOR USE IN MINNESOTA**

This Rider is made as of \_\_\_\_\_, 20\_\_ (“Effective Date”) by and between WINZER FRANCHISE COMPANY, INC., a Texas corporation, having its principal place of business at 4060 E. Plano Parkway, Plano, Texas 75074-1800 (“Winzer”) and \_\_\_\_\_ (“Franchisee” or “you”).

- (1) Articles 2 and 13 are modified to include the following paragraph:

With respect to franchises governed by Minnesota law, Winzer will comply with Minn. Stat. Sec. 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 this Agreement.

- (2) Sections 2.2(d) and 12.2(b) are modified to include the following language:

, except any claims arising under the Minnesota Franchise Act.

- (3) Article 14 is modified to include the following paragraph:

This Article 14 will not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota.

- (4) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, you acknowledge this Rider will become effective only on acceptance and execution by Winzer in the State of Texas, as of the Effective Date.

WINZER FRANCHISE COMPANY, INC.:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE (YOU):

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **RIDER TO FRANCHISE AGREEMENT FOR USE IN NEW YORK**

This Rider is made as of \_\_\_\_\_, 20\_\_ (“Effective Date”) by and between WINZER FRANCHISE COMPANY, INC., a Texas corporation, having its principal place of business at 4060 E. Plano Parkway, Plano, Texas 75074-1800 (“Winzer”) and \_\_\_\_\_ (“Franchisee” or “you”).

- (1) Section 5.9 is modified to include the following paragraph:

However, you will not be required to hold harmless or indemnify Winzer for any claim arising out of a breach of this Agreement by Winzer or any other civil wrong of Winzer.

- (2) Section 12.2(b) is modified to include the following language:

, but all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of the General Business Law Sections 687.4 and 687.5 be satisfied.

- (3) Section 15.3 is modified to include the following language:

, but the foregoing choice of law will not be a waiver of any right conferred on you or Winzer by the General Business Law of the State of New York, Article 33.

- (4) Section 15.4 is modified to include the following paragraph:

No amendment or modification of any provision of this Agreement, however, will impose any new or different requirement which unreasonably increases your obligations or places an excessive burden on your operations.

- (5) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, you acknowledge this Rider will become effective only on acceptance and execution by Winzer in the State of Texas, as of the Effective Date.

WINZER FRANCHISE COMPANY, INC.:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE (YOU):

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **RIDER TO FRANCHISE AGREEMENT FOR USE IN NORTH DAKOTA**

This Rider is made as of \_\_\_\_\_, 20\_\_ (“Effective Date”) by and between WINZER FRANCHISE COMPANY, INC., a Texas corporation, having its principal place of business at 4060 E. Plano Parkway, Plano, Texas 75074-1800 (“Winzer”) and \_\_\_\_\_ (“Franchisee” or “you”).

- (1) Section 2.2 (d) is amended to add the following:

Any release signed as a condition of renewal will not apply to any claims you may have under the North Dakota Franchise Investment Law.

- (2) Article 10 is amended to add the following:

In accordance with North Dakota law, the restrictions of the covenant not to compete might not apply to your activities after the termination or expiration of the franchise agreement.

- (3) Article 13 is amended to add the following:

Any form of liquidated damages will not apply to North Dakota franchisees.

- (4) Sections 14.8 and 14.9 are amended to add the following:

The waiver of a right to seek punitive damages will not apply. The waiver of a right to a jury trial will not apply.

- (5) Section 14.10 is amended to add the following:

All disputes must be mediated and arbitrated either in North Dakota or in a mutually agreed location. All litigation must be in North Dakota or in a mutually agreed location.

- (6) Section 15.3 is amended to add the following:

North Dakota law will govern this franchise agreement.

- (7) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



IN WITNESS WHEREOF, you acknowledge this Rider will become effective only on acceptance and execution by Winzer in the State of Texas, as of the Effective Date.

WINZER FRANCHISE COMPANY, INC.:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE (YOU):

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **RIDER TO FRANCHISE AGREEMENT FOR USE IN RHODE ISLAND**

This Rider is made as of \_\_\_\_\_, 20\_\_\_\_ (Effective Date”) by and between WINZER FRANCHISE COMPANY, INC., a Texas corporation, having its principal place of business at 4060 E. Plano Parkway, Plano, Texas 75074-1800 (“Winzer”) and \_\_\_\_\_ (“Franchisee” or “you”).

- (1) Section 14.10 is amended to add the following:

The provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

- (2) Section 15.3 is amended to add the following:

The provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

- (3) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, you acknowledge this Rider will become effective only on acceptance and execution by Winzer in the State of Texas, as of the Effective Date.

WINZER FRANCHISE COMPANY, INC.:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE (YOU):

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**WASHINGTON RIDER TO FRANCHISE AGREEMENT,  
AND ALL RELATED AGREEMENTS**

This Rider is made as of \_\_\_\_\_, 20\_\_\_\_ (“Effective Date”) by and between WINZER FRANCHISE COMPANY, INC., a Texas corporation, having its principal place of business at 4060 E. Plano Parkway, Plano, Texas 75074-1800 (“Winzer”) and \_\_\_\_\_ (“Franchisee” or “you”).

The provisions of this Rider form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Rider applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Non solicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Section 6.1 is amended to add:**

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

{SIGNATURE PAGE TO FOLLOW}

The undersigned parties do hereby acknowledge receipt of this Rider.

WINZER FRANCHISE COMPANY, INC.:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE (YOU):

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO FRANCHISE AGREEMENT FOR USE IN CALIFORNIA, HAWAII,  
INDIANA, MICHIGAN, SOUTH DAKOTA, VIRGINIA, AND WISCONSIN**

This Rider is made as of \_\_\_\_\_, 20\_\_\_\_ (Effective Date”) by and between WINZER FRANCHISE COMPANY, INC., a Texas corporation, having its principal place of business at 4060 E. Plano Parkway, Plano, Texas 75074-1800 (“Winzer”) and \_\_\_\_\_ (“Franchisee” or “you”).

The Franchise Agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, you acknowledge this Rider will become effective only on acceptance and execution by Winzer in the State of Texas, as of the Effective Date.

WINZER FRANCHISE COMPANY, INC.:

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE (YOU):

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**ATTACHMENT 1 TO FRANCHISE AGREEMENT**  
**INITIAL PROTECTED CUSTOMERS**

Your initial Protected Customers are:

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**EXHIBIT D**

**GUARANTEE OF PERFORMANCE**

**Form E**  
**GUARANTEE OF PERFORMANCE**

For value received, GradeEight Holdings, a LLC (the "Guarantor"), located at 4060 E. Plano Parkway, Plano, Texas 75074, absolutely and unconditionally guarantees to assume the duties and obligations of WINZER FRANCHISE COMPANY, INC., located at 4060 E. Plano Parkway, Plano, TX 75074 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its November 17 2025 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 Plano, Texas on the 29<sup>th</sup> day of September, 2025.

Guarantor:

GradeEight Holdings, LLC

By: 

Name: Paul Seibert

Title: Executive Vice President

**EXHIBIT E**  
**FINANCIAL STATEMENTS**



Report of Independent Auditors and  
Consolidated Financial Statements

**GradeEight Holdings, LLC and Subsidiaries**

July 31, 2025, 2024, and 2023



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## **Report of Independent Auditors**

The Board of Directors  
GradeEight Holdings, LLC and Subsidiaries

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of GradeEight Holdings, LLC and Subsidiaries, which comprise the consolidated balance sheets as of July 31, 2025, 2024, and 2023, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of GradeEight Holdings, LLC and Subsidiaries as of July 31, 2025, 2024, and 2023, and the results of their operations, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 GradeEight Holdings, LLC and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

*Baker Tilly US, LLP*

Dallas, Texas

November 10, 2025



## **Consolidated Financial Statements**

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**GradeEight Holdings, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**July 31, 2025, 2024, and 2023**

|   | 2025                 | 2024                 | 2023                 |
|---|----------------------|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |                      |
| <b>CURRENT ASSETS</b>   |                      |                      |                      |
| Cash and cash equivalents   | \$ 2,972,793         | \$ 2,655,928         | \$ 1,418,885         |
| Accounts receivable, (net of \$12,824, \$4,158, and \$29,775 allowance for credit losses at July 31, 2025, 2024, and 2023 respectively) | 14,582,860           | 16,992,228           | 17,624,653           |
| Inventories   | 18,992,184           | 20,398,085           | 21,374,266           |
| Other current assets  | 2,286,512            | 1,401,618            | 856,568              |
| Total current assets  | 38,834,349           | 41,447,859           | 41,274,372           |
| Property and equipment, net   | 11,988,145           | 10,164,192           | 9,790,267            |
| Right-of-use assets   | 3,733,128            | 5,156,559            | 6,043,043            |
| Intangible assets, net  | 7,811,783            | 9,317,605            | 14,978,188           |
| Goodwill, net   | 9,085,074            | 13,199,573           | 17,320,846           |
| <b>TOTAL ASSETS</b>   | <b>\$ 71,452,479</b> | <b>\$ 79,285,788</b> | <b>\$ 89,406,716</b> |
| <b>LIABILITIES AND MEMBERS' EQUITY</b>  |                      |                      |                      |
| <b>CURRENT LIABILITIES</b>  |                      |                      |                      |
| Accounts payable  | \$ 7,394,935         | \$ 6,604,262         | \$ 6,875,089         |
| Accrued expenses  | 1,961,851            | 1,563,300            | 1,012,667            |
| Operating lease liabilities – short-term  | 1,553,760            | 1,461,071            | 1,714,989            |
| Current maturities of long-term debt  | 1,575,000            | 1,181,250            | 720,000              |
| Other current liabilities   | 4,191                | 10,481               | 16,061               |
| Total current liabilities   | 12,489,737           | 10,820,364           | 10,338,806           |
| Deferred tax liabilities  | 835,355              | 799,668              | 3,465,181            |
| Long-term debt, net   | 58,144,214           | 58,049,962           | 59,269,399           |
| Subordinate debt  | 2,000,000            | 2,000,000            | -                    |
| Operating lease liabilities – long-term   | 2,351,931            | 3,907,579            | 4,488,977            |
| Other long-term liabilities   | -                    | 4,009                | 14,242               |
| Total liabilities   | 75,821,237           | 75,581,582           | 77,576,605           |
| Members' equity   | 44,625,000           | 44,625,000           | 44,450,000           |
| Accumulated deficit   | (48,993,758)         | (40,920,794)         | (32,619,889)         |
| Total members' equity   | (4,368,758)          | 3,704,206            | 11,830,111           |
| <b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>  | <b>\$ 71,452,479</b> | <b>\$ 79,285,788</b> | <b>\$ 89,406,716</b> |

See accompanying notes.

**GradeEight Holdings, LLC and Subsidiaries**  
**Consolidated Statements of Operations**  
**Years Ended July 31, 2025, 2024, and 2023**

|                                 | <u>2025</u>                  | <u>2024</u>                  | <u>2023</u>                  |
|---------------------------------|------------------------------|------------------------------|------------------------------|
| NET SALES                       | \$ 101,457,232               | \$ 105,050,483               | \$ 106,322,543               |
| COST OF GOODS SOLD              | <u>31,903,816</u>            | <u>32,316,566</u>            | <u>33,754,625</u>            |
| GROSS PROFITS ON SALES          | 69,553,416                   | 72,733,917                   | 72,567,918                   |
| OPERATING EXPENSES              |                              |                              |                              |
| Selling and marketing           | 32,913,242                   | 35,702,429                   | 32,756,812                   |
| Warehouse operations            | 16,046,216                   | 15,263,560                   | 16,661,244                   |
| Administrative costs            | 10,884,071                   | 12,111,581                   | 13,852,801                   |
| Auto, entertainment, and travel | 320,612                      | 450,264                      | 485,161                      |
| Depreciation and amortization   | <u>7,775,062</u>             | <u>12,087,053</u>            | <u>12,120,056</u>            |
| Total operating expenses        | <u>67,939,203</u>            | <u>75,614,887</u>            | <u>75,876,074</u>            |
| INCOME (LOSS) FROM OPERATIONS   | 1,614,213                    | (2,880,970)                  | (3,308,156)                  |
| OTHER INCOME (EXPENSE)          |                              |                              |                              |
| Interest expense                | (8,565,965)                  | (7,333,080)                  | (5,475,550)                  |
| Other income, net               | <u>6,567</u>                 | <u>428,555</u>               | <u>16,869</u>                |
| Total other income (expense)    | <u>(8,559,398)</u>           | <u>(6,904,525)</u>           | <u>(5,458,681)</u>           |
| LOSS BEFORE TAXES               | (6,945,185)                  | (9,785,495)                  | (8,766,837)                  |
| INCOME TAX PROVISION (CREDIT)   | <u>1,127,779</u>             | <u>(1,484,590)</u>           | <u>(1,297,615)</u>           |
| NET LOSS                        | <u><u>\$ (8,072,964)</u></u> | <u><u>\$ (8,300,905)</u></u> | <u><u>\$ (7,469,222)</u></u> |

See accompanying notes.

**GradeEight Holdings, LLC and Subsidiaries**  
**Consolidated Statements of Changes in Members' Equity**  
**Years Ended July 31, 2025, 2024, and 2023**

|                            | Members' Equity |                      | Accumulated            | Total                 |
|----------------------------|-----------------|----------------------|------------------------|-----------------------|
|                            | Class A Units   | Amount               | Deficit                |                       |
| BALANCE, August 1, 2022    | 46,991          | \$ 45,950,000        | \$ (25,150,667)        | \$ 20,799,333         |
| Redemption of member units | (1,895)         | (1,500,000)          | -                      | (1,500,000)           |
| Net loss                   | -               | -                    | (7,469,222)            | (7,469,222)           |
| BALANCE, July 31, 2023     | 45,096          | 44,450,000           | (32,619,889)           | 11,830,111            |
| Issuance of member units   | 175             | 175,000              | -                      | 175,000               |
| Net loss                   | -               | -                    | (8,300,905)            | (8,300,905)           |
| BALANCE, July 31, 2024     | 45,271          | 44,625,000           | (40,920,794)           | 3,704,206             |
| Net loss                   | -               | -                    | (8,072,964)            | (8,072,964)           |
| BALANCE, July 31, 2025     | <u>45,271</u>   | <u>\$ 44,625,000</u> | <u>\$ (48,993,758)</u> | <u>\$ (4,368,758)</u> |

See accompanying notes.

**GradeEight Holdings, LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended July 31, 2025, 2024, and 2023**

|   | 2025                 | 2024                | 2023                |
|---|----------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |                      |                     |                     |
| Net loss  | \$ (8,072,964)       | \$ (8,300,905)      | \$ (7,469,222)      |
| Adjustments to reconcile net loss to net cash from operating activities |                      |                     |                     |
| Bad debt expense  | 40,000               | 16,000              | 16,000              |
| Depreciation and amortization   | 7,775,062            | 12,087,053          | 12,120,056          |
| Amortization of deferred financing fees                                 | 754,149              | 442,342             | 63,486              |
| Noncash operating lease expense   | (39,528)             | 51,168              | 160,923             |
| Deferred income taxes   | 35,687               | (2,665,513)         | (1,622,334)         |
| (Gain) loss on disposal of property and equipment                       | (7,051)              | -                   | 16,349              |
| (Gain) loss on sale of business unit                                    | -                    | (365,802)           | -                   |
| Changes in assets and liabilities                                       |                      |                     |                     |
| Accounts receivable   | 2,369,368            | 1,091,425           | 934,667             |
| Inventories   | 1,405,901            | (95,415)            | (3,810,536)         |
| Other current assets  | (884,894)            | (686,074)           | (123,391)           |
| Accounts payable  | 790,673              | (270,827)           | 732,104             |
| Accrued expenses  | 398,551              | 550,633             | (410,247)           |
| Other long-term liabilities   | -                    | -                   | (195,000)           |
| Net cash from operating activities                                      | 4,564,954            | 1,854,085           | 412,855             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |                      |                     |                     |
| Capital expenditures  | (3,971,643)          | (2,600,699)         | (2,169,499)         |
| Proceeds from sale of business unit                                     | -                    | 1,200,000           | -                   |
| Net cash from investing activities                                      | (3,971,643)          | (1,400,699)         | (2,169,499)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                             |                      |                     |                     |
| Proceeds from draws on revolving line of credit                         | 2,300,000            | 1,500,000           | 4,400,000           |
| Repayments on revolving line of credit                                  | (1,500,000)          | (1,496,552)         | (270,601)           |
| Payments on long-term debt and finance lease obligations                | (10,299)             | (15,813)            | (19,454)            |
| Cash paid to redeem membership units                                    | -                    | -                   | (1,500,000)         |
| Proceeds from draws on term loan  | 3,591,852            | 135,301             | -                   |
| Payment debt refinance costs  | (3,476,749)          | (619,279)           | -                   |
| Repayments on term loan   | (1,181,250)          | (720,000)           | -                   |
| Proceeds from subordinated loans  | -                    | 2,000,000           | -                   |
| Net cash from financing activities                                      | (276,446)            | 783,657             | 2,609,945           |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                          | 316,865              | 1,237,043           | 853,301             |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>                     | 2,655,928            | 1,418,885           | 565,584             |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                           | <u>\$ 2,972,793</u>  | <u>\$ 2,655,928</u> | <u>\$ 1,418,885</u> |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>                |                      |                     |                     |
| Interest paid   | <u>\$ 7,811,816</u>  | <u>\$ 6,890,738</u> | <u>\$ 5,463,155</u> |
| Income tax paid   | <u>\$ 1,263,216</u>  | <u>\$ 2,490,986</u> | <u>\$ -</u>         |
| <b>SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>           |                      |                     |                     |
| ROU assets obtained in exchange for new operating lease liabilities     | <u>\$ 144,493</u>    | <u>\$ 1,042,179</u> | <u>\$ -</u>         |
| Issue of Class A units in exchange of receivable                        | <u>\$ -</u>          | <u>\$ 175,000</u>   | <u>\$ -</u>         |
| Refinancing of debt   | <u>\$ 59,408,148</u> | <u>\$ -</u>         | <u>\$ -</u>         |

See accompanying notes.

## GradeEight Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### **Note 1 – Summary of Significant Accounting Policies**

**Nature of operations** – GradeEight Holdings, LLC, is a limited liability company with no set termination date. GradeEight Holdings, LLC, and its wholly owned subsidiary, GradeEight Corp., are holding companies that conduct no operating activities and own no significant assets other than through its interests in its wholly owned subsidiary, Winzer Corporation, and indirectly the wholly owned subsidiaries of Winzer Corporation, Winzer Franchise Company, Inc., and FastServ Supply, Inc. (collectively referred to as the Company). The Company is headquartered in Plano, Texas, and distributes quality packaged fasteners, nuts, bolts, clamps, adhesives, sealers, electrical components, cutting fluid power fittings, chemicals, welding and shop supplies, janitorial supplies, and other related parts and services for the fastener, chemical, industrial, automotive, and maintenance industries throughout the United States.

During fiscal 1991, the Company began franchising, under which qualified persons or entities are granted the right to establish, develop, and own a franchised distribution businesses for the sale of supplies and repair parts in the automotive, industrial, and heavy-duty repair markets. On October 29, 2012, the Company assigned the existing franchisees to its wholly owned subsidiary, Winzer Franchise Company, Inc. The Company had 266, 267, and 275 franchisees as of July 31, 2025, 2024, and 2023, respectively.

On December 29, 2023, the Company sold its A-1 Chemical division (a wholly owned subsidiary of Winzer Corporation), including the related assets and liabilities, for approximately \$1.2 million of cash and \$0.3 million of receivables, resulting in a gain on sale of approximately \$0.4 million which is presented within other income, net on the consolidated statement of operations.

On August 8, 2024, the Company registered a new wholly owned subsidiary, One Source Supply LLC, incorporated in the State of Delaware. This subsidiary is consolidated in the Company's financial statements from the date of incorporation.

**Principles of consolidation** – The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated.

**Basis of presentation** – The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which require management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances at the time. Actual results could differ from those estimates under different assumptions or conditions.

**Cash and cash equivalents** – For purposes of consolidated financial statement presentation and reporting cash flows, all highly liquid investments with original maturities at the date of purchase of three months or less are considered cash equivalents. Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents on deposit with financial institutions, the balances of which frequently exceed federally insured limits.

## GradeEight Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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**Accounts receivable and allowance for credit losses** – A majority of the Company's sales are made on credit. Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Amounts not collected from the franchisee customers are charged back to the selling franchisee. Accounts receivable are stated at the amount billed to the customer. The carrying amount of receivables is reduced by an allowance for credit losses that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all delinquent accounts receivable balances.

The Company records an allowance for credit losses based on specifically identified amounts that management believes to be uncollectible. The Company also records an additional allowance based on certain percentages of aged receivables, which are determined based on historical and management's assessment of the general financial conditions affecting the customer base. If actual collections change, revisions to the allowance may be required. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The allowance for credit losses on July 31, 2025, 2024, and 2023, was \$12,824, \$4,158, and \$29,775, respectively.

**Inventories** – Inventories are stated at the lower of average cost of the most recent purchases or net realizable value and is made up of purchased finished goods. The Company writes down the balance of inventory for slow moving, obsolete, or damaged inventories.

The write down is estimated using a graduated model that increases the write down percentage applied based on factors such as historical sales, inventory turn ratio, inventory fill rates, and salvage values for unusable or damaged inventories. Management estimates the write down on a quarterly basis. As of July 31, 2025, 2024, and 2023, inventory write downs were approximately \$1,017,166, \$878,732, and \$1,092,183, respectively.

**Long-lived assets** – The Company's amortized long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If undiscounted estimated future cash flows are less than the carrying amount of the assets, an impairment loss must be recognized based on the fair value of the assets. Management determined there was no impairment of long-lived assets as of July 31, 2025, 2024, and 2023.

**Property and equipment** – Property and equipment are stated at cost less accumulated depreciation. Property and equipment acquired as a result of the business combinations are initially stated at fair value. Equipment under finance lease is stated at present value of minimum lease payments (or fair value, if less) at the inception of the lease. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the asset. Depreciation and amortization of property and equipment are provided using the straight-line method based on estimated useful lives as follows:

|                                 |            |
|---------------------------------|------------|
| Warehouse equipment             | 5–10 years |
| Office equipment                | 3–7 years  |
| Computer software and equipment | 3–10 years |

## GradeEight Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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**Intangible assets and goodwill** – The Financial Accounting Standards Board (FASB) issued guidance that allows private companies to elect not to separately identify and recognize certain intangible assets and noncompetition agreements acquired in a business combination. Under this alternative, a private company may elect not to recognize the following intangible assets in a business combination: customer-related intangible assets, unless they are capable of being sold or licensed independently from the other assets of a business, and noncompetition agreements. If adopted, the intangible asset alternative must be applied to all business combinations entered into after the effective date.

Adoption of this alternative also requires the adoption of the goodwill alternative issued by the FASB, which provides private companies with an alternative for the subsequent measurement of goodwill. Under this alternative, goodwill is amortized over a 10-year period and is only tested for impairment when a triggering event occurs that indicates the fair value may be below the carrying amount. Entities that adopt the alternative are required to make a policy decision to test goodwill for impairment either at the entity level or at the reporting unit level. If adopted, the goodwill alternative must be applied to all existing and future goodwill. The Company has adopted both of these accounting alternatives and elected to test goodwill for impairment at the entity level.

Goodwill is the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. As a result of business combinations, the Company recognized goodwill as well as additional intangible assets. No impairment loss was recorded in the years ended July 31, 2025, 2024, and 2023.

The intangible assets relate to the Company's tradename and franchise agreements. The tradename and franchise agreements are amortized over the estimated useful lives of 20 years and 7 to 10 years, respectively. The weighted average useful life of the intangible assets acquired was 10.4 years.

**Income taxes** – GradeEight Holdings, LLC (Holdings) is a limited liability company, and GradeEight Corp. (Corp.) is an S corporation, whereby, in lieu of corporate income tax, the members and shareholders are taxed on the Holdings and Corp. taxable income. Therefore, Holdings and Corp. are not subject to U.S. federal and state income taxes. Income taxes for Winzer Corporation are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which those differences are deductible.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income taxes are measured at the amount that is greater than likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company recognized both interest and penalties related to uncertain tax positions as part of the income tax provision. The Company maintains accruals for uncertain tax positions until examination of the tax year is completed by the applicable taxing authority, available review periods expire, or additional facts and circumstances cause the Company to change our assessment of the accrual amount.



## GradeEight Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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**Deferred financing costs** – Deferred financing costs represent direct costs incurred to obtain long-term financing and are amortized to interest expense in the consolidated statements of operations over the term of the related debt using the straight-line method, which approximates the effective interest method.

**Revenue recognition** – The Company's revenue is recognized at a point in time when control and risk associated with ownership transfers to the customer, typically when the product ships. Net sales are determined by deducting discounts, sales tax, and returns from gross sales. Freight charges billed to customers are recorded as revenue and included in net sales. Sales are paid for at the time of sale in cash, credit card, or may be on account, generally with payment terms of 30 days. The Company recognizes revenues based upon the price the Company expects to be entitled, which is generally fixed. Customers have the right to return certain products and equipment (unopened and unused) for credit or refund; however, the Company offers no implied or express warranty on the products or equipment. Historically, obligations for returns and refunds have not been material to the consolidated financial statements; therefore, no estimated revenue adjustment or returns liability have been recorded.

During the years ended July 31, 2025, 2024, and 2023, all revenue was attributable to domestic operations of the Company. This revenue was wholly generated through point in time product shipments and retail sales.

*Franchisees* – During the year ended July 31, 1991, the Company began franchising under which qualified persons or entities are granted the right to establish, develop, and own a franchised distribution business for the sale of supplies, and repair parts in the automotive, industrial, and heavy-duty repair market. In October of 2012, the Company assigned the existing franchisees to its wholly owned subsidiary, Winzer Franchise Company, Inc. Franchise related sales account for approximately 90% of all recorded revenue for the Company.

The Company reports gross sales made by the franchisees as revenue. The Company manages the inventory supply chain and retains all of the inventory risk including obsolescence and shrinkage and records the cost of the related inventory as cost of goods sold. Additionally, the Company provides all back-office support and is wholly responsible for collection of accounts receivable. Although any uncollectible amounts from the franchisee customers are ultimately charged back to the selling franchise, the Company would absorb any bad debt in the event a franchise became insolvent.

*Franchise fees* – For the years ended July 31, 2025, 2024, and 2023, the franchise fees earned were approximately \$60,000, \$27,500, and \$3,250, respectively. Per the franchise agreement, franchise fees must be paid on or before the effective date of the agreement. The fee is considered fully earned and is nonrefundable on the effective date of the agreement. This revenue stream is recognized over a five-year period, and there are no termination or cancellation fees.

*Retail* – The Company operates seven retail stores in Texas. The stores sell a variety of maintenance, repair, and operation related products and equipment. All sales are recorded at the time the product transfers to the customer (point of sale) and are paid for at the time of sale in cash, credit card, or on account. Retail sales account for approximately 10% of all recorded revenue for the Company.

## GradeEight Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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**Sales by franchisees and related selling expenses** – The Company invoices and ships inventory directly to customers for sales made by franchisees. The franchisees are paid the margin between their cost and the selling price to the customers, less the Company's franchise service fee and reimbursement of certain other costs. The Company reports the net expense to franchisees as selling and marketing expenses included in the consolidated statements of operations. For the years ended July 31, 2025, 2024, and 2023, net payments included in the expense were approximately \$29,369,363, \$30,928,129, and \$30,544,325, respectively.

**Equity-based compensation** – The Company accounts for its equity-based compensation plans by recognizing the costs of employee services received in exchange for an award of equity instruments based on grant-date fair value of the awards. Compensation expense related to the equity-based awards that are subject to vesting requirements are recognized over the vesting period.

**Fair value of financial instruments** – The Company's carrying value for its financial instruments, which includes cash and cash equivalents, accounts receivable, accounts payable, and long-term debt, approximates fair value.

**Risks and uncertainties** – Actual results and outcomes may differ from management's estimates and assumptions due to risks and uncertainties, including uncertainty in the current economic environment.

**Recently issued accounting pronouncements** – The FASB issued an Accounting Standards Update (ASU) that improves guidance on the measurement of credit losses for accounts receivable and contract assets. ASU No. 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The new guidance, which is optional, addresses challenges faced by stakeholders when applying Topic 326, Financial Instruments—Credit Losses, to current accounts receivable and current contract assets arising from transactions accounted for under Topic 606, Revenue from Contracts with Customers. Based on management's evaluation of future events, the Company expects no material changes on proposed adoption.

#### Note 2 – Property and Equipment

Property and equipment consist of the following as of July 31:

|                                  | 2025                 | 2024                 | 2023                |
|----------------------------------|----------------------|----------------------|---------------------|
| Computer software and equipment  | \$ 25,746,941        | \$ 22,296,089        | \$ 20,845,242       |
| Warehouse equipment              | 2,847,899            | 2,147,745            | 2,634,568           |
| Leasehold improvements and other | 2,215,856            | 1,888,301            | 990,837             |
| Office equipment                 | 420,464              | 403,933              | 403,932             |
| Construction in progress         | 719,449              | 1,260,620            | 483,427             |
|                                  | 31,950,609           | 27,996,688           | 25,358,006          |
| Accumulated depreciation         | (19,962,464)         | (17,832,496)         | (15,567,739)        |
| Total                            | <u>\$ 11,988,145</u> | <u>\$ 10,164,192</u> | <u>\$ 9,790,267</u> |

## GradeEight Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

Depreciation expense for property and equipment as of and for the years ended July 31, 2025, 2024, and 2023, was \$2,154,741, \$2,305,196, and \$2,344,973, respectively.

#### Note 3 – Intangible Assets and Goodwill

Intangible assets and goodwill, and related accumulated amortization by major asset type are as follows:

|                         | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization | Net Book<br>Value    |
|-------------------------|-----------------------------|-----------------------------|----------------------|
| <u>July 31, 2025</u>    |                             |                             |                      |
| Franchise relationships | \$ 35,498,696               | \$ (35,169,414)             | \$ 329,282           |
| Trade name              | 12,300,000                  | (4,817,499)                 | 7,482,501            |
| Total                   | <u>\$ 47,798,696</u>        | <u>\$ (39,986,913)</u>      | <u>\$ 7,811,783</u>  |
| Goodwill                | <u>\$ 41,144,990</u>        | <u>\$ (32,059,916)</u>      | <u>\$ 9,085,074</u>  |
| <u>July 31, 2024</u>    |                             |                             |                      |
| Franchise relationships | \$ 35,498,696               | \$ (34,278,592)             | \$ 1,220,104         |
| Trade name              | 12,300,000                  | (4,202,499)                 | 8,097,501            |
| Total                   | <u>\$ 47,798,696</u>        | <u>\$ (38,481,091)</u>      | <u>\$ 9,317,605</u>  |
| Goodwill                | <u>\$ 41,144,990</u>        | <u>\$ (27,945,417)</u>      | <u>\$ 13,199,573</u> |
| <u>July 31, 2023</u>    |                             |                             |                      |
| Franchise relationships | \$ 35,498,696               | \$ (29,233,008)             | \$ 6,265,688         |
| Trade name              | 12,300,000                  | (3,587,500)                 | 8,712,500            |
| Total                   | <u>\$ 47,798,696</u>        | <u>\$ (32,820,508)</u>      | <u>\$ 14,978,188</u> |
| Goodwill                | <u>\$ 41,144,990</u>        | <u>\$ (23,824,144)</u>      | <u>\$ 17,320,846</u> |

Intangible asset amortization expense for each of the years ended July 31, 2025, 2024, and 2023, was \$1,505,822, \$5,660,584, and \$5,660,584, respectively. Amortization expense for goodwill for the years ended July 31, 2025, 2024, and 2023, was \$4,114,499 each.

## GradeEight Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

Estimated future amortization expense is as follows:

| <u>Years Ending July 31,</u> | <u>Intangible<br/>Assets</u> | <u>Goodwill</u>     | <u>Total</u>         |
|------------------------------|------------------------------|---------------------|----------------------|
| 2026                         | \$ 674,870                   | \$ 4,114,499        | \$ 4,789,369         |
| 2027                         | 674,870                      | 4,114,499           | 4,789,369            |
| 2028                         | 674,870                      | 799,300             | 1,474,170            |
| 2029                         | 674,870                      | 56,776              | 731,646              |
| 2030                         | 674,870                      | -                   | 674,870              |
| Thereafter                   | 4,437,433                    | -                   | 4,437,433            |
| Total                        | <u>\$ 7,811,783</u>          | <u>\$ 9,085,074</u> | <u>\$ 16,896,857</u> |

#### Note 4 – Long-term Debt

Long-term debt consisted of the following as of July 31:

|                                   | <u>2025</u>          | <u>2024</u>          | <u>2023</u>          |
|-----------------------------------|----------------------|----------------------|----------------------|
| Term Loan                         | \$ 61,818,750        | \$ 50,704,700        | \$ 51,289,399        |
| Revolving line of credit          | 800,000              | 8,703,449            | 8,700,000            |
| Subordinated loans                | 2,000,000            | 2,000,000            | -                    |
| Long-term debt before discount    | 64,618,750           | 61,408,149           | 59,989,399           |
| Deferred financing fees, net      | (2,899,536)          | (176,937)            | -                    |
| Total debt, net of discount       | 61,719,214           | 61,231,212           | 59,989,399           |
| Current portion of long-term debt | (1,575,000)          | (1,181,250)          | (720,000)            |
| Long-term portion                 | <u>\$ 60,144,214</u> | <u>\$ 60,049,962</u> | <u>\$ 59,269,399</u> |

**Credit Agreement** – In September 2017, the Company entered into a credit agreement (Credit Agreement) with companies that are owners of the Company. The Credit Agreement included initial commitments totaling \$62,000,000, consisting of a \$52,000,000 term loan (Term Loan) and up to \$10,000,000 in revolving loan advances (Revolver). The Credit Agreement also allowed for additional incremental commitments up to \$30,000,000 under the Term Loan and Revolver in total, of which the additional commitment related to the Revolver may not be more than \$5,000,000. The Credit Agreement was secured by substantially all the assets of the Company.

In February 2020, the Company executed the Second Amendment of the Credit Agreement, which modified the agreement to increase the total Term Loan balance by \$20,000,000 to be used to repay the Senior Subordinated Notes and the Junior Subordinated Notes, as well as pay any fees associated with repaying the balance. The total debt extinguished as of February 2020 was \$19,210,250 for both notes.

## **GradeEight Holdings, LLC and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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The Term Loan required quarterly principal payments of \$180,000. Any outstanding principal and interest related to the Term Loan were due at maturity. Any prepayments on the Term Loan were first applied to the next four quarterly payments and then reduced future quarterly principal payments, and the final principal payment proportionally. The interest rate on the Term Loan was dependent upon the type of loan borrowed, as defined by the Credit Agreement. Interest was paid at least every quarter. The Term Loan was refinanced on October 4, 2024, with another lender. The interest rate on the Term Loan was 11.26%, and 10.08%, at July 31, 2024 and 2023, respectively.

The Revolver required interest payments at least every quarter. Any principal and interest outstanding were due at maturity. Fees amounting to 0.50% annually of the unused balance were accrued and payable quarterly. The interest rate on the Revolver was dependent upon the type of loan the Company borrowed, as defined by the Credit Agreement. The Revolver loan was refinanced on October 4, 2024, with another lender. The interest rate on the Revolver was 12.45%, and 11.87% on July 31, 2024 and 2023, respectively.

Beginning with the fiscal year ending July 31, 2019, the Company was required to pay excess cash flow payments, as defined by the Credit Agreement, which are applied to amounts outstanding under the Credit Agreement. As of July 31, 2025, 2024, and 2023, there were no amounts due under the excess cash flow payment.

On September 26, 2023, the Company entered into an amendment to the Credit Agreement. This amendment extended the maturity date of the Term Loan and the Revolver from September 29, 2023, to November 20, 2024. The amendment also modified the interest rate on the Term Loan to Secured Overnight Financing Rate (SOFR) plus 6.25% and modified the interest rate on the Revolver to either SOFR plus 6.25% or the prime rate plus 5.25%.

On October 4, 2024, the Company entered into a refinancing credit agreement (Refinancing) with another lender. This agreement extended the maturity date of the Term Loan and the Revolver from November 20, 2024, to October 4, 2029. Under the Refinancing, the Term Loan bears interest at SOFR plus 5.75% to 7.25%, and the Revolver bears interest at Alternative Base Rates (ABR) plus 4.75% to 6.25%, with the specific rate determined by the Company's leverage ratio. The Term Loan requires quarterly principal payments of \$393,750 that began on January 31, 2025, along with monthly interest payments. The remaining outstanding balance is due in full at maturity. The Revolver requires interest payments at least every quarter. Any principal and interest outstanding will be due at maturity. Fees amounting to 0.50% annually of the unused balance will accrue and be payable quarterly.

As of July 31, 2025, 2024, and 2023, the outstanding balance for the Term Loan was \$61,818,750, \$50,704,700 and \$51,289,399, respectively. As of July 31, 2025, 2024, and 2023, the outstanding balance for the Revolver was \$800,000, \$8,703,449 and \$8,700,000, respectively. As of July 31, 2025, 2024, and 2023, the amount available to borrow under the Revolver was \$9,200,000, \$1,296,551 and \$1,300,000, respectively.

The Credit Agreement requires the Company to maintain certain financial ratios and meet other financial covenants. At July 31, 2025, the Company was in compliance with financial covenants.

## GradeEight Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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**Note purchase agreements** – In connection with the amendment to the Credit Agreement on September 26, 2023, the Company entered into a note purchase agreement with companies that are owners of the Company for \$2,000,000. The new note purchase agreement carries interest at 15% payable quarterly. All principal and any unpaid interest are due at maturity on September 26, 2028. The proceeds from the new note purchase agreement were used to repay principal and interest on the Revolver and fees associated with the amendment to the Credit Agreement. In connection with the refinancing, the maturity of note purchase agreements with an aggregate principal amount of \$1,863,481 was extended to April 4, 2030.

**Deferred financing fees** – In September 2023, the Company amended the Credit Agreement, which included an additional \$619,279 in financing fees. As part of Refinancing in October 2024, the Company paid closing costs of \$3,479,445. Deferred financing fees are presented net of accumulated amortization of \$2,899,537, \$176,937, and \$0 as of July 31, 2025, 2024, and 2023, respectively. Amortization of financing fees is recorded as interest expense in the consolidated statements of operations and totaled \$754,149, \$442,342, and \$63,486, for the years ended July 31, 2025, 2024, and 2023, respectively.

Scheduled future maturities of long-term debt at July 31, 2025, were as follows:

| <u>Years Ending July 31,</u> | <u>Contractual<br/>Maturities</u> |
|------------------------------|-----------------------------------|
| 2026                         | \$ 1,575,000                      |
| 2027                         | 1,575,000                         |
| 2028                         | 1,575,000                         |
| 2029                         | 1,711,519                         |
| 2030                         | 58,182,231                        |
| Thereafter                   | -                                 |
| Total                        | <u>\$ 64,618,750</u>              |

#### **Note 5 – Members' Equity**

Concurrently with the acquisition of the Company on September 29, 2017, the Company amended and restated the limited liability company agreement. As part of the agreement, the Company is authorized to issue Class A units and Class P units.

**Class A Units** – The Company authorized 46,991 units of Class A Units, of which 45,271 units, 45,271 units, 45,096 units, units were issued and outstanding as of July 31, 2025, 2024, and 2023, respectively. During the year ended July 31, 2025, there were no issuance or redemptions of Class A Units. During the year ended July 31, 2024, the Company issued 175 Class A Units for \$175,000 of receivables. During the year ended July 31, 2023, the Company redeemed 1,895 Class A Units, which included 1,500 Class A Units redeemed for cash of \$1,500,000. As of July 31, 2024 and 2023, an aggregate of \$750,000 in notes receivable issued in exchange for Class A Units were outstanding and is included as a contra-equity account included in members' equity on the consolidated balance sheets. Class A unitholders are entitled to one vote for each Class A Unit held. Class A unitholders' liability is limited to its capital contributions and members' equity attributable to the Class A Units.

## **GradeEight Holdings, LLC and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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**Class P Units** – The Company authorized 10,394 Class P Units. The Company has designated Class P Units to be issued to employees and other individuals as determined by the Board. The Class P Units represent a profits interest in the Company and carry the rights, preferences, limitations, and obligations designated by the Company's limited liability company agreement. Vesting of the Class P Units is determined based on each individual grant agreement, and they are designated as either Time Vesting Units or Performance Vesting Units, each with separate vesting criteria and timing. During the years ended July 31, 2025, 2024, and 2023, 1,559 Class P Units granted were designated as Time Vesting Units, respectively, and 8,834, 8,834, and 7,189, Class P Units granted were designated as Performance Vesting Units, respectively. During the years ended July 31, 2025, 2024, and 2023, 0, 155, and 3,786 Class P Units were forfeited, respectively.

Class P Performance Vesting Units will vest upon the disposition and sale of the Company, whereby the equity investors in the Company achieve a minimum of 2.0 times their initial investment. The Company will recognize compensation costs for the Class P Performance Vesting Units with performance conditions if and when the Company concludes that it is probable that the performance conditions will be achieved. As of July 31, 2025, 2024, and 2023, no Class P Performance Vesting Units were vested and 8,834, 8,834, and 7,189 were nonvested. No compensation cost related to the Class P Performance Vesting Units was recognized during the years ended July 31, 2025, 2024, and 2023. The Company will reassess the probability of the vesting of the Class P Performance Vesting Units at each reporting period and adjust the compensation costs based on its probability assessment.

Class P Time Vesting Units vest 20% per year on the anniversary of the grant date. When a Class P unitholder leaves the Company, the Class P Units will remain outstanding until a defined event occurs in accordance with the limited liability company agreement. The fair value of the Class P Units as of the grant date was determined to be immaterial as it relates to the overall consolidated financial statements. At July 31, 2025 and 2024, 1,512 Class P Time Vesting Units were vested and 47 were nonvested. At July 31, 2023, 1,496 Class P Time Vesting Units were vested and 63 were nonvested. The Company recognized no amounts for compensation expense during the years ended July 31, 2025, 2024, and 2023.

#### **Note 6 – Profit Sharing Plan**

The Company has a 401(k)-profit sharing plan for its employees under, which eligible employees may contribute a part of their salary to the plan. The Company matches an amount equal to 50% of the employee's contribution, up to 6% of the employee's salary. Matching contributions by the Company amounted to approximately \$256,661, \$186,000, and \$217,000, for the years ended July 31, 2025, 2024, and 2023, respectively.



## GradeEight Holdings, LLC and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 7 – Leases

The Company has adopted Topic 842, *Leases*, effective August 1, 2022. As a result of the adoption, the Company recognizes ROU assets and lease liabilities on its consolidated balance sheet for leases with terms greater than 12 months. The Company has operating leases primarily for office space and warehousing. The Company's leases expire at various times, and many have certain renewal options and lease payment escalation provisions. For those contracts where renewal options are reasonably certain to be exercised, the Company recognizes renewal option periods in the determinations of ROU assets and lease liabilities. The components of lease expense were as follows for the years ended July 31:

|   | 2025         | 2024         | 2023         |
|---|--------------|--------------|--------------|
| ROU assets  |              |              |              |
| Operating leases  | \$ 3,733,128 | \$ 5,156,559 | \$ 6,043,043 |
| Lease liabilities   |              |              |              |
| Current portion of lease liabilities - operating leases                                     | \$ 1,553,760 | \$ 1,461,071 | \$ 1,714,989 |
| Long-term lease liabilities - operating leases  | \$ 2,351,931 | \$ 3,907,579 | \$ 4,488,977 |
| Weighted-average remaining lease term (in years)  |              |              |              |
| Operating leases  | 2.82         | 3.7          | 3.8          |
| Weighted-average discount rate  |              |              |              |
| Operating leases  | 10.45%       | 10.2%        | 9.8%         |
| Operating lease expense   | \$ 2,124,964 | \$ 2,071,016 | \$ 2,370,111 |
| Variable lease expense  | \$ 72,260    | \$ 101,878   | \$ 282,555   |
| Cash paid for amounts included in the measurement of lease liabilities for operating leases | \$ 2,111,198 | \$ 2,172,852 | \$ 2,447,809 |
| ROU assets obtained in exchange for lease liabilities                                       | \$ 144,493   | \$ 1,042,179 | \$ -         |

Future minimum rental payments required under noncancelable operating leases with terms in excess of one year as of July 31, 2025, are as follows:

#### Years Ending July 31,

|                                |              |
|--------------------------------|--------------|
| 2026                           | \$ 1,989,945 |
| 2027                           | 1,457,703    |
| 2028                           | 822,101      |
| 2029                           | 195,225      |
| 2030                           | 163,722      |
| Thereafter                     | 156,036      |
| Subtotal                       | 4,784,732    |
| Less present value of discount | (879,041)    |
| Total                          | \$ 3,905,691 |



**GradeEight Holdings, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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**Note 8 – Income Taxes**

Income tax expense (benefit) for the years ended July 31, 2025, 2024, and 2023, consist of the following:

|                                  | <u>2025</u>         | <u>2024</u>           | <u>2023</u>           |
|----------------------------------|---------------------|-----------------------|-----------------------|
| Current expense (benefit)        |                     |                       |                       |
| Federal                          | \$ 707,444          | \$ 996,841            | \$ 196,887            |
| State                            | 481,272             | 232,058               | 161,194               |
| Total current (benefit) expense  | 1,188,716           | 1,228,899             | 358,081               |
| Deferred expense (benefit)       |                     |                       |                       |
| Federal                          | 185,102             | (2,316,668)           | (1,291,266)           |
| State                            | (246,039)           | (396,821)             | (364,430)             |
| Total deferred expense (benefit) | (60,937)            | (2,713,489)           | (1,655,696)           |
| Total                            | <u>\$ 1,127,779</u> | <u>\$ (1,484,590)</u> | <u>\$ (1,297,615)</u> |

In the years ended July 31, 2025, 2024, and 2023, the Company's effective tax rate reflected in income tax expense differed from the statutory tax rate as a result of changes to the tax positions and permanent tax differences related to uncertain tax positions. The difference between the Company's customary rate of 21% and the effective tax rate on income from continuing operations is due to the following:

|                                   | <u>2025</u>   | <u>2024</u>  | <u>2023</u>  |
|-----------------------------------|---------------|--------------|--------------|
| Federal income tax statutory rate | 21.0%         | 21.0%        | 21.0%        |
| Goodwill amortization             | -10.3%        | -7.4%        | -8.3%        |
| Change in valuation allowance     | -23.9%        | -            | -            |
| State taxes                       | -2.0%         | 2.2%         | 2.7%         |
| Other                             | -1.0%         | -0.8%        | -0.6%        |
| Effective tax rate                | <u>-16.2%</u> | <u>15.0%</u> | <u>14.8%</u> |

Management has determined, based on the nature of the temporary differences and the Company's recent history of book losses, that it is more likely than not that a portion of the deferred tax assets will not be realized. Accordingly, the Company has provided a partial valuation allowance for the deferred tax assets at July 31, 2025.

**GradeEight Holdings, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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The tax effects of differences that give rise to significant portions of the deferred tax assets and the deferred tax liabilities at July 31, 2025, 2024, and 2023, are presented below:

|                                | 2025                | 2024                | 2023                  |
|--------------------------------|---------------------|---------------------|-----------------------|
| Deferred tax assets            |                     |                     |                       |
| Inventory capitalization       | \$ 517,000          | \$ 443,210          | \$ 19,510             |
| Net operating losses           | 101,670             | 75,510              | 266,490               |
| Inventory reserve              | 247,590             | 213,890             | 265,850               |
| Stock compensation             | 33,870              | 33,870              | 33,870                |
| Depreciation                   | (1,322,330)         | (1,239,920)         | (1,652,450)           |
| Interest                       | 3,525,500           | 1,965,730           | 834,780               |
| Other                          | 64,960              | 56,160              | 87,280                |
|                                | <u>\$ 3,168,260</u> | <u>\$ 1,548,450</u> | <u>\$ (144,670)</u>   |
| Deferred tax liabilities       |                     |                     |                       |
| Self-developed software        | \$ (501,750)        | \$ (501,750)        | \$ (501,750)          |
| Deferred rent                  | (123,110)           | (123,110)           | (123,110)             |
| Goodwill and intangibles       | (1,246,350)         | (1,442,230)         | (2,649,810)           |
| Other                          | (468,670)           | (281,028)           | (45,841)              |
|                                | <u>(2,339,880)</u>  | <u>(2,348,118)</u>  | <u>(3,320,511)</u>    |
| Total deferred tax liabilities |                     |                     |                       |
| Less: valuation allowance      | (1,663,735)         | -                   | -                     |
|                                | <u>(1,663,735)</u>  | <u>-</u>            | <u>-</u>              |
| Total                          | <u>\$ (835,355)</u> | <u>\$ (799,668)</u> | <u>\$ (3,465,181)</u> |

The statute of limitations for federal tax is open for the 2021 through 2025 fiscal years, and for state income tax the open statutes range from the 2020 through 2025 fiscal years.

**Note 9 – Related-parties**

The Company entered into an advisory services agreement with a member on September 29, 2017, which requires monthly payments of the greater of \$25,000 or 0.3% of the Company's consolidated revenue per month. Total management fee expenses for the years ended July 31, 2025, 2024, and 2023, was \$330,455, \$330,116, and \$337,356, respectively, which is included in administrative costs in the consolidated statements of operations. As of July 31, 2025, the Company has identified no related-party relationships.

**Note 10 – Subsequent Events**

The Company has evaluated whether any subsequent events have occurred that would require disclosure in the consolidated financial statements and concluded there were none. The evaluation was performed through November 10, 2025, which is the date the consolidated financial statements were available to be issued.

**NOTICE**

**THE FOLLOWING FINANCIAL STATEMENT IS PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

**Grade Eight Holdings, LLC**

BALANCE SHEET  
FOR PERIOD ENDING AUGUST 31,  
2025

(08/31/25)

TY - Trial Balance

| Row Labels                              | Trial Balance Roll-up |
|---|-----------------------|
| CASH                                    | 2,918,800.15          |
| TRADE ACCOUNTS RECEIVABLE,              | 14,198,760.83         |
| INVENTORY                               | 19,053,742.20         |
| DEFERRED INCOME TAX                     | 0.00                  |
| RECEIVABLE-STOCKHOLDER                  | 0.00                  |
| PREPAID & OTHER CUR ASSETS              | 1,871,613.59          |
| TOTAL CURRENT ASSETS                    | 38,042,916.77         |
| LAND                                    | 0.00                  |
| WAREHOUSE EQUIPMENT                     | 5,656,228.21          |
| OFFICE EQUIPMENT                        | 944,088.55            |
| COMPUTERS                               | 31,638,231.86         |
| LEASED EQUIPMENT                        | 115,489.16            |
| LEASEHOLD IMPR. & OTHER                 | 2,159,993.55          |
| VALUATION - 09/2017                     | 612,239.00            |
| CONSTRUCTION IN PROCESS                 | 760,157.10            |
| ACCUM DEPRECIATION & AMORT              | (29,877,024.62)       |
| TOTAL NET PP&E                          | 12,009,402.81         |
| GOODWILL, LESS ACCUM AMORT              | 8,742,198.86          |
| INTANGIBLE, LESS ACCUM                  |                       |
| AMORT                                   | 7,755,543.71          |
| INTERCOMPANY                            | 0.00                  |
| DEFERRED FINANCING COSTS (A)            | 0.00                  |
| OTHER ASSETS                            | 3,719,208.74          |
| TOTAL ASSETS                            | 70,269,270.89         |
| ACCOUNTS PAYABLE                        | 7,188,116.10          |
| ACCRUED EXPENSES                        | 1,215,645.37          |
| SR TERM DEBT CURRENT                    | 1,575,000.00          |
| CAPITAL LEASE - CURRENT                 | 3,598.80              |
| ACCRUED INTEREST (REVOLVER)             | 1,185,563.49          |
| Operating liabilities - short term (ASC |                       |
| 842)                                    | 1,507,111.65          |
| FEDERAL INCOME TAX PAYABLE              | (182,088.55)          |

|  |                 |
|--|-----------------|
| TOTAL CURRENT LIABILITIES                      | 12,492,946.86   |
| SR TERM DEBT - NONCURRENT                      | 60,243,750.00   |
| SR & JR SUB DEBT - NONCURRENT                  | 0.00            |
| DEFERRED FINANCING COSTS (L)                   | (2,841,546.43)  |
| CAPITAL LEASE - NONCURRENT                     | 0.00            |
| REVOLVING LINE OF CREDIT                       | 300,000.00      |
| CONT PERFORM PYMT-<br>NONCURRENT               | 0.00            |
| Operating liabilities - long term (ASC<br>842) | 2,252,676.29    |
| SR & JR SUB (PIK)                              | 2,000,000.00    |
| DEFERRED TAX LIABILITY                         | 835,355.13      |
| TOTAL LIABILITIES                              | 75,283,181.85   |
| MEMBER'S EQUITY                                | 45,375,000.00   |
| ACCUM. EARNINGS (DEFICIT)                      | (48,993,736.93) |
| CONTRA EQUITY                                  | (750,000.00)    |
| CURRENT PROFIT LOSS                            | (645,174.00)    |
| TREASURY STOCK                                 | 0.00            |
| DIVIDENDS PAID                                 | 0.00            |
| TOTAL EQUITY                                   | (5,013,910.93)  |
| TOTAL LIABILITIES & EQUITY                     | 70,269,270.91   |
|  | \$0.02          |

## Grade Eight Holdings, LLC

INCOME STATEMENT (Unaudited)

FOR PERIOD ENDING AUGUST 31, 2025

Total Company

(Unaudited)

**Aug-2025**

|   |           |
|---|-----------|
| Net Sales                                 | 8,279,494 |
| Cost of Goods Sold                        | 2,638,826 |
| GROSS PROFIT                              | 5,640,668 |
| SG&A                                      | 5,451,294 |
| NET INCOME/(LOSS) Before Interest & Taxes | 189,374   |
| OTHER (INCOME) / EXPENSE                  | 757,066   |
| INCOME TAX                                | 77,482    |
| NET (INCOME)/LOSS                         | (645,174) |

## EXHIBIT F

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## EXHIBIT G

### AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states).

| State      | State Agency  | Agent for Service of Process   |
|------------|---|--|
| CALIFORNIA | California Commissioner of Business Oversight<br>Department of Financial Protection and Innovation<br>320 West 4 <sup>th</sup> Street, Suite 750<br>Los Angeles, CA 90013<br>(213) 576-7505<br>Toll-free (866-275-2677) | Commissioner of the Department of<br>Financial Protection and Innovation                             |
| HAWAII     | Business Registration Division<br>Department of Commerce and<br>Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>(808) 586-2722   | Commissioner of Securities of the State<br>of Hawaii   |
| ILLINOIS   | Office of Attorney General<br>Franchise Division<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465  | Illinois Attorney General  |
| INDIANA    | Indiana Secretary of State<br>Securities Division<br>302 West Washington St., Room E-111<br>Indianapolis, IN 46204<br>(317) 232-6681  | Indiana Secretary of State<br>201 State House<br>Indianapolis, IN 46204                              |
| MARYLAND   | Office of the Attorney General<br>Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360  | Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 |
| MICHIGAN   | Michigan Department of Attorney General<br>Consumer Protection Division<br>Antitrust and Franchise Unit<br>670 Law Building<br>Lansing, MI 48913<br>(517) 373-7117  | Michigan Department of Commerce,<br>Corporations and Securities Bureau                               |
| MINNESOTA  | Minnesota Department of Commerce<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 593-1500   | Minnesota Commissioner of Commerce   |



## EXHIBIT G

### AGENCIES/AGENTS FOR SERVICE OF PROCESS

| State        | State Agency  | Agent for Service of Process   |
|--------------|---|--|
| NEW YORK     | NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21 <sup>st</sup> Floor<br>New York, NY 10005<br>212-416-8222  | Attn: New York Secretary of State<br>New York Department of State<br>One Commerce Plaza,<br>99 Washington Avenue, 6 <sup>th</sup> Floor<br>Albany, NY 11231-0001<br>(518) 473-2492 |
| NORTH DAKOTA | North Dakota Insurance & Securities Department<br>600 East Boulevard Avenue<br>Bismarck, ND 58505-0510<br>(701) 328-2910  | Insurance Commissioner   |
| RHODE ISLAND | Department of Business Regulation<br>Division of Securities<br>1511 Pontiac Avenue, Building 69-1<br>Cranston, RI 02920<br>(401) 462-9585                                       | Director of Rhode Island Department of Business Regulation   |
| SOUTH DAKOTA | Department of Labor and Regulation/<br>Division of Insurance/Securities Regulation<br>124 South Euclid Avenue, 2 <sup>nd</sup> Floor<br>Pierre, SD 57501-3185<br>(605) 773-3563 | Director of South Dakota Division of Insurance   |
| VIRGINIA     | State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9 <sup>th</sup> Floor<br>Richmond, VA 23219<br>(804) 371-9051           | Clerk of State Corporation Commission<br>1300 East Main Street, 1 <sup>st</sup> Floor<br>Richmond, VA 23219<br>(804) 371-9733  |
| WASHINGTON   | Department of Financial Institutions<br>Securities Division<br>P.O. Box 41200<br>Olympia, WA 98504-1200   | Director of Department of Financial Institutions<br>Securities Division<br>150 Israel Road SW<br>Tumwater, WA 98501<br>(360) 902-8760  |
| WISCONSIN    | Wisconsin Securities Commissioner<br>Securities and Franchise Registration<br>345 W. Washington Avenue<br>Madison, WI 53703<br>(608) 266-8559                                   | Commissioner of Securities of Wisconsin  |

## EXHIBIT H

### PERMITTED REPRESENTATIVE AGREEMENT

THIS PERMITTED REPRESENTATIVE AGREEMENT ("Agreement") is made by and among **WINZER FRANCHISE COMPANY, INC.** ("Winzer"), \_\_\_\_\_ ("Franchisee"), and \_\_\_\_\_ ("Permitted Representative").

**WHEREAS**, Winzer distributes quality packaged fasteners, nuts, bolts, clamps, adhesives, sealers, electrical components, cutting tools, fluid power fittings, chemicals, welding and shop supplies, janitorial supplies and other related products and services throughout the United States to customers in fastener, chemical, industrial, automotive and maintenance supply operations, directly through its own employees and through a system of independent franchisees, and Winzer has developed its Confidential Information over a period of time and at considerable expense.

**WHEREAS**, Winzer and Franchisee entered the Franchise Agreement and Permitted Representative is about to commence employment or activities as a Permitted Representative with Franchisee in a position requiring responsibility and trust and will thereby gain access to Winzer's Confidential Information, such that Winzer requires Permitted Representative to agree to refrain from disclosing Winzer's Confidential Information, and to refrain from diverting customers from Winzer, Franchisee or the Business in order to fulfill Permitted Representative's obligation to promote and develop Franchisee's Business during the Affiliation Period.

**WHEREAS**, the parties wish to set forth terms relating to confidentiality, indemnity, and the affirmation of prior obligations;

**NOW, THEREFORE**, in consideration of Periodic Gross Profits payments and/or other benefits to be received by Permitted Representative, and the recitals and agreements contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**1. Definitions.** Any capitalized terms that are used in this Agreement without definition will have the meaning ascribed to the capitalized term in the Franchise Agreement. Otherwise, the capitalized terms are defined as follows:

(a) **"Affiliation Period"** means the period of time beginning on the date when the employment, contractual relationship or other affiliation is created between Permitted Representative and Franchisee, being \_\_\_\_\_, 20\_\_ ("Effective Date"), and ending on the date of termination of Permitted Representative's employment, contractual relationship or affiliation with Franchisee.

(b) **"Business"** means the Franchisee's direct sales business using Winzer's Marks and the System for the promotion, sale and support of Approved Winzer Products to Customers in the Licensed Market.

(c) **"Confidential Information"** means Permitted Representative's knowledge of the operation of the Business, including Winzer's contracts, forms, information, knowledge, know-how, methods, operating procedures, processes, specifications, standards, systems, trade secrets, and all other proprietary, confidential or competitively

sensitive information, including but not limited to, the Confidential Operations Manual, franchisee price index or similar price indices applicable to Approved Winzer Products, Periodic Gross Profits payment method, product backlog, shipment and refund (credit) history and practices, computer-generated financial and other reports, staff composition and organization systems; quality assurance programs; strengths and weaknesses of the Winzer franchise system, corporate plans, product introductions, product acceptance, business plans, marketing methods, customer complaints of which Permitted Representative becomes aware, certain franchisee information, market research, duties imposed by Winzer, and any other information that Winzer may designate, identify or treat as confidential or proprietary. Confidential Information does not include information that (i) Permitted Representative demonstrates lawfully came to Permitted Representative's attention prior to disclosure by Franchisee or Winzer; (ii) at the time of disclosure to Permitted Representative, had lawfully become a part of the public domain, through publication or communication by others; (iii) after disclosure to Permitted Representative, lawfully becomes a part of the public domain, through publication or communication by others (but in no event through any act or omission of Permitted Representative, Franchisee, or Franchisee's agents); provided, however, that information that comes to Permitted Representative because of any prior affiliation with Franchisee and/or Winzer will be deemed Confidential Information.

(d) **"Confidentiality Period"** means the time period beginning on the Effective Date and ending one year after the Termination Date.

(e) **"Franchise Agreement"** means the agreement between Winzer and Franchisee under which Franchisee was granted certain rights with respect to the Business; Franchisee received valuable training from Winzer and was given access to Winzer's Confidential Information; and Franchisee agreed to refrain from disclosing Winzer's Confidential Information and to refrain from diverting customers from Winzer.

(f) **"Franchise Period"** means the time period beginning when the franchise relationship is established between Winzer and Franchisee and ending on the date of expiration or termination of the franchise relationship between Winzer and Franchisee, regardless of the reason for the termination of the franchise relationship.

(g) **"Franchisee"** means Franchisee Name, an authorized franchisee of Winzer.

(h) **"Permitted Representative"** means Permitted Rep Name, you, a permitted representative of Franchisee.

(i) **"Prohibited Persons"** means any and all customers with whom Franchisee or Permitted Representative previously dealt on behalf of Winzer, any and all customers who purchased Approved Winzer Products within 12 months of the Termination Date (regardless of whether such customers specifically dealt with Franchisee or Permitted Representative), and any and all potential customers identified to Franchisee or Permitted Representative through the efforts of Winzer including but not limited to, prospective customer identified on lists developed by others and paid for by Winzer; provided, however, that Franchisee may elect (by written directive to Winzer as of the Effective Date) to exclude any customers who were customers of Permitted Representative and to whom

Permitted Representative made sales in the 12 months before Permitted Representative became affiliated with Franchisee and/or Winzer.

(j) “**Prohibitions**” means the covenants described in Section 2 of this Agreement.

(k) “**Termination Date**” means the earlier of the end of the Franchise Period or the Affiliation Period.

(l) “**Winzer**” means Winzer Franchise Company, Inc., a Texas corporation.

## **2. Representations, Warranties, & Affirmations by Permitted Representative.**

Permitted Representative was formerly employed by {Full Company Name} and represents, warrants, and affirms that:

(a) You do not have any enforceable agreements or obligations with current or former employers that prohibit you from becoming a Permitted Representative in the capacity outlined in our discussions and agreements. Any working relationship with us is conditioned upon this representation and warranty being true and accurate. If you have an enforceable employee or customer non-solicitation agreement with your former employer, you may not violate those as part of your duties with us. Absent a legal opinion from an employment lawyer who regularly handles restrictive covenant issues in the jurisdiction or jurisdictions governing any such agreement, you are to assume any agreement is enforceable. If we conclude you have an agreement or obligation with your current/former employer that renders your relationship with us inefficient, impracticable or impossible, we reserve the right to end our relationship with no further remuneration due or owing, and any agreement (if any), or any portion thereof, is voidable at our option.

(b) You cannot sell or solicit to be sold any Winzer products or services until you end any prior employment relationships and enter into an agreement with us. You cannot work for us and any competitor (or possible competitor) at the same time. Until you end your employment with any other company, you must continue to serve their best interest and remain faithful to them in any business dealings. This includes, but is not limited to, faithfully guarding any and all confidential, proprietary, or trade secret information, and not recruiting any employee or customer of your current/former employer until you cease your relationship with them, and even then, only if you are not restricted from doing so by an enforceable agreement.

(c) You must not misappropriate, improperly take, use, or disclose any protectable trade secret, proprietary, or confidential information of your current or former employers. Upon leaving your current employer (if applicable), do not take any confidential, proprietary, or trade secret information with you. Leave all information and files “as is.” You agree not to save for yourself or forward to yourself any business related information of your current/former employer. We do not want it and you will not be allowed to use it. Please return any and all electronic equipment that contains or may contain confidential, proprietary, or trade secret information. Cooperate with any and all requests for the return of property (whether confidential or not).

(d) Even once you have terminated your employment with any current or prior employer, YOU MUST NOT TAKE, DISCLOSE, USE, OR OTHERWISE MISAPPROPRIATE ANY TRADE SECRET, PROPRIETARY OR CONFIDENTIAL INFORMATION OF YOUR CURRENT OR FORMER EMPLOYER, AT ANY TIME. Do not transfer any of your current or former employer's trade secret, proprietary, or confidential information from your business email account to your or anyone else's personal email account(s), or otherwise print, download, upload, or save any such information to any electronic storage device (such as an external hard drive or USB drive), or cloud storage or file sharing account (such as iCloud, Google Drive or Dropbox), or otherwise try to transfer information for the purpose of disclosing it or using it for the benefit of us.

(e) DO NOT BRING ANY TRADE SECRET, PROPRIETARY OR CONFIDENTIAL INFORMATION OF ANY CURRENT OR FORMER EMPLOYER TO US. DO NOT TRANSFER ANY SUCH INFORMATION TO ANY DEVICE USED FOR OUR BUSINESS OR WHICH CONNECTS TO OUR NETWORK. DO NOT USE ANY PRIOR EMPLOYER'S TRADE SECRET, PROPRIETARY OR CONFIDENTIAL INFORMATION IN PERFORMING ANY TASKS FOR US. If there is any doubt as to the nature of the information and your obligations with your former employer, contact your counsel or our counsel, or err on the side of caution.

**3. Prohibitions.** Permitted Representative acknowledges that the Confidential Information has been developed by Winzer at great effort, time and expense, and contains trade secrets of Winzer, and that Permitted Representative will have regular and continuing access to Confidential Information during the Affiliation Period. Permitted Representative accordingly promises and agrees that Permitted Representative, directly or indirectly, for himself or herself, or through, on behalf of or in conjunction with any other person or entity, without the prior written consent of Winzer and Franchisee, will not:

(a) Use any Confidential Information for his or her own benefit except in the performance of Permitted Representative's duties in connection with the Business;

(b) Disclose, disseminate or divulge any Confidential Information to any person or entity for the benefit of himself or herself or any other person in any other business or in any manner not specifically authorized or approved in writing by Winzer;

(c) Disparage Winzer, Franchisee or any other WINZER franchisee or their respective employees or agents;

(d) Seek, solicit or encourage the disclosure of additional Confidential Information from Winzer, Franchisee, any other WINZER franchisee or any employee or independent contractor affiliated with Winzer, Franchisee or any WINZER franchisee during the Confidentiality Period;

(e) Contact, solicit, divert, take away, accept, or attempt to contact, solicit, divert, take away or accept the business or patronage given to Winzer, Franchisee or any other WINZER franchisee by any Prohibited Persons or any other customers for himself or

herself, or on behalf of any competitor or any other person during the Confidentiality Period; and

(f) Own, operate, maintain, engage in, be employed by, have any interest in or perform any services for any business that is a competitor of Winzer or Franchisee during the Confidentiality Period unless such activities would not result in a violation of any other Prohibition under this Agreement.

**4. Reduction of Prohibitions.** Winzer may, in its sole discretion, reduce the scope of any Prohibition without Permitted Representative's consent, effective immediately on written notice to Permitted Representative. Permitted Representative agrees to promptly comply with any reduced Prohibition of which he or she is given notice, which will be fully enforceable notwithstanding Section 14 or anything else to the contrary in this Agreement.

**5. Time Periods.** The Prohibitions in this Agreement will continue in effect without limitation as to time unless otherwise noted. If Permitted Representative violates any Prohibition that includes a limitation as to time, the running of the time period of such Prohibition so violated will be automatically suspended on the date of such violation and will resume on the date that such violation ceases and all appeals, if any, are resolved.

**6. Severability.** Each Prohibition is independent of every other Prohibition. If any portion of a Prohibition is held invalid or unenforceable by a court or tribunal unless its terms are limited by either length of time or geographic scope, Permitted Representative agrees to be bound by the lesser obligation as if the amended Prohibition were stated in this Agreement. If an entire Prohibition is held invalid or unenforceable by a court or tribunal, the remaining Prohibitions in this Agreement will continue in effect.

**7. Conditions Precedent.** Permitted Representative acknowledges that the Prohibitions in this Agreement are conditions precedent to engagement or employment by Franchisee, and that the Prohibitions are necessary to protect the Confidential Information. Permitted Representative acknowledges that the Prohibitions will not prevent Permitted Representative from earning a livelihood during the Confidentiality Period.

**8. Winzer as Beneficiary.** Permitted Representative acknowledges that Winzer is a beneficiary of this Agreement and may independently enforce any part of this Agreement without Franchisee's participation or consent. Permitted Representative acknowledges that Franchisee must adhere to the Franchise Agreement, and that Permitted Representative must adhere to Winzer's directives to and through Franchisee in connection with standards and specifications related to operation of the Business under the Franchise Agreement. Notwithstanding the foregoing, nothing in this Agreement is intended to create an employment relationship between Permitted Representative and Winzer, or to give Permitted Representative any right or privilege that Winzer has reserved to its franchisees.

**9. Franchisee Audits.** Permitted Representative must keep complete and accurate records related to the operation of the Business and must permit Winzer and its representatives to inspect or audit those records as part of an audit of Franchisee as permitted under the terms of the Franchise Agreement. During any inspection or audit, Permitted Representative agrees to cooperate fully and to give any assistance reasonably requested by Franchisee or Winzer.

**10. No Competitive Prohibitions.** Permitted Representative represents to Franchisee and Winzer that Permitted Representative is not subject to any currently effective contract or agreement that would impair or prevent Permitted Representative from entering into this Agreement or from fully performing the duties of Permitted Representative. Without limiting the foregoing, Permitted Representative represents and agrees that Permitted Representative will not utilize any confidential information or trade secrets of any other person or former employer in the performance of Permitted Representative's duties with Franchisee.

**11. Return of Tangible Manifestations.** On the Termination Date, Permitted Representative must return to Winzer or Franchisee and will not keep copies of tangible manifestations of the Confidential Information received under this Agreement.

**12. Assignment.** This Agreement will be binding on and inure to the benefit of the parties and their respective executors, heirs, legal representatives, successors and permitted assigns. Winzer may freely assign its rights under this Agreement. Permitted Representative may not assign its obligations under this Agreement without the prior written consent of Winzer and Franchisee.

**13. Notices.** Any notice or other communication required or permitted to be given to any party or other person under this Agreement will be in writing. A notice will be deemed to have been delivered: (a) if mailed, 3 days after deposited in the United States mail, postage prepaid; (b) if faxed, on delivery if delivered during normal business hours of the recipient, otherwise the following business day; (c) if hand-delivered, upon delivery against receipt or upon refusal to accept the notice; or (d) if delivered by overnight courier, 1 business day after deposited with such courier, charges prepaid (e) emailed to the current email address Winzer has on file. In each case, a notice must be addressed to the party or other person at the address set forth below or at such other address as the party or other person may have designated in writing:

To Winzer:

Mr. Paul Seibert, Executive Vice President  
Winzer Franchise Company, Inc.  
4060 E. Plano Parkway  
Plano, Texas 75074-1800  
Paul.Seibert@winzerusa.com

To Franchisee:

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To Permitted Representative:

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**14. Equitable Relief and Recovery of Costs.** Permitted Representative acknowledges that his or her violation of any Prohibition will cause irreparable injury to Winzer and Franchisee for which no adequate remedy at law is available. Permitted Representative agrees that, in addition to any other legal and equitable rights and remedies, Winzer and/or Franchisee will be entitled to the issuance of an order of specific performance, a restraining order and/or temporary, preliminary or permanent injunctive relief upon the posting of a bond in the sum of \$1,000, restraining any actual or threatened violation by Permitted Representative of the Prohibitions. In any action for equitable relief, the return of Confidential Information, damages or any other legal or equitable remedy permitted by law, Permitted Representative agrees to pay reasonable attorneys' fees, cost and out-of-pocket expenses of Franchisee and/or Winzer that are related to the action for enforcement or damages.

**15. Governing Law.** This Agreement will be governed by, interpreted and enforced in accordance with the laws of the state in which Franchisee has its principal place of business on the Effective Date.

**16. Entire Agreement, Amendment, Modification and Waiver.** This Agreement sets forth the entire understanding of the parties as to the subject matter; provided, however, that Franchisee and Permitted Representative may enter into an employment agreement or other agreement regarding their business relationship. No amendment, modification or waiver of any condition, provision or term of this Agreement will be valid or of any effect unless made in writing, signed by the party or parties to be bound, specifying with particularity the nature and extent of such amendment, modification or waiver. The Prohibitions of this Agreement may not be amended or modified by any other agreement entered into between Franchisee and Permitted Representative. Waiver of any breach of condition, provision or term of this Agreement will not constitute a waiver of any other breach of the same or a different condition, provision or term of this Agreement.

**17. Indemnification.**

(a) You hereby agrees to indemnify, defend, and hold harmless Winzer from all claims, actions, judgments, damages, including attorneys' fees and other costs, expenses and losses, arising out of, in connection with, or as a result of any acts by you that are in violation of any restrictive covenants in favor of the former employer.

(b) You hereby acknowledge and agree that Winzer has relied on each of the representations made by you herein in allowing you to become a Permitted Representative of Franchisee.

(c) In the event of your default or a dispute arising from this Agreement, you agree that venue for any legal action will be in any court of competent jurisdiction in Collin County, Texas, and you waive all questions of personal jurisdiction for the purposes of carrying out this provision.

(d) You agree that Winzer will be entitled to recover its reasonable costs and expenses, including attorneys' fees, if Winzer commences an action to enforce this Agreement, or is required to defend itself due to your violation of this agreement.



**18. Effective Date.** This Agreement is signed and executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, but its Effective Date is the date that Permitted Representative's Affiliation Period commences as specified in Section 1(a) of this Agreement.

**WINZER FRANCHISE COMPANY, INC.**

**FRANCHISEE**

\_\_\_\_\_  
Paul Seibert, Executive Vice President

\_\_\_\_\_  
Franchisee Name

**PERMITTED REPRESENTATIVE**

\_\_\_\_\_  
Permitted Rep Name

**Franchisee Acknowledgement:**

I, \_\_\_\_\_, acknowledge that I am responsible for ensuring that the Permitted Representative complies with this Agreement and related policies.

\_\_\_\_\_  
Franchisee Name

\_\_\_\_\_  
Date

## EXHIBIT I

### SAMPLE GENERAL RELEASE

**This GENERAL RELEASE** is made and executed by {NAME}, individually (“you”), as of \_\_\_\_\_, 20\_\_ (“Effective Date”).

WHEREAS, WINZER FRANCHISE COMPANY, INC., a Texas corporation (“Winzer”) and you entered into a franchise agreement dated \_\_\_\_\_, and {describe reason for signing release}.

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

You, for yourself and each of your past and present heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively “Releasor”), hereby release and forever discharge Winzer and each of its predecessors, successors, affiliates, subsidiaries, assigns, officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively “Releasees”), from, in respect of and in relation to any and all claims, demands, causes of action, suits, debts, obligations, sums of money, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, which against Releasees the Releasor ever had, now has or which Releasor hereinafter can, shall or may have, for, upon or by reason of any matter, cause or thing may whatsoever, through the Effective Date. {This general release does not apply with respect to claims arising under the \_\_\_\_\_ and the rules adopted thereunder.} {NOTE: Add the previous sentence only if required by law to include an exception to the General Release.}

{FOR CALIFORNIA RESIDENTS}

YOU ACKNOWLEDGE THAT YOU ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

YOU, BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF YOUR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR {JURISDICTIONS OF FRANCHISEE(S)’ RESIDENCE AND LOCATION OF FRANCHISED UNITS}.

\_\_\_\_\_  
Name, individually

**STATE OF** \_\_\_\_\_ §

§

**COUNTY OF** \_\_\_\_\_ §

I hereby certify that before me, a Notary Public of the State aforesaid, personally appeared **NAME** who made oath in due form of law that he was executing the foregoing General Release for the purposes therein contained.

As witness, my hand and Notarial Seal on \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:

**EXHIBIT J TO THE FRANCHISE AGREEMENT**

**FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT**

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**DO NOT COMPLETE OR SIGN THIS DOCUMENT, if you are prospective franchisee or a franchisee in any of the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin. The acknowledgments and representations in this document are not intended to nor will they act to relieve Franchisor of any liability under the franchise disclosure laws of any of the foregoing states.**

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As you know, Winzer Franchise Company, Inc. ("Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a WINZER business (the "Franchised Business"). The purpose of this document is to determine whether any statements or promises were made to you by employees or authorized representatives of Franchisor, or by employees or authorized representatives of Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised business from an existing franchisee, you may have received information from the transferring franchisee, who is not an employee or representative of ours. The questions below do not apply to any communications that you had with the transferring franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes/No \_\_\_\_\_

2. I had my first face-to-face meeting with a Franchisor representative on \_\_\_\_\_.

3. Have you received and personally reviewed the Franchise Agreement, each rider or attachment, and/or each related agreement provided to you?

Yes/No \_\_\_\_\_

4. Do you understand all of the information contained in the Franchise Agreement, each rider or attachment, and/or each related agreement provided to you?

Yes/No \_\_\_\_\_

If no, what parts of the Franchise Agreement, any rider or attachment, and/or any related agreement do you not understand? (Attach additional pages, if necessary.)

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5. Have you received and personally reviewed the Disclosure Document that was provided to you?

Yes/No \_\_\_\_\_

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes/No \_\_\_\_\_

7. Do you understand all of the information contained in the Disclosure Document and any state-specific addendum to the Disclosure Document?

Yes/No \_\_\_\_\_

If No, what parts of the Disclosure Document and/or state-specific addendum do you not understand? (Attach additional pages, if necessary.)

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8. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes/No \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes/No \_\_\_\_\_

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes/No \_\_\_\_\_

10. Has any employee of Franchisor or other person speaking on behalf of Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes/No \_\_\_\_\_

11. Has any employee of Franchisor or other person speaking on behalf of Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes/No \_\_\_\_\_

12. Has any employee of Franchisor or other person speaking on behalf of Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes/No \_\_\_\_\_

13. Has any employee of Franchisor or other person speaking on behalf of Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes/No \_\_\_\_\_

14. Has any employee of Franchisor or other person speaking on behalf of Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes/No \_\_\_\_\_

15. Has any employee of Franchisor or other person speaking on behalf of Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes/No \_\_\_\_\_

16. Have you entered into any binding agreement with Franchisor concerning the purchase of this franchise prior to today?

Yes/No \_\_\_\_\_

17. Have you paid any money to Franchisor concerning the purchase of this franchise prior to today?

Yes/No \_\_\_\_\_

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? \_\_\_\_\_

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

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I signed the Franchise Agreement and any applicable rider, attachment or related agreement as of \_\_\_\_\_, and acknowledge that no agreement, rider or attachment is effective until signed and dated by Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this document, you are representing that you have responded truthfully to the above questions. In addition, by signing this document, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including Winzer Franchise Company, Inc.) or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from Franchisor or any of its officers, employees or agents (including Winzer Franchise Company, Inc. or another broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

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I certify that my answers to the foregoing questions are true, correct and complete.

Dated: \_\_\_\_\_

FRANCHISEE:

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

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

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

Title \_\_\_\_\_



**EXHIBIT K**  
**STATE EFFECTIVE DATES**

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| <b>State</b> | <b>Effective Date</b> |
|--------------|-----------------------|
| California   | [ ]                   |
| Hawaii       | [ ]                   |
| Illinois     | [ ]                   |
| Indiana      | [ ]                   |
| Maryland     | [ ]                   |
| Michigan     | November 2, 2025      |
| Minnesota    | [ ]                   |
| New York     | [ ]                   |
| North Dakota | [ ]                   |
| Rhode Island | [ ]                   |
| South Dakota | [ ]                   |
| Virginia     | [ ]                   |
| Washington   | Pending               |
| Wisconsin    | [ ]                   |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## **EXHIBIT L**

### **RECEIPTS**

**RECEIPT**  
(YOUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Winzer Franchise Company, Inc. (“we” or “us”) offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us 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 1<sup>st</sup> personal meeting, or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires that we give you this disclosure document at the 1<sup>st</sup> personal meeting.

Michigan requires that we give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit G.

The name, principal business address and telephone number of each franchise seller offering the franchise: Trey Smart, Cody Patterson, Paul Seibert, and Howard Kalish, at 4060 E. Plano Parkway, Plano, Texas 75074-1800, (214) 341-2122; and \_\_\_\_\_.

Issuance Date: November 17, 2025

See Exhibit G for our registered agents authorized to receive service of process.

I have received this disclosure document dated November 17, 2025, which includes the following Exhibits:

- |  |   |
|--|---|
| A. Franchisees and Company-Owned Outlets               | H. Permitted Representative Agreement             |
| B. Former Franchisees                                  | I. Sample General Release                         |
| C. Franchise Agreement, State Riders, and Attachment 1 | J. Franchisee Disclosure Acknowledgment Statement |
| D. Guarantee of Performance                            | K. State Effective Dates                          |
| E. Financial Statements                                | L. Receipts                                       |
| F. Confidential Operations Manual Table of Contents    |   |
| G. Agencies/Agents for Service of Process              |   |

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee (Signature)

\_\_\_\_\_  
Printed Name

Please sign and date this copy of the Receipt and keep it for your records.

**RECEIPT**  
(OUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Winzer Franchise Company, Inc. (“we” or “us”) offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us 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 1<sup>st</sup> personal meeting, or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires that we give you this disclosure document at the 1<sup>st</sup> personal meeting.

Michigan requires that we give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit G.

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|--|---|
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| B. Former Franchisees and Company-Owned Outlets        | I. Sample General Release                         |
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| D. Guarantee of Performance                            | K. State Effective Dates                          |
| E. Financial Statements                                | L. Receipts                                       |
| F. Confidential Operations Manual Table of Contents    |   |
| G. Agencies/Agents for Service of Process              |   |

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee (Signature)

\_\_\_\_\_  
Printed Name

You should return 1 copy of the Receipt by signing, dating and mailing it to: Paul Seibert, Winzer Franchise Company, Inc., 4060 E. Plano Parkway, Plano, Texas 75074-1800.